

Senate Substitute for HOUSE BILL No. 2302

By Committee on Agriculture and Natural Resources

1 AN ACT concerning water; relating to funding for the state water plan and
2 water infrastructure projects; making and concerning appropriations for
3 the fiscal year ending June 30, 2023, and June 30, 2024, for the state
4 treasurer; providing for a transfer of moneys from the state general
5 fund to the state water plan fund; creating the water technical assistance
6 fund and water projects grant fund; authorizing the Kansas water office
7 to provide grants from such funds and adopt rules and regulations to
8 establish the criteria for grants from such funds; amending K.S.A. 82a-
9 951 and repealing the existing section.

10

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

12

New Section 1.

13

STATE TREASURER

14

(a) There is appropriated for the above agency from the state general
fund for the fiscal year ending June 30, 2023, the following:

15

Water supply storage debt payment for

16

Milford and Perry reservoirs.....\$52,000,000

17

18 *Provided*, That notwithstanding the provisions of article 42 of chapter 75
19 of the Kansas Statutes Annotated, and amendments thereto, or any other
20 statute, the state treasurer shall invest all moneys in the water supply
21 storage debt payment for Milford and Perry reservoirs account in United
22 States treasury bills until the interest rate for such treasury bills is equal to
23 or less than the interest rate for water supply storage debt payments as
24 determined by the state treasurer: *Provided further*, That upon
25 determination of the state treasurer that the United States treasury bill rate
26 is equal to or less than the interest rate on such storage debt, expenditures
27 shall be made by the above agency from the water supply storage debt
28 payment for Milford and Perry reservoirs account during fiscal year 2023
29 for the payment of water supply storage debt for Milford and Perry
30 reservoirs: *Provided, however*, That if, during the fiscal year ending June
31 30, 2023, the director of the Kansas water office certifies to the state
32 treasurer and the governor that there is a need for the Kansas water office
33 to call the water supply storage into service, the state finance council shall
34 authorize the state treasurer to immediately make expenditures from the
35 water supply storage debt payment for Milford and Perry reservoirs
36 account for the payment of water supply storage debt for Milford and

1 Perry reservoirs: *And provided further*, That such state finance council
2 action on this matter is hereby characterized as a matter of legislative
3 delegation and subject to the guidelines prescribed in K.S.A. 75-3711c(c),
4 and amendments thereto, except that such authorization also may be given
5 while the legislature is in session: *And provided further*, That at the same
6 time such certification is transmitted to the state treasurer and the
7 governor, the director of the Kansas water office shall transmit a copy of
8 such certification to the director of the budget and the director of
9 legislative research.

10 New Sec. 2.

11 STATE TREASURER

12 (a) Any unencumbered balance in the water supply storage debt
13 payment for Milford and Perry reservoirs account in excess of \$100 as of
14 June 30, 2023, is hereby reappropriated for fiscal year 2024: *Provided*,
15 That notwithstanding the provisions of article 42 of chapter 75 of the
16 Kansas Statutes Annotated, and amendments thereto, or any other statute,
17 the state treasurer shall invest all moneys in the water supply storage debt
18 payment for Milford and Perry reservoirs account in United States treasury
19 bills until the interest rate for such treasury bills is equal to or less than the
20 interest rate for water supply storage debt payments as determined by the
21 state treasurer: *Provided further*, That upon determination of the state
22 treasurer that the United States treasury bill rate is equal to or less than the
23 interest rate on such storage debt, expenditures shall be made by the above
24 agency from the water supply storage debt payment for Milford and Perry
25 reservoirs account during fiscal year 2024 for the payment of water supply
26 storage debt for Milford and Perry reservoirs: *Provided, however*, That if,
27 during the fiscal year ending June 30, 2024, the director of the Kansas
28 water office certifies to the state treasurer and the governor that there is a
29 need for the Kansas water office to call the water supply storage into
30 service, the state finance council shall authorize the state treasurer to
31 immediately make expenditures from the water supply storage debt
32 payment for Milford and Perry reservoirs account for the payment of water
33 supply storage debt for Milford and Perry reservoirs: *And provided further*,
34 That such state finance council action on this matter is hereby
35 characterized as a matter of legislative delegation and subject to the
36 guidelines prescribed in K.S.A. 75-3711c(c), and amendments thereto,
37 except that such authorization also may be given while the legislature is in
38 session: *And provided further*, That at the same time such certification is
39 transmitted to the state treasurer and the governor, the director of the
40 Kansas water office shall transmit a copy of such certification to the
41 director of the budget and the director of legislative research.

42 New Sec. 3. (a) On July 1, 2023, the director of accounts and reports
43 shall transfer \$35,000,000 from the state general fund to the state water

1 plan fund. It is the intent of the legislature to provide for the transfer of
2 \$35,000,000 from the state general fund to the state water plan fund on
3 July 1, 2024, July 1, 2025, July 1, 2026, and July 1, 2027.

