

## SENATE BILL No. 317

By Committee on Agriculture and Natural Resources

1-14

1 AN ACT concerning water; relating to the water technical assistance fund  
2 and the water projects grant fund; establishing additional criteria for the  
3 operation of such funds; requiring municipalities to demonstrate a  
4 current 25-year water supply in applications related to water  
5 distribution, unless application is for new water supply source that will  
6 extend the current supply beyond 25 years; prohibiting grants for issues  
7 related to water rights impaired by another water right; prioritizing  
8 applications based on public health, resource management, population  
9 trends, funding sources, regional cooperation and weather resiliency;  
10 requiring applications to be submitted annually by September 15, with  
11 grants subject to revocation and repayment under certain  
12 circumstances; amending K.S.A. 2025 Supp. 82a-956 and 82a-957 and  
13 repealing the existing sections.  
14

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

16 Section 1. K.S.A. 2025 Supp. 82a-956 is hereby amended to read as  
17 follows: 82a-956. (a) (1) There is hereby established in the state treasury  
18 the water technical assistance fund. The fund shall be administered by the  
19 Kansas water office. Expenditures from such fund shall be used for the  
20 purposes described in subsection (b). All expenditures shall be made in  
21 accordance with appropriation acts upon warrants of the director of  
22 accounts and reports issued pursuant to vouchers approved by the director  
23 of the Kansas water office, or such director's designee.

24 (2) Whenever the unencumbered balance of the water technical  
25 assistance fund exceeds \$15,000,000, such excess moneys may be  
26 recommended for appropriation by the Kansas water authority for the  
27 same purposes as any other moneys in the state water plan fund are  
28 appropriated.

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

1 grants directly to applicants to cover expenses related to the hiring of such  
2 technical assistance.

3 (2) Any municipality or special district related to water organized  
4 under the laws of the state of Kansas may apply for a grant, and the  
5 Kansas water office is authorized to award full or partial grants to such  
6 applicants. ~~Municipalities with fewer than 2,000 residents shall be~~  
7 ~~prioritized for the awarding of full grants. Watershed districts,~~  
8 ~~conservation districts, groundwater management districts and all special~~  
9 ~~districts related to water shall not be prioritized for the awarding of full~~  
10 ~~grants for the purposes of this section.~~

11 (e) The Kansas water office shall adopt rules and regulations to  
12 establish any necessary criteria for administering the water technical  
13 assistance fund and awarding grants for technical assistance. Such criteria  
14 shall include, but not be limited to, factors applicable to:

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

20 (2) ~~special districts such as watershed districts, conservation districts,~~  
21 ~~groundwater management districts, rural water districts and any other~~  
22 ~~similar districts formed for a special or single purpose related to water.~~

23 (3) (A) *An application submitted pursuant to paragraph (2) shall*  
24 *include a complete preliminary engineering report that meets similar*  
25 *standards established by the United States department of agriculture for*  
26 *rural water projects. Until a completed preliminary engineering report has*  
27 *been submitted and the Kansas water offices determines that the project is*  
28 *feasible, funding shall only be provided for completion of a preliminary*  
29 *engineering report.*

30 (B) *If the preliminary engineering report is complete and the Kansas*  
31 *water office has determined that the project is feasible, then additional*  
32 *technical assistance funding may be provided for necessary planning and*  
33 *engineering work.*

34 (C) *A preliminary engineering report shall include studies for*  
35 *specific projects, regionalization studies or any other study or report*  
36 *intended to determine the feasibility of future plans and projects.*

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

40 (d) (1) *A minimum of 50% of the annual amount transferred to the*  
41 *technical assistance fund shall be awarded to municipalities with fewer*  
42 *than 8,000 residents. This requirement shall not apply in years when there*  
43 *are not enough applicants to allow compliance with this subsection.*

1       (2) *The provisions of paragraph (1) shall not be construed as a*  
2 *limitation on the total amount awarded to municipalities with fewer than*  
3 *8,000 residents.*

4       (e) *Any application that is related to the distribution or supply of*  
5 *water shall demonstrate that:*

6           (1) *A 25-year supply of water, at a minimum, is available; or*

7           (2) *the project specified in the application will extend the applicant's*  
8 *available water supply beyond 25 years.*

