

Senate Substitute for HOUSE BILL No. 2302

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

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

New Section 1.

STATE TREASURER

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

Water supply storage debt payment for  
Milford and Perry reservoirs.....\$52,000,000

*Provided*, That notwithstanding the provisions of article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto, or any other statute, the state treasurer shall invest, or in the state treasurer's discretion direct the pooled money investment board to invest, all moneys in the water supply storage debt payment for Milford and Perry reservoirs account in