

HOUSE BILL No. 2558

By Committee on Water

Requested by Representative Minnix

1-27

AN ACT concerning water; relating to funding for the state water plan and water infrastructure projects; increasing the amount of moneys transferred from the state general fund to the state water plan fund; requiring the Kansas water office to transfer appropriations for the water technical assistance fund and the water projects grant fund; amending K.S.A. 2025 Supp. 82a-955, 82a-956 and 82a-957 and repealing the existing sections.

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

Section 1. K.S.A. 2025 Supp. 82a-955 is hereby amended to read as follows: 82a-955. (a) ~~On July 1, 2024, the director of accounts and reports shall transfer \$45,000,000 from the state general fund to the state water plan fund.~~ On July 1, 2025, and July 1, 2026, *July 1, 2027, July 1, 2028, July 1, 2029, and July 1, 2030*, the director of accounts and reports shall transfer ~~\$35,000,000~~ *\$60,000,000* from the state general fund to the state water plan fund. ~~It is the intent of the legislature to provide for the transfer of \$35,000,000 from the state general fund to the state water plan fund on July 1, 2027.~~

(b) (1) ~~The state water plan fund shall continue to be appropriated and expended for the purposes prescribed in K.S.A. 82a-951, and amendments thereto, except that if~~ *When* an appropriation is made for any fiscal year ~~as intended in pursuant to subsection (a), on July 1, 2025, and July 1, 2026, of such fiscal year~~ or as soon thereafter on such dates as moneys are available:

(A) ~~\$5,500,000~~ *\$15,500,000* shall be transferred from the state water plan fund to the water technical assistance fund established in K.S.A. 2025 Supp. 82a-956, and amendments thereto; and

(B) ~~\$12,500,000~~ *\$22,500,000* shall be transferred from the state water plan fund to the water projects grant fund established in K.S.A. 2025 Supp. 82a-957, and amendments thereto.

(2) The provisions of this section shall expire on July 1, ~~2028~~ *2031*. On July 1, ~~2028~~ *2031*, the director of accounts and reports shall transfer all moneys in the water technical assistance fund and the water projects grant fund to the state water plan fund, and all liabilities of the water technical assistance fund and the water projects grant fund shall be imposed upon

1 the state water plan fund. On July 1, ~~2028~~ 2031, the water technical
2 assistance fund and the water projects grant fund shall be abolished.

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

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

16 (2) If at least two conservation districts present a joint proposal to the
17 Kansas water authority for a position or positions to provide shared
18 services to all districts involved in such proposal, the Kansas water
19 authority may recommend that moneys be used to supplement the salary or
20 salaries of such position or positions pursuant to paragraph (1).

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

26 (4) The Kansas water authority may direct the Kansas water office to
27 provide funding pursuant to K.S.A. 2025 Supp. 82a-956 or 82a-957, and
28 amendments thereto, for the improvement of water infrastructure in an
29 unincorporated area related to or serving a national park site or state
30 historic site if the request for funding is made by a nonprofit organization
31 or state agency that is willing to administer the moneys and oversee the
32 project, and the Kansas water authority deems such applicant capable of
33 successfully managing the project. Upon receipt of such a request, the
34 Kansas water office may award moneys in any fiscal year prior to July 1,
35 2028, with such awarding of moneys to be made at the discretion of the
36 Kansas water office.

37 (5) The Kansas water authority shall encourage the creation of grant
38 programs for stockwatering conservation projects. Such grant programs
39 shall prioritize the use of fees collected pursuant to K.S.A. 82a-954(a)(3),
40 and amendments thereto.

41 (d) All reporting requirements established in K.S.A. 82a-951, and
42 amendments thereto, shall continue and such reporting requirements shall
43 apply to the water technical assistance fund established in K.S.A. 2025

1 Supp. 82a-956, and amendments thereto, and the water projects grant fund
2 established in K.S.A. 2025 Supp. 82a-957, and amendments thereto.

3 Sec. 2. K.S.A. 2025 Supp. 82a-956 is hereby amended to read as
4 follows: 82a-956. (a) (1) There is hereby established in the state treasury
5 the water technical assistance fund. The fund shall be administered by the
6 Kansas water office. Expenditures from such fund shall be used for the
7 purposes described in subsection (b). All expenditures shall be made in
8 accordance with appropriation acts upon warrants of the director of
9 accounts and reports issued pursuant to vouchers approved by the director
10 of the Kansas water office, or such director's designee.