9       (f) *To be eligible to receive a grant, and in addition to any other*  
10 *requirements, a municipality with more than 50,000 residents shall*  
11 *demonstrate a threat to public health or demonstrate that failure to*  
12 *complete a project creates a disproportionate burden on a low-income*  
13 *population.*

14       (g) *No grants from the technical assistance fund shall be used to*  
15 *address issues related to the impairment of water rights by another water*  
16 *right.*

17       (h) *If a special district, such as a groundwater management district,*  
18 *rural water district or other similar district formed for a special or single*  
19 *purpose related to water, applies for a grant, such district's application*  
20 *shall not be prioritized based on the number of customers or residents*  
21 *pursuant to subsection (d). In addition to being scored pursuant to*  
22 *subsection (i), such district's application shall meet at least one of the*  
23 *following criteria:*

24           (1) *The project is for the purpose of expanding residential,*  
25 *commercial, industrial and agricultural activity that cannot be reasonably*  
26 *served by another source or distributor; except that any use defined as*  
27 *irrigation by the chief engineer shall not be eligible;*

28           (2) *the project facilitates the transfer or upgrade of existing water*  
29 *services to allow or assist with the incorporation of previously*  
30 *unincorporated territory; or*

31           (3) *the project meets a specific goal or priority identified in the state*  
32 *water plan.*

33       (i) *In any year where applications exceed the amount of funds or*  
34 *capacity to provide services, eligible applications shall be prioritized*  
35 *based on the criteria in this subsection. The Kansas water office shall*  
36 *establish a scoring matrix based on these criteria and, following the*  
37 *announcement of awards based on the highest scores, annually publish the*  
38 *scores of every application.*

39           (1) *Each of the following categories shall be scored on a scale of 0 to*  
40 *5:*

41           (A) *Public health. The project's impact on addressing an imminent*  
42 *threat to public health.*

43           (B) *Responsible management of existing resources. The applicant*

1 shall demonstrate that such applicant has responsibly managed such  
2 applicant's finances and further demonstrate whether the municipality can  
3 realistically complete the project without outside funding. The applicant  
4 shall also demonstrate that such applicant has enacted policies that will  
5 adequately support and maintain current and future infrastructure.  
6 Relevant factors shall include the municipality's total bonding authority,  
7 debt per capita, credit rating as applicable, total tax burden per capita,  
8 current operating policies, rate structure, debt burden per meter that the  
9 municipality is willing to finance and other similar measures.

10 (C) Long-term population trends. Funding shall be prioritized to  
11 support population growth and new residential housing projects that  
12 increase the demand for existing water services.

13 (D) Additional funding sources. Municipalities that can provide  
14 funding themselves or from any other source shall be prioritized.  
15 Applicants shall be scored proportionate to the amount of funding that  
16 such applicants can provide, with the maximum score for applicants that  
17 can provide 60% or more of the project's funds.

18 (E) Economic impact. The municipality can demonstrate the project  
19 is necessary for the growth of an existing economic activity or for the  
20 recruitment of new economic activity. Economic activity shall include any  
21 commercial, industrial or agricultural activity, except that any use defined  
22 as irrigation by the chief engineer shall not be eligible.

23 (F) Regional cooperation. The municipality is cooperating with other  
24 municipalities and regional entities, or can demonstrate improvements in  
25 regional water supply. Consideration shall be given to projects that  
26 support regional economic growth, including the development of  
27 reinvestment housing districts, workforce housing or other residential  
28 housing activities that help fulfill housing needs that have been identified  
29 by any housing study conducted within the 10 years immediately  
30 preceding the date the application was submitted.

31 (G) Extreme weather resiliency. The municipality can demonstrate  
32 improved ability to provide, maintain and protect services during drought  
33 and flood events.

34 (2) (A) If an applicant fails to provide enough information to be  
35 scored in any category listed in this section, the Kansas water office shall  
36 notify the applicant regarding the information needed and provide an  
37 additional 30 days, starting from the date that the applicant received such  
38 notice, for such applicant to submit such information.

39 (B) The Kansas water office shall send such notice by:

40 (i) An electronic mail message to the electronic mail address included  
41 in the applicant's application; or

42 (ii) certified mail, return receipt requested, to the address that the  
43 applicant included in such applicant's application.

