

SESSION OF 2025

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2113

As Amended by House Committee on Water

Brief*

HB 2113, as amended, would create a new fund and authorize various transfers from the State General Fund to the new fund and other state funds for conservation districts and other water-related programs.

State Conservation Fund (New Section 1)

The bill would establish the State Conservation Fund (SC Fund) in the State Treasury. Any moneys credited to the SC Fund would be expended or transferred only for purposes and in the manner provided by the bill, and expenditures made in accordance with appropriation acts for the financing of conservation programs.

Legislative Intent

The bill would declare it is the intent of the Legislature that the SC Fund remain intact and inviolate for the purposes stated in the bill, and moneys in the SC Fund would not be subject to KSA 75-3722 (allotments), 75-3725a (certificate of indebtedness), and 75-3726a (appropriations transfers).

Use of Moneys

The bill would state that moneys credited to the SC Fund would be used to supplement existing appropriations and would not be used to supplant State General Fund (SGF)

*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 <https://klrd.gov/>

or special revenue fund appropriations to the Kansas Department of Agriculture (KDA).

Annual Transfer of SGF to SC Fund

The bill would authorize the Director of Accounts and Reports, on July 1, 2025, and each July 1 thereafter, to transfer \$2.5 million from the SGF to the SC Fund.

Use of SC Fund Moneys

The bill would require the moneys transferred to the SC Fund to be used to:

- Provide a match of state moneys on the basis of \$2 of state moneys to \$1 of non-state or private moneys; and
- Fund or otherwise provide domestic water quality sampling.

Division of Conservation Requirements

The bill would require the Division of Conservation (Division), KDA, to provide to the Kansas Geological Survey aggregate data generated from any domestic water quality sampling that is carried out pursuant to the use of SC Fund moneys.

The Division would be required to adopt rules and regulations to administer the expending of moneys from the SC Fund.

Transfers to the State Water Plan Fund (Section 2)

The bill would amend law regarding transfers from the SGF to the State Water Plan Fund (SWPF). Current law requires the Director of Accounts and Reports to transfer

\$35.0 million on July 1, 2025. The bill would increase the amount of the transfer to \$55.0 million, and require further transfers of \$55.0 million on July 1, 2026, and July 1, 2027.

Of the \$55.0 million transfer, the bill would require the following transfers:

- \$7.0 million transferred from the SWPF to the Water Technical Assistance Fund; and
- \$18.0 million transferred from the SWPF to the Water Projects Grant Fund.

Technical Amendments

The bill would make technical and conforming amendments.

Effective Date

The bill would be in effect upon publication in the *Kansas Register*.

Background

The bill was introduced by the House Committee on Water at the request of Representative Minnix.

House Committee on Water

In the House Committee hearing, representatives of the Kansas Association of Conservation Districts, Kansas Livestock Association, Kansas Municipal Utilities, Kansas Rural Water Association, and League of Kansas Municipalities provided **proponent** testimony.

The proponents stated that regarding conservation districts, the average pay for a district employee is \$20.79 per hour; only 21 districts (out of 105) provide full health insurance coverage, with another 15 providing partial coverage. The lack of benefits was cited as one of the leading reasons for staff turnover.

The proponents stated that regarding SWPF funding, there is a large demand across the state to invest in water technology and projects, including stockwater conservation measures, quality and quantity of drinking water, access to clean water across the state, and investment in water and wastewater systems.

Written-only proponent testimony was provided by representatives of Kansas Agribusiness Retailers Association, Kansas Grain and Feed Association, and Renew Kansas Biofuels Association; Kansas Cooperative Council; Kansas Department of Agriculture, Kansas Department of Health and Environment, and Kansas Water Office; Kansas Farm Bureau; and representatives of the cities of Edgerton and WaKeeney.

No other testimony was provided.

The House Committee amended the bill to decrease the \$5.0 million transfer from the SGF to the SC Fund to \$2.5 million.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the transfers in the bill would not replace the existing statutory transfers of \$6.0 million from the SGF and \$2.0 million from the Economic Development Initiatives Fund to the SWPF.

The Kansas Department of Health and Environment (KDHE) indicates enactment of the bill would increase expenditures from the SWPF by \$20.0 million, with \$8.0

million for the grant programs of the Kansas Water Office and the remaining \$12.0 million for overall state water plan funding going to various agencies based on programs, projects, and initiatives. This \$20.0 million would be in addition to the existing \$35.0 million from the SGF. KDHE indicates that a portion of the transferred funds would be allocated to and expended by KDHE for water projects tied to the implementation of principles and goals of the Kansas Water Plan, but that a precise fiscal effect on the agency cannot be estimated.

The Kansas Department of Agriculture (KDA) indicates enactment of the bill would increase expenditures by \$5,095,452 beginning in FY 2026. Of this amount, \$5.0 million would be for the transfer to the SC Fund to be used for matching funds for domestic water quality sampling. In addition, KDA indicates it would require 1.00 position to manage the program at an estimated cost of \$95,452, including \$55,000 for salary, \$25,452 for fringe benefits, \$10,000 for supplies, and \$5,000 for travel.

The Kansas Water Office indicates that enactment of the bill would result in additional grant administration needs and would require an additional staff member, which could be funded within existing resources. The Office indicates that a portion of the additional funding transferred to the SWPF would be allocated to the Office, which could be administered within existing resources.

The *FY 2026 Governor's Budget Report* includes a transfer from the SGF to the SWPF for FY 2026 totaling \$35.0 million and transfers from the SWPF to the Water Technical Assistance Fund and the Water Projects Grants Fund totaling \$7.0 million and \$19.0 million, respectively. The *FY 2026 Governor's Budget Report* also includes a transfer of \$30.0 million from the accrued interest in the Budget Stabilization Fund to the SWPF.

Water; Kansas Water Office; State Conservation Fund; State General Fund; conservation districts; State Water Plan Fund; Water Technical Assistance Fund; Water Projects Grant Fund; Kansas Matching Grant Fund; grants; Water Conservation Areas; Local Enhancement Management Areas; water technology