11 (2) Whenever the unencumbered balance of the water technical
12 assistance fund exceeds ~~\$15,000,000~~, \$36,000,000, such excess moneys
13 may be recommended for appropriation by the Kansas water authority for
14 the same purposes as any other moneys in the state water plan fund are
15 appropriated.

16 (b) (1) The water technical assistance fund shall be used by the
17 Kansas water office to provide grants for the planning, engineering,
18 managing and other technical assistance that may be necessary in the
19 development of plans for water infrastructure projects or for processing the
20 grant and loan applications for such water infrastructure projects. The
21 Kansas water office may offer services directly, provide funding to other
22 organizations to provide such services at no cost to a municipality or
23 special district related to water or the Kansas water office may provide
24 grants directly to applicants to cover expenses related to the hiring of such
25 technical assistance.

26 (2) Any municipality or special district related to water organized
27 under the laws of the state of Kansas may apply for a grant, and the
28 Kansas water office is authorized to award full or partial grants to such
29 applicants. Municipalities with fewer than 2,000 residents shall be
30 prioritized for the awarding of full grants. Watershed districts,
31 conservation districts, groundwater management districts and all special
32 districts related to water shall not be prioritized for the awarding of full
33 grants for the purposes of this section.

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

38 (1) Municipalities of different populations, including the
39 prioritization of small municipalities as required by subsection (b)(2).
40 Such factors may include, but not be limited to, public health, socio-
41 economic factors and the ability for a municipality to repay any loans
42 without grant assistance; and

43 (2) special districts such as watershed districts, conservation districts,

1 groundwater management districts, rural water districts and any other
2 similar districts formed for a special or single purpose related to water.

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

6 Sec. 3. K.S.A. 2025 Supp. 82a-957 is hereby amended to read as
7 follows: 82a-957. (a) (1) There is hereby established in the state treasury
8 the water projects grant fund. The fund shall be administered by the
9 Kansas water office. Expenditures from such fund shall be used for the
10 purposes described in subsection (b). All expenditures shall be made in
11 accordance with appropriation acts upon warrants of the director of
12 accounts and reports issued pursuant to vouchers approved by the director
13 of the Kansas water office, or such director's designee.

14 (2) Whenever the unencumbered balance of the water projects grant
15 fund exceeds ~~\$35,000,000~~, \$50,000,000, the director of the Kansas water
16 office shall certify such excess amount to the director of accounts and
17 reports. Upon receipt of such certification, the director of accounts and
18 reports shall transfer the certified excess amount from the water projects
19 grant fund to the state general fund.

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

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

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

27 (3) grants that may be applied to an outstanding loan balance from the
28 public water supply loan fund established in K.S.A. 65-163e, and
29 amendments thereto, or the Kansas pollution control revolving fund
30 established in K.S.A. 65-3322, and amendments thereto, subject to the
31 provisions of subsection (c).

32 (c) The Kansas water office shall adopt rules and regulations to
33 establish any necessary criteria for grants from the water projects grant
34 fund. Such rules and regulations shall include any necessary criteria that
35 may be applied to the selection of projects with outstanding loan balances
36 from the public water supply loan fund established in K.S.A. 65-163e, and
37 amendments thereto, or the Kansas pollution control revolving fund
38 established in K.S.A. 65-3322, and amendments thereto. Such criteria shall
39 be based on the following factors:

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

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

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

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

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

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

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

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

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

16 (e) The Kansas water office and the department of health and
17 environment shall coordinate the sharing of information regarding
18 applicants for loans from the public water supply loan fund established in
19 K.S.A. 65-163e, and amendments thereto, and the Kansas pollution control
20 revolving fund established in K.S.A. 65-3322, and amendments thereto,
21 and shall take into consideration the approval or likely approval of a grant
22 by the Kansas water office when considering the eligibility of any
23 municipality to receive moneys from such funds.

24 Sec. 4. K.S.A. 2025 Supp. 82a-955, 82a-956 and 82a-957 are hereby
25 repealed.

26 Sec. 5. This act shall take effect and be in force from and after its
27 publication in the Kansas register.