

March 24, 2016

The Honorable Jene Vickrey, Chairperson
House Committee on Calendar and Printing
Statehouse, Room 372-W
Topeka, Kansas 66612

Dear Representative Vickrey:

SUBJECT: Fiscal Note for HB 2584 by House Committee on Veterans, Military and
Homeland Security

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2584 is respectfully submitted to your committee.

Under current law, the Kansas Lottery is authorized to sell veterans' benefit lottery tickets with the net proceeds transferred to the State General Fund to support veteran programs. Appropriations are then set for veterans' programs from the State General Fund. HB 2584 would create two separate and distinct funds where net proceeds from the sale of veterans' lottery game tickets would be deposited. Under HB 2584, net proceeds would be deposited directly into the veterans' funds on a monthly basis, bypassing the State General Fund. The bill also requires all veterans' lottery tickets to be clearly and prominently marked.

One fund would be used for operating expenses and capital improvements at the Kansas Veterans' Home, Kansas Soldiers' Home, and veteran cemeteries. The fund would also offset expenses associated with veterans' services and would be administered by the Kansas Commission on Veterans Affairs Office.

The other fund would benefit members of the Kansas Army, Air National Guard and their families; this fund would be administered by the Adjutant General. Under current law, the Board of Regents administers the National Guard Educational Assistance program. HB 2584 would transfer this responsibility to the Adjutant General.

The Kansas Lottery indicates monthly transfers of funds could prove problematic because lottery tickets go through different product stages, including design and printing, launch, sales, and product end. The Kansas Lottery further explains that each product stage offers differences on net returns from the sale of tickets. Transfer amounts will fluctuate on a month to month basis, while quarterly transfers tend to fluctuate less. The Kansas Lottery further indicates that historical evidence tends to show that clearly marking veterans' tickets may cause sales to decrease. The Kansas Lottery already places a yellow ribbon on all veterans' benefit games.

The Adjutant General explains that the bill would create a new fund which would add additional program management expenses. The Adjutant General indicates that an additional accountant may be needed to handle additional program management tasks associated with gaining a new fund; however, the precise fiscal effect is unknown.

The Board of Regents states that the bill would change the source of funding for the National Guard Educational Assistance program from the State General Fund to net proceeds of lottery sales. This change could potentially alter the amount of money available in the fund of time to time since the fund would be completely reliant on lottery sales as opposed to appropriations from the State General Fund.

The Kansas Commission on Veterans Affairs Office indicates that the bill would have no fiscal effect. Any fiscal effect associated with HB 2584 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Pam Rodreguez, Veterans Affairs
Stephen Durrell, Lottery
Cheri Froetschner, Adjutant General's Office
Kelly Oliver, Board of Regents