

February 26, 2024

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2640 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2640 is respectfully submitted to your committee.

HB 2640 would create the Kansas Strategic Research Act. The purpose of the Act would be to increase and improve research capacity at Kansas public postsecondary educational institutions for the benefit of the Kansas economy. The bill would establish the Kansas Strategic Research Fund, which would be administered by the Kansas Board of Regents. All expenditures from the fund would be for grants to eligible institutions. Each grant would require a match of non-state monies on a \$1-for-\$1 basis from the eligible institution.

Beginning on July 1, 2024, and occurring each July 1 through July 1, 2033, \$10.0 million would be transferred from the State General Fund to the Kansas Strategic Research Fund. The bill specifies that in each fiscal year that funding is authorized to be expended from the Kansas Strategic Research Fund, the Board would grant awards to eligible institutions.

Any eligible institution that would like to receive grant funding would be required to submit a plan to the Board detailing the institution's proposed use of grant and matching funds, along with the institution's explanation of how the proposed use meets the requirements outlined in the bill and any further requirements imposed by the Board consistent with the purpose of the Act. Plans would be submitted at times and on forms designated by the Chief Executive Officer of the Board.

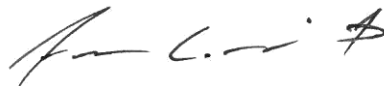
Each eligible institution would be required to use all grant funding it receives and the required matching funds to recruit and retain research faculty. In expending the grant funds, the eligible institution would give priority to recruiting or retaining facilities whose research is in areas aligned with the economic development strategies of the Kansas Department of Commerce or whose research relates to high-demand industries. The decision to award funds to any eligible institution and the amount of an award would be within the Board's discretion.

Beginning in FY 2025, and in each fiscal year funding is authorized from the Kansas Strategic Research Fund, the Board would submit a report on the Act’s effectiveness in increasing and improving research capacity at eligible institutions to the Legislature. The bill’s provisions would expire on July 1, 2034.

Estimated State Fiscal Effect			
	FY 2024	FY 2025	FY 2026
Expenditures			
State General Fund	--	\$10,105,445	\$10,105,445
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$10,105,445	\$10,105,445
Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	--
FTE Positions	--	1.00	1.00

The Board states enactment of the bill would authorize a transfer of \$10.0 million from the State General Fund to the Kansas Strategic Research Fund to fund grants to eligible institutions. In addition to the \$10.0 million transfer, the Board estimates additional expenditures of \$105,445 from the State General Fund for an additional FTE position in FY 2025 and FY 2026 to administer the grant program. Of the above amount, \$97,445 would be for salaries and wages and \$8,000 would be for other operating expenditures. The additional FTE would create the grant application process, review applications, work with the Kansas Department of Commerce, send out grant awards, monitor the grant process, and report on outcomes. Any fiscal effect associated with HB 2640 is not reflected in *The FY 2025 Governor’s Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Becky Pottebaum, Board of Regents