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MEMORANDUM

To: Chairman Masterson and members of the build Kansas Advisory Committee
From: Jill A. Wolters, First Assistant Revisor
Date: August 30, 2023
Subject: **Overview of 2023 Senate Bill No. 25**, build Kansas Advisory Committee and the build Kansas matching grant fund

In 2023 SB25, the omnibus bill of the 2023 session, there is a newly created fund the build Kansas matching grant fund. This fund is administered by the state treasurer and is a no limit fund. In FY24, \$50M is transferred from the state general fund (SGF) into the fund. In FY25, FY26 and FY27, \$55M is transferred from the SGF into the fund. (Total maxed at \$215M) No expenditures shall be made from the build Kansas matching grant fund without the requesting state agency advising and consulting with the build Kansas advisory committee (BKAC).

The BKAC shall be composed of nine members of the legislature appointed as follows:

- (1) One member appointed by the governor;
- (2) three members appointed by the speaker of the house of representatives;
- (3) three members appointed by the president of the senate;
- (4) one member appointed by the minority leader of the house of representatives; and
- (5) one member appointed by the minority leader of the senate.

In FY24, the chairperson shall be a senate member appointed by the president of the senate, and the vice chairperson shall be a representative member appointed by the speaker of the house. The chair and vice-chair rotate between the House and Senate in ensuing years. The BKAC may meet to advise and consult on any such request while the legislature is in session and in person or using telephone or any other medium for interactive communication.

Any state agency that is knowledgeable concerning potential infrastructure projects that maybe funded by the federal infrastructure investment and jobs act shall inform and educate local communities of the funding opportunities available in such act. Such state agencies shall assist as necessary to interested local communities.

Such state agencies shall form a steering committee to meet regularly to coordinate efforts and develop a process to ensure that local communities are informed and connected with the coordinating state agency.

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The steering committee, after advising and consulting with the build Kansas advisory committee, shall establish a means test to determine whether the local community is an eligible entity pursuant to the federal act and has demonstrated a need for the grant. A grant funding application requesting matching funds for the purposes of the federal act shall be approved by the coordinating state agency, in consultation with the steering committee, prior to submission to the build Kansas advisory committee.

The grant funding application requested by eligible entities from the build Kansas matching grant fund and approved by the coordinating state agency shall be submitted to BKAC. As soon as practicable, BKAC shall meet and review each request and report such committee's advice to the state treasurer, the eligible entity submitting the grant application and the coordinating state agency that is assisting the eligible entity in the local community.

Other than operating expenditures, no expenditures shall be made from the fund without written documentation to the state treasurer that such grant funding application has been approved by the federal government pursuant to the federal act. After the requesting state agency advises and consults with the BKAC and receives notification of federal approval, the state treasurer shall expend matching grant funds to the eligible entity that has been awarded such grant subject to the provisions of the grant. The matching grant funds shall be used by eligible entities to support projects funded by the federal act. The projects shall include, but not be limited to, water, transportation, energy, cyber security and broadband infrastructure projects.

During FY24, no grant funds shall be used for salaries and wages and other operating expenditures, including, but not limited to, hiring grant writers and consultants to provide technical assistance and educational opportunities.

If during FY24, FY25, FY26 or FY27, the BKAC determines that the unencumbered balance in the build Kansas matching grant fund is insufficient to pay an amount that is necessary to finance grant applications approved by such committee pursuant to law, such committee may request approval from the state finance council to transfer an amount equal to the insufficient amount from the state general fund to the build Kansas matching grant fund. No such transfer shall be made from the state general fund to the build Kansas matching grant fund without approval from the state finance council and the approval also may be given while the legislature is in session. The total of all amounts transferred from the state general fund to the build Kansas matching grant fund shall not exceed \$215M.

The approved grant applications shall be distributed geographically based on the department of commerce's Kansas economic development districts and, for the purposes of this program, the Mo-Kan district shall be combined with those counties that are not associated with any Kansas economic development district.

During FY25, FY26 and FY27:

- (A) Salaries and wages and other operating expenditures, including, but not limited to, hiring grant writers and consultants to provide technical assistance and educational

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opportunities are limited annually to \$5M and are subject to advice and consultation with BKAC; and

- (B) any coordinating state agency assisting local communities shall submit a report on all expenditures, grant applications and approved grant applications from the build Kansas matching grant fund for the preceding fiscal year to the house of representatives committee on appropriations and the senate committee on ways and means.

During FY26 and FY27, the state treasurer shall collaborate with the coordinating state agencies to ensure that each Kansas economic development district and the combined counties Mo-Kan district does not have less than \$10,000,000 allocated to grant projects in such district from the build Kansas matching grant fund.

In FY28, on or before September 30, 2027, any coordinating state agency providing assistance to local communities shall submit a report on all expenditures, grant applications and approved grant applications from the build Kansas matching grant fund for the preceding fiscal year to the house of representatives committee on appropriations and the senate committee on ways and means. On September 30, 2027, the director of accounts and reports shall transfer all moneys in the build Kansas matching grant fund to the state general fund. On September 30, 2027, all liabilities of the build Kansas matching grant fund are hereby transferred to and imposed on the state general fund and the build Kansas matching grant fund is abolished.