1       (C) If the applicant fails to submit the information requested under  
2 this paragraph, such applicant shall be given a score of 0 in the  
3 corresponding category.

4           (j) Applications shall be due annually on September 15.

5           (k) (I) Any grant may be revoked if:

6           (A) The grantee does not accept the grant award within 45 days of  
7 such grant being issued;

8           (B) it is determined that there has been no substantial performance;

9           (C) there is substantial evidence of fraud, gross abuse or corrupt  
10 practices;

11           (D) there is a lack of funding; or

12           (E) it is demonstrated that the project cannot be completed.

13           (2) Upon the revocation of any grant pursuant to this subsection, the  
14 applicable grantee shall repay the Kansas water office any award amount  
15 issued to the grantee in an amount determined by the director. Any such  
16 grantee shall enter into a repayment agreement with the director  
17 specifying the terms of such repayment obligation.

18           (l) The Kansas water office shall include reporting and payment  
19 requirements within the terms of each awarded grant.

20       Sec. 2. K.S.A. 2025 Supp. 82a-957 is hereby amended to read as  
21 follows: 82a-957. (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 \$35,000,000, 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 Forgiveness of outstanding~~  
7 ~~loan balances from the public water supply loan fund established in K.S.A.~~  
8 ~~65-163e, and amendments thereto, or the Kansas pollution control~~  
9 ~~revolving fund established in K.S.A. 65-3322, and amendments thereto.~~  
10 Such criteria shall be based on the following factors, shall be subject to the  
11 *following parameters:*

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

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

16 (3) ~~awarding grants that may provide repayment of up to:~~

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

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

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

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

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

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

31 (e) *It is the intent of the legislature that grants awarded pursuant to*  
32 *subsection (b)(1) prioritize the awarding of partial grants combined with*  
33 *loan funding provided from the department of health and environment, the*  
34 *United States department of agriculture or other financial sources before*  
35 *grants for the full cost of projects are awarded in order to increase impact*  
36 *of available funding.*

37 (f) The Kansas water office and the department of health and  
38 environment shall coordinate the sharing of information regarding  
39 applicants for loans from the public water supply loan fund established in  
40 K.S.A. 65-163e, and amendments thereto, and the Kansas pollution control  
41 revolving fund established in K.S.A. 65-3322, and amendments thereto,  
42 and shall take into consideration the approval or likely approval of a grant  
43 by the Kansas water office when considering the eligibility of any

1 municipality to receive moneys from such funds.

2       (g) *Special districts such as groundwater management districts, rural*  
3 *water districts and any other similar districts formed for a special or*  
4 *single purpose related to water that apply for funding or services shall be*  
5 *eligible for loan forgiveness up to 50% of an outstanding balance and for*  
6 *any other grant funding if the application meets one of the following*  
7 *criteria:*

8       (1) *The project is for the purpose of expanding commercial,*  
9 *industrial or agricultural activity that cannot be reasonably served by*  
10 *another source or distributor; except that any use defined as irrigation by*  
11 *the chief engineer shall not be eligible;*

12       (2) *the project facilitates the transfer or upgrade of existing water*  
13 *services to allow or assist with the incorporation of previously*  
14 *unincorporated territory; or*

15       (3) *the project meets a specific goal or priority identified in the state*  
16 *water plan.*

17       (h) (1) *For any application that is related to the distribution or*  
18 *supply of water, a municipality shall demonstrate that a 25-year supply of*  
19 *water, at minimum, is available.*

20       (2) *The minimum availability requirement of paragraph (1) shall not*  
21 *apply if the application is for the development of a new water supply*  
22 *source that will extend the available water supply beyond 25 years.*

23       (i) *To be eligible to receive a grant, and in addition to any other*  
24 *requirements, a municipality with more than 50,000 residents shall*  
25 *demonstrate a threat to public health or demonstrate that failure to*  
26 *complete a project creates a disproportionate burden on a low-income*  
27 *population.*

28       (j) *No grants from the water projects grant fund shall be used to*  
29 *address issues related to the impairment of water rights by another water*  
30 *right.*

31       (k) *In any year where applications exceed the amount of funds or*  
32 *capacity to provide services, eligible applications shall be prioritized*  
33 *based on the criteria in this section. The Kansas water office shall*  
34 *establish a scoring matrix based on the criteria below and, following the*  
35 *announcement of awards based on the highest scores, annually publish the*  
36 *scores of every application.*

