

February 4, 2019

The Honorable John Barker, Chairperson
House Committee on Federal and State Affairs
Statehouse, Room 285-N
Topeka, Kansas 66612

Dear Representative Barker:

SUBJECT: Fiscal Note for HB 2037 by Representatives Pittman and Gartner

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2037 is respectfully submitted to your committee.

Under current law, net proceeds from the sale of veterans' benefit lottery tickets are deposited into the State General Fund. From the State General Fund, monies are appropriated according to statute. The Kansas Army and Air National Guard and their families receive 40.0 percent of the net proceeds for educational assistance scholarships and the Kansas Commission on Veterans Affairs receives 60.0 percent of the net proceeds for the state nursing homes, cemeteries and the enhanced service delivery program. Current law also requires transfers from the Lottery Operating Fund to the Veterans Benefit Lottery Game Fund totaling \$1,200,000 in FY 2019 and \$1,260,000 in FY 2020.

HB 2037 would require, on July 1 of each year, \$2.0 million be transferred from the Lottery Operating Fund of the Kansas Lottery to the Veterans Benefit Lottery Game Fund of the Kansas Commission on Veterans Affairs. The bill would maintain current law requiring 40.0 percent of the monies be used for educational assistance scholarships and 60.0 percent of the monies be used for state nursing homes, cemeteries and the enhanced service delivery program.

Beginning on July 1, 2020, the amount transferred from the Lottery Operating Fund to the Veterans Benefit Lottery Game Fund would increase by 5.0 percent from the amount transferred in the preceding year. Beginning in 2024, and every five years after, the House Committee on Veterans and Military would review the underlying statute. HB 2037 would also replace obligatory language with permissive language regarding the veterans benefit game.

Estimated State Fiscal Effect				
	FY 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	--	--	(\$800,000)	--
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

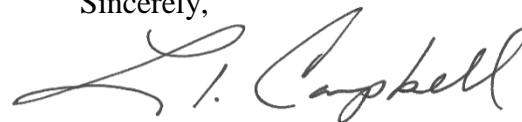
The Kansas Lottery indicates enactment of HB 2037 would reduce transfers from the Lottery Operating Fund to the State General Fund by \$800,000 in FY 2020. Transferring monies from the Lottery Operating Fund to the Veterans Benefit Game Fund would reduce the balance available to be transferred from the Lottery Operating Fund to the State General Fund. Increasing the transfer from the Lottery Operating Fund to the Veterans Benefit Lottery Game Fund by 5.0 year over year, in perpetuity, would result in lower ongoing available balances to be transferred to the State General Fund.

The 2018 Legislature previously approved transfers into the Veterans Benefit Lottery Game Fund totaling \$1,260,000 in FY 2020. Enactment of HB 2037 would transfer an additional \$2,000,000 in FY 2020, resulting in a total of \$3,260,000 being transferred from the Lottery Operating Fund to the Veterans Benefit Lottery Game Fund in FY 2020. The bill would maintain current law requiring that 40.0 percent of the \$2,000,000 transferred in FY 2020, or \$800,000 be used for education assistance and 60.0 percent, or \$1,200,000, be used for state nursing homes, cemeteries and the enhanced service delivery program.

Under current law, educational assistance scholarships afforded to the Kansas Army and Air National Guard are administered by the Kansas Board of Regents. The bill does not specify how the Board of Regents would receive 40.0 percent of the annual transfers from the Lottery. Unless there is an agreement between the Kansas Commission on Veterans Affairs Office and the Board of Regents, the Board would not be able to take possession of the transferred monies to be utilized for the scholarship program. The Division of the Budget notes that the Office currently receives a State General Fund appropriation for the National Guard Educational Assistance Student Financial Assistance Program and HB 2037 does not include any language requiring those State General Fund appropriations to be eliminated, reduced or increased.

The FY 2020 Governor's Budget Report includes making the Veterans Benefit Lottery Game Fund "no limit." Under current law, the Kansas Commission on Veterans Affairs Office could not spend more than \$1,260,000 from the Veterans Benefit Lottery Game Fund in FY 2020, regardless of how much money is transferred into or out of the fund.

Sincerely,

A handwritten signature in cursive script that reads "L. L. Campbell".

Larry L. Campbell
Division of the Budget

cc: Mark Heim, Veterans Affairs
Stephen Durrell, Lottery
Kelly Oliver, Board of Regents