

February 13, 2013

The Honorable Lance Kinzer, Chairperson
House Committee on Judiciary
Statehouse, Room 165-W
Topeka, Kansas 66612

Dear Representative Kinzer:

SUBJECT: Fiscal Note for HB 2173 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2173 is respectfully submitted to your committee.

HB 2173 would require the Office of the Secretary of State to implement and maintain a state construction registry for the filing of notifications by original contractors, subcontractors, and remote claimants. The bill defines a remote claimant as, “a subcontractor to a subcontractor, also referred to as a sub-subcontractor, as well as persons who supply materials to subcontractors.” Remote claimants have no contract directly with the original contractor. HB 2173 would allow a remote claimant to file a lien against the original contractor. However, the total amount of any liens filed by a remote claimant would be limited to the net amount due from the original contractor and under the terms of the subcontract the remote claimant held with the subcontractor to which it supplied labor, equipment, materials, or supplies. The bill would require the original contractor to pay a filing fee to the Secretary of State to file a notice of commencement with the state construction registry prior to any construction at the project site.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	--	Unknown
Expenditure	\$131,250	\$131,250	--	\$20,000
FTE Pos.	1.00	1.00	1.00	1.00

The Secretary of State estimates that passage of HB 2173 would require \$131,250 from the State General Fund in FY 2013, which includes \$100,000 to build and design the registry filing system and search capabilities and \$31,250 for 1.00 Filing Specialist FTE position. The

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Secretary of State indicates that the agency may not need one person devoted to this function, but the filing volume and corresponding workload required to cover the additional duties is unknown. The Secretary of State estimates the bill would increase its fee fund expenditures by \$20,000 in FY 2014 and \$10,000 in FY 2015 to update the filing system. In addition, the agency indicates that it does not know how many notices of commencement will be filed with the state construction registry and therefore is unable to determine the amount of additional revenue it would incur as a result of the new fee. Any fiscal effect associated with HB 2173 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

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

cc: Rachel Sciolaro, Secretary of State's Office