

HOUSE BILL No. 2439

By Committee on Agriculture and Natural Resources

1-16

1 AN ACT concerning water; creating the sustainable drinking water source
2 protection fund; authorizing the Kansas water office to execute certain
3 contracts; establishing the sustainable drinking water source protection
4 fee; authorizing revenue bonds; repealing K.S.A. 2013 Supp. 82a-953a.
5

6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. (a) There is hereby established in the state treasury the
8 sustainable drinking water source protection fund, to be administered by
9 the director of the Kansas water office.

10 (b) On or before the 10th of each month, the director of accounts and
11 reports shall transfer from the state general fund to the sustainable drinking
12 water source protection fund interest earnings based on:

13 (1) The average daily balance of moneys in the sustainable drinking
14 water source protection fund for the preceding month; and

15 (2) the net earnings rate of the pooled money investment portfolio for
16 the preceding month.

17 (c) Moneys credited to the sustainable drinking water source
18 protection fund shall be used to pay for the following highest priorities: (1)
19 Sedimentation source, measurement, control and removal to protect water
20 quality; (2) drinking water supply quantities and quality and (3) flood and
21 drought protection capabilities. In order to achieve the above priorities,
22 7.5% of moneys collected or \$650,000, whichever is greater, shall be used
23 for technical assistance to small water systems to enable them to meet
24 regulatory and health requirements, improve operating efficiencies,
25 operator and board training, reduce water losses and such other
26 responsibilities as are determined through contracts and 7.5% of moneys
27 collected or \$650,000, whichever is greater, shall be used for data
28 collection and management to better assure that public policies and
29 programs address the highest needs and are successful. Secondary
30 priorities shall be state management of water releases, recreational and
31 tourism opportunities and such other priorities as the Kansas water
32 authority shall establish.

33 (d) Expenditures from such fund shall be made in accordance with
34 appropriation acts upon warrants of the director of accounts and reports
35 issued pursuant to vouchers approved by the director of the Kansas water
36 office, or a person designated by the director of the Kansas water office.

1 (e) The Kansas water office is hereby authorized to execute contracts
2 with businesses that invest in infrastructure development that sustains one
3 or more drinking water supply lakes or reservoirs. The Kansas water
4 office may contract for future water deliveries to the investing party at a
5 negotiated fixed price that shall be no lower than the price of such water
6 deliveries at the time of the contract's signing. Such contract may be for no
7 more than 150% of the value of the infrastructure investment made by the
8 investing party. The Kansas water office shall verify the effectiveness and
9 value of the investment prior to authorizing actual water releases.

10 (f) The Kansas water authority shall develop a priority schedule for
11 addressing the changing conditions of drinking water supply lakes and
12 their inflow and outflow streams based upon the risk to public water
13 supplies and fund remedial and preventative projects as well as
14 assessments of their effectiveness accordingly. Local governmental
15 contributions, including, but not limited to, the formation of reservoir
16 improvement districts pursuant to K.S.A. 2013 Supp. 82a-2401 et seq., and
17 amendments thereto, to state and United States army corps of engineers
18 funding may raise a project's priority.

19 (g) The Kansas water office shall adopt rules and regulations to
20 implement the provisions of this section.

21 Sec. 2. (a) (1) Except as provided further, on and after July 1, 2014
22 through December 31, 2017, there is hereby imposed a sustainable
23 drinking water source protection fee at the rate of:

24 (A) \$.10 per 1,000 gallons of water sold at retail by a public
25 water supply system drawing water from surface water and delivered
26 through mains, lines or pipes; and

27 (B) \$.10 per 1,000 gallons of water appropriated to industrial users
28 diverting surface water under a water right or permit to appropriate water
29 issued under the Kansas water appropriation act.

30 (2) On and after January 1, 2018, the sustainable drinking water
31 source protection fee shall be imposed at a rate:

32 (A) no more than \$.18 per 1,000 gallons of water sold at retail by a
33 public water supply system drawing water from surface water and
34 delivered through mains, lines or pipes; and

35 (B) no more than \$.18 per 1,000 gallons of water appropriated to
36 industrial users diverting surface water under a water right or permit to
37 appropriate water issued under the Kansas water appropriation act.

38 (b) As used in this section, "industrial user" means an eligible water
39 right holder who is appropriating water for industrial purposes as
40 determined by the chief engineer of the division of water resources of the
41 Kansas department of agriculture pursuant to K.S.A. 82a-1333, and
42 amendments thereto.

43 (c) The fee imposed by subsections (a)(1)(B) and (a)(2)(B) shall be

1 based on the actual amount used for industrial use during the preceding
2 calendar year as reported to the chief engineer of the division of water
3 resources of the Kansas department of agriculture in accordance with the
4 provisions of K.S.A. 82a-732, and amendments thereto.

5 (d) The fee imposed by subsection (a)(1)(A) and (a)(2)(A) shall be
6 paid quarterly by the public water supplier and shall be transmitted to the
7 department of revenue not later than 45 days following the end of each
8 quarter. The public water supplier may collect the fee directly from each
9 consumer to which water is sold at retail or may pay the amount owed to
10 the department from moneys in its operating or other fund available for
11 that purpose. The fee imposed by subsections (a)(1)(B) and (a)(2)(B) shall
12 be paid by the owner of the permit. If any retailer or permit owner fails to
13 pay the fee required to be collected and paid under this section, there shall
14 be added, to the unpaid balance of the fee, penalty and interest as
15 prescribed under K.S.A. 79-3615, and amendments thereto, for the late
16 payment of sales tax.

17 (e) The director of the taxation shall administer, enforce and collect
18 the fee imposed by this section. All laws and rules and regulations of the
19 secretary of revenue relating to the administration, enforcement and
20 collection of the retailers' sales tax shall apply to such fee insofar as they
21 can be made applicable, and the secretary shall adopt such additional rules
22 and regulations as necessary for the efficient and effective administration,
23 enforcement and collection thereof.

24 (f) The director of taxation shall remit all moneys collected from the
25 fee imposed pursuant to this section to the state treasurer in accordance
26 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
27 receipt of each such remittance, the state treasurer shall deposit the entire
28 amount in the state treasury to the credit of the sustainable drinking water
29 source protection fund created by section 1, and amendments thereto.

30 Sec. 3. The Kansas water office is hereby authorized to issue and sell
31 revenue bonds for the purpose of paying all or part of the cost of acquiring
32 storage in water supply lakes and reservoirs and the cost of infrastructure
33 protection and restoration of such water supply lakes and reservoirs using
34 procedures established for issuing such bonds as described in K.S.A. 82a-
35 1360 et seq., and amendments thereto, except that such bonds shall mature
36 not later than 25 years from the date of issuance.

37 Sec. 4. K.S.A. 2013 Supp. 82a-953a is hereby repealed.

38 Sec. 5. This act shall take effect and be in force from and after its
39 publication in the statute book.