37       (l) *Each of the following categories shall be scored on a scale of 0 to*  
38 *5:*

39       (A) *Public health. The project's impact on addressing an imminent*  
40 *threat to public health.*

41       (B) *Responsible management of existing resources. The applicant*  
42 *shall demonstrate that such applicant has responsibly managed such*  
43 *applicant's finances and further demonstrate whether the municipality can*

1    *realistically complete the project without outside funding. The applicant*  
2    *shall also demonstrate that such applicant has enacted policies that will*  
3    *adequately support and maintain current and future infrastructure.*  
4    *Relevant factors shall include the municipality's total bonding authority,*  
5    *debt per capita, credit rating as applicable, total tax burden per capita,*  
6    *current operating policies, rate structure, debt burden per meter that the*  
7    *municipality is willing to finance and other similar measures.*

8    (C) *Long-term population trends. Funding shall be prioritized to*  
9    *support population growth and new residential housing projects that*  
10   *increase the demand for existing water services.*

11   (D) *Additional funding sources. Municipalities that can provide*  
12   *funding themselves or from any other source shall be prioritized.*  
13   *Applicants shall be scored proportionate to the amount of funding that*  
14   *such applicants can provide, with the maximum score for applicants that*  
15   *can provide 60% or more of the project's funds. Applications, even if*  
16   *denied, for other sources of funding shall be acknowledged.*

17   (E) *Economic impact. The municipality shall demonstrate that the*  
18   *project is necessary for the growth of an existing economic activity or for*  
19   *the recruitment of a new economic activity. Economic activity includes any*  
20   *commercial, industrial or agricultural activity, except that any use defined*  
21   *as irrigation by the chief engineer shall not be eligible.*

22   (F) *Regional cooperation. The municipality is cooperating with other*  
23   *municipalities, regional entities or can demonstrate improvements in the*  
24   *regional water supply. Consideration shall be given to projects that*  
25   *support regional economic growth, including the development of*  
26   *reinvestment housing districts, workforce housing or other residential*  
27   *housing activities that help fulfill housing needs identified by a housing*  
28   *study created within 10 years of the application.*

29   (G) *Extreme weather resiliency. The municipality can demonstrate*  
30   *improved ability to provide, maintain and protect services during drought*  
31   *and flood events.*

32   (2) (A) *If an applicant fails to provide enough information to be*  
33   *scored in any category listed in this section, the Kansas water office shall*  
34   *notify the applicant regarding the information needed and provide an*  
35   *additional 30 days, starting from the date that the applicant received such*  
36   *notice, for such applicant to submit such information.*

37   (B) *The Kansas water office shall send such notice by:*

38   (i) *An electronic mail message to the electronic mail address included*  
39   *in the applicant's application; or*

40   (ii) *certified mail, return receipt requested, to the address that the*  
41   *applicant included in such applicant's application.*

42   (C) *If the applicant fails to submit the requested information, such*  
43   *applicant shall be given a score of 0 in the corresponding category.*

- 1       *(l) Applications shall be due annually on September 15.*
- 2       *(m) (1) Any grant may be revoked if:*
  - 3       *(A) The grantee does not accept the grant award within 45 days of*
  - 4       *such grant being issued;*
  - 5       *(B) it is determined that there has been no substantial performance;*
  - 6       *(C) there is substantial evidence of fraud, gross abuse or corrupt*
  - 7       *practices;*
  - 8       *(D) there is a lack of funding; or*
  - 9       *(E) it is demonstrated that the project cannot be completed.*
- 10      *(2) Upon the revocation of any grant pursuant to this subsection, the*
- 11      *applicable grantee shall repay the Kansas water office any award amount*
- 12      *issued to the grantee in an amount determined by the director. Any such*
- 13      *grantee shall enter into a repayment agreement with the director*
- 14      *specifying the terms of such repayment obligation.*
- 15      *(n) The Kansas water office shall include reporting and payment*
- 16      *requirements within the terms of each awarded grant.*

17      Sec. 3. K.S.A. 2025 Supp. 82a-956 and 82a-957 are hereby repealed.

18      Sec. 4. This act shall take effect and be in force from and after its

19      publication in the Kansas register.