

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2017 REGULAR SESSION**

MEASURE

2017 BR NUMBER 1517

SENATE BILL NUMBER 173GA

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE An ACT relating to Department of Juvenile Justice facilities and making an appropriation therefor.

SPONSOR Senator Bowen

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: **Department of Juvenile Justice**

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		Indeterminable	Indeterminable
EXPENDITURES		(Indeterminable)	(Indeterminable)
NET EFFECT		-	-

() indicates a decrease/negative

MEASURE’S PURPOSE: The purpose of this legislation is to utilize the proceeds generated from the sale of state-owned property operated by the Department of Juvenile Justice (DJJ) in Owensboro, Kentucky, for the department’s existing debt service relating to Guaranteed Energy Savings Performance Contract loans with any remaining funds to be distributed pursuant to KRS 15A.062.

PROVISIONS/MECHANICS: Section 1 notwithstanding KRS 15A.069 and KRS 45.777 to authorize the sale of the state-owned property and appropriates the proceeds to DJJ for the purpose of paying down existing Guaranteed Energy Savings Performance Contract loans with any remaining funds to be put toward the existing fiscal incentive program established by SB 200 from the 2014 Regular Session.

FISCAL EXPLANATION: This legislation has the potential to decrease state government costs associated with existing Guaranteed Energy Savings Performance Contract loans. DJJ currently has two energy loans that, at maturity, will have effectively cost the state \$6,679,000.

The taxable value of the 13.97-acre campus, including land and buildings, located in Owensboro is \$2,488,800 according to the Daviess County Property Valuation Administrator. The Finance and Administration Cabinet will be responsible for the sale of this property. With that in mind, there will be administrative fees and advertising costs associated with the sale of this property that will be deducted before final, net proceeds are transferred back to DJJ. At this time, there is no available estimate of the total value of the property.

DJJ has stated that if the sale price is sufficient to retire the debt service completely it will save DJJ approximately \$410,000 annually for the next 15 years. Any amount received by DJJ specifically to address the existing debt service for their energy loans will reduce their expenditures.

The provisions of SB 173 GA will permit the realized net proceeds from the property in Owensboro to be specifically designated to pay off the Guaranteed Energy Savings Performance Contract loans with any remaining funds to be disbursed pursuant the fiscal incentive program referenced broken down below.

- 90 percent shall be utilized for renewable, competitive grants to be awarded to judicial districts, or groups of judicial districts, for the purpose of establishing community-based sanction and treatment programs that provide alternatives to out-of-home placement, and
- 10 percent shall be made available to those judicial districts, or groups of judicial districts, that did not receive any of the 90 percent distribution, to fund individualized interventions on an occasional basis to avoid commitment to DJJ for a limited number of youth.

The actual impact of this legislation is ultimately contingent upon the final sale price of the property in Owensboro.

DATA SOURCE(S): Department of Juvenile Justice, Finance and Administration Cabinet, Daviess County Property Valuation Administrator

PREPARER: Zach Ireland and Savannah Wiley NOTE NUMBER: 155 REVIEW: JRS DATE: 3/13/2017