

January 25, 2013

The Honorable Arlen Siegfried, Chairperson
House Committee on Federal and State Affairs
Statehouse, Room 185-N
Topeka, Kansas 66612

Dear Representative Siegfried:

SUBJECT: Fiscal Note for HB 2002 by Joint Committee on Legislative Post Audit

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2002 is respectfully submitted to your committee.

HB 2002 would change the background investigation requirements for the vendor selected to perform the security audit for the Kansas Lottery. The bill would require background investigations only on the vendor that is awarded the contract, those individuals who have a controlling interest in the vendor, and those staff members of the vendor specifically engaged in the audit. Under current law, additional background investigations are also required on all officers and directors of the vendor and all persons who own a 5.0 percent or more interest in the vendor.

The Kansas Lottery indicates HB 2002 would have no fiscal effect on its operations. The bill may increase the number of vendors that choose to apply to perform the security audit, which has the potential to lead to a more competitive bidding process and possibly lower costs for future security audits. Any fiscal effect associated with HB 2002 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Stephen Durrell, Lottery
Pam Fink, Administration