4 (b) (1) The state water plan fund shall continue to be appropriated and
5 expended for the purposes prescribed in K.S.A. 82a-951, and amendments
6 thereto, except that:

7 (A) If an appropriation is made for any fiscal year as intended in
8 subsection (a), on July 1 of such fiscal year, or as soon thereafter on such
9 dates as moneys are available:

10 (i) \$5,000,000 shall be transferred from the state water plan fund to
11 the water technical assistance fund established in section 4, and
12 amendments thereto; and

13 (ii) \$15,000,000 shall be transferred from the state water plan fund to
14 the water projects grant fund established in section 5, and amendments
15 thereto; and

16 (B) for fiscal year 2024 through fiscal year 2028, priority for use of
17 funds collected pursuant to K.S.A. 82a-954(a)(3), and amendments
18 thereto, and remitted to the state water plan fund pursuant to K.S.A. 82a-
19 951, and amendments thereto, shall be for stockwatering conservation
20 projects. The type and scope of such stockwatering conservation projects
21 shall be identified by the Kansas water office in the formulation of the
22 state water plan pursuant to K.S.A. 82a-903, and amendments thereto.

23 (2) The provisions of this section shall expire on July 1, 2028. On
24 July 1, 2028, the director of accounts and reports shall transfer all moneys
25 in the water technical assistance fund and the water projects grant fund to
26 the state water plan fund and all liabilities of the water technical assistance
27 fund and the water projects grant fund shall be imposed upon the state
28 water plan fund. On July 1, 2028, the water technical assistance fund and
29 the water projects grant fund shall be abolished.

30 (c) (1) (A) Notwithstanding any restrictions in K.S.A. 82a-951, and
31 amendments thereto, the Kansas water authority may recommend to the
32 legislature the appropriation of up to 10% of the unencumbered balance of
33 the state water plan fund to be used to supplement salaries of existing state
34 agency full-time equivalent employees and for funding new full-time
35 equivalent positions created to implement the state water plan. Moneys
36 from such appropriation may be used to supplement existing positions, but
37 such moneys shall not be used to replace state general fund moneys, any
38 fee fund moneys or other funding for positions existing on July 1, 2023.

39 (B) Eligible full-time equivalent positions that moneys may be used
40 for pursuant to this paragraph include engineers, geologists, hydrologists,
41 environmental scientists, attorneys, resource planners, grant specialists and
42 any other similar positions.

43 (2) If at least two conservation districts present a joint proposal to the

1 Kansas water authority for a position or positions to provide shared
2 services to all districts involved in such proposal, the Kansas water
3 authority may recommend that moneys be used to supplement the salary or
4 salaries of such position or positions pursuant to paragraph (1).

5 (3) The Kansas water authority shall encourage funding requests from
6 state and local entities that cooperate with qualified nonprofit entities on
7 projects that provide a direct benefit to water quantity and quality,
8 including water infrastructures that are both natural and constructed, and
9 include matching funds from non-state sources.

10 (d) All reporting requirements established in K.S.A. 82a-951, and
11 amendments thereto, shall continue and such reporting requirements shall
12 apply to the water technical assistance fund established in section 4, and
13 amendments thereto, and the water projects grant fund established in
14 section 5, and amendments thereto.

15 New Sec. 4. (a) (1) There is hereby established in the state treasury
16 the water technical assistance fund. The fund shall be administered by the
17 Kansas water office. Expenditures from such fund shall be used for the
18 purposes described in subsection (b). All expenditures shall be made in
19 accordance with appropriation acts upon warrants of the director of
20 accounts and reports issued pursuant to vouchers approved by the director
21 of the Kansas water office, or such director's designee.

22 (2) Whenever the unencumbered balance of the water technical
23 assistance fund exceeds \$15,000,000, the director of the Kansas water
24 office shall certify such excess amount to the director of accounts and
25 reports. Upon receipt of such certification, the director of accounts and
26 reports shall transfer the certified excess amount from the water technical
27 assistance fund to the state general fund.

28 (b) (1) The water technical assistance fund shall be used by the
29 Kansas water office to provide grants for the planning, engineering,
30 managing and other technical assistance that may be necessary in the
31 development of plans for water infrastructure projects or for processing the
32 grant and loan applications for such water infrastructure projects. The
33 Kansas water office may offer services directly, provide funding to other
34 organizations to provide such services at no cost to a municipality,
35 unincorporated area with a national park site or state historic site or special
36 district related to water or the Kansas water office may provide grants
37 directly to applicants to cover expenses related to the hiring of such
38 technical assistance.

39 (2) Any municipality, unincorporated area with a national park site or
40 state historic site or special district related to water organized under the
41 laws of the state of Kansas may apply for a grant, and the Kansas water
42 office is authorized to award full or partial grants to such applicants.
43 Municipalities and unincorporated areas with fewer than 2,000 residents

1 shall be prioritized for the awarding of full grants. Watershed districts,
2 conservation districts, groundwater management districts and all special
3 districts related to water shall not be prioritized for the awarding of full
4 grants for the purposes of this section.

5 (c) The Kansas water office shall adopt rules and regulations to
6 establish any necessary criteria for administering the water technical
7 assistance fund and awarding grants for technical assistance. Such criteria
8 shall include, but not be limited to, factors applicable to:

9 (1) Municipalities and unincorporated areas of different populations
10 including the prioritization of small municipalities and unincorporated
11 areas as required by subsection (b)(2). Such factors may include, but not
12 be limited to, public health, socio-economic factors and the ability for a
13 municipality or unincorporated area to repay any loans without grant
14 assistance; and

15 (2) special districts such as watershed districts, conservation districts,
16 groundwater management districts, rural water districts and any other
17 similar districts formed for a special or single purpose related to water.

18 (d) No single grant awarded for technical assistance pursuant to this
19 section shall exceed \$1,000,000 unless specified by any appropriation act
20 of the Kansas legislature.

21 New Sec. 5. (a) (1) There is hereby established in the state treasury
22 the water projects grant fund. The fund shall be administered by the
23 Kansas water office. Expenditures from such fund shall be used for the
24 purposes described in subsection (b). All expenditures shall be made in
25 accordance with appropriation acts upon warrants of the director of
26 accounts and reports issued pursuant to vouchers approved by the director
27 of the Kansas water office, or such director's designee.

28 (2) Whenever the unencumbered balance of the water projects grant
29 fund exceeds \$30,000,000, the director of the Kansas water office shall
30 certify such excess amount to the director of accounts and reports. Upon
31 receipt of such certification, the director of accounts and reports shall
32 transfer the certified excess amount from the water projects grant fund to
33 the state general fund.

34 (b) The Kansas water office may provide full or partial funding in the
35 form of grants to any municipality or special district related to water
36 established pursuant to the laws of the state of Kansas for the following:

37 (1) Construction, repair, maintenance or replacement of water-related
38 infrastructures and any related construction costs;

39 (2) matching moneys for grant or loan applications for water-related
40 infrastructure projects; and

41 (3) grants that may be applied to an outstanding loan balance from the
42 public water supply loan fund established in K.S.A. 65-163e, and
43 amendments thereto, or the Kansas pollution control revolving fund

1 established in K.S.A. 65-3322, and amendments thereto, subject to the
2 provisions of subsection (c).

3 (c) The Kansas water office shall adopt rules and regulations to
4 establish any necessary criteria for grants from the water projects grant
5 fund. Such rules and regulations shall include any necessary criteria that
6 may be applied to the selection of projects with outstanding loan balances
7 from the public water supply loan fund established in K.S.A. 65-163e, and
8 amendments thereto, or the Kansas pollution control revolving fund
9 established in K.S.A. 65-3322, and amendments thereto. Such criteria shall
10 be based on the following factors:

11 (1) The planned construction on the project with the outstanding loan
12 balance is complete;

13 (2) the municipality or special district has made at least five years of
14 payments on such project loans;

15 (3) awarding grants that provide repayment of up to:

16 (A) 90% of any remaining project loan balance for cities with fewer
17 than 2,000 residents;

18 (B) 75% of any remaining project loan balance for cities with fewer
19 than 5,000 residents;

20 (C) 50% of any remaining project loan balance for cities with fewer
21 than 10,000 residents; and

22 (D) 25% of any remaining project loan balance for all other cities in
23 Kansas; and

24 (4) any other relevant criteria including, but not limited to, the socio-
25 economic status of the residents of any municipality, public health and the
26 ability of any municipality to repay a loan without further assistance.

27 (d) No single grant awarded for a project pursuant to this section shall
28 be greater than \$8,000,000 unless specified by any appropriation act of the
29 Kansas legislature.

30 (e) The Kansas water office and the department of health and
31 environment shall coordinate the sharing of information regarding
32 applicants for loans from the public water supply loan fund established in
33 K.S.A. 65-163e, and amendments thereto, and the Kansas pollution control
34 revolving fund established in K.S.A. 65-3322, and amendments thereto,
35 and shall take into consideration the approval or likely approval of a grant
36 by the Kansas water office when considering the eligibility of any
37 municipality to receive moneys from such funds.

38 Sec. 6. K.S.A. 82a-951 is hereby amended to read as follows: 82a-
39 951. (a) ~~On and after July 1, 1989,~~ There is hereby created, in the state
40 treasury, the state water plan fund. All moneys in the state water plan fund
41 shall be expended in accordance with appropriations acts for
42 implementation of the state water plan formulated pursuant to K.S.A. 82a-
43 903 et seq., and amendments thereto. *Except as provided in section 3, and*

1 *amendments thereto*, such moneys shall be used only for the establishment
2 and implementation of water-related projects or programs, and related
3 technical assistance, and shall not be used for: (1) Replacing full time
4 equivalent positions of any state agency; or (2) recreational projects which
5 do not meet one or more of the long-range goals, objectives and
6 considerations set forth in the state water resource planning act.

7 (b) On or before December 1 of each year, the Kansas water authority
8 shall submit to the governor and the legislature a report setting out: (1) An
9 account of all moneys expended from the state water plan fund, *the water*
10 *technical assistance fund and the water projects grant fund* during *each*
11 such fiscal year; and (2) a five-year capital development plan for state
12 water plan projects.

13 Sec. 7. K.S.A. 82a-951 is hereby repealed.

14 Sec. 8. This act shall take effect and be in force from and after its
15 publication in the Kansas register.