

SESSION OF 2023

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 120**

As Recommended by Senate Committee on  
Agriculture and Natural Resources

**Brief\***

SB 120 would authorize the Secretary of Health and Environment to adopt certain rules and regulations regarding public water supply systems and would increase the amount of time a municipality would have to repay a loan from the Kansas Water Pollution Control Revolving Fund (Fund).

***Rules and Regulations***

The bill would allow the Secretary of Health and Environment to adopt rules and regulations authorizing staff to approve, as part of a continuing program of annual certification by public water supply systems, the replacement of segments of distribution systems. The program already approves the extension of distribution systems.

***Kansas Water Pollution Control Revolving Fund***

Current law states the Secretary of Health and Environment may enter into an agreement with a municipality to loan the municipality moneys from the Fund. The agreement provides that repayment of a loan from the Fund must begin within one year after completion of a project, and the loan must be repaid in full no later than 20 years thereafter. The bill would extend the repayment period to 30 years for agreements made on and after July 1, 2023.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

### ***Technical Amendments***

The bill would also make technical amendments.

### **Background**

The bill was introduced by the Senate Committee on Agriculture and Natural Resources at the request of a representative of Kansas Municipal Utilities.

[*Note:* The provisions of the bill regarding the Kansas Water Pollution Control Revolving Fund mirror the contents of HB 2047.]

### ***Senate Committee on Agriculture and Natural Resources***

In the Senate Committee hearing, **proponent** testimony was provided by representatives of the City of Dodge City, Kansas Department of Health and Environment (KDHE), and Kansas Municipal Utilities, who generally stated the Fund is one of the mechanisms for financing wastewater infrastructure projects in the state. The bill would provide an increased amortization period and would provide flexibility to municipalities, especially those that are financing larger projects.

Written-only proponent testimony was provided by representatives of League of Kansas Municipalities and WaterOne (Water District No. 1 – Johnson County).

No other testimony was provided.

### **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, KDHE states enactment of the bill would result in higher revenues for loans paid over 30 years instead of 20 years because service fees are paid every 6

months based on the outstanding balance of the loan. The agency states that delegation of waterline project review and approval would lessen the plan review load on existing staff and could help expedite some projects. An exact fiscal effect could not be estimated. The Kansas Water Office indicates the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2024 Governor's Budget Report*.

The League of Kansas Municipalities states that enactment of the bill could increase the amount of interest a municipality would pay; however, the increased time frame to repay a revolving loan could provide additional funding for cities to use on other priorities.

Water; water infrastructure projects; Secretary of Health and Environment; rules and regulations; water distribution systems; amortization; loans; municipalities; Kansas Water Pollution Control Revolving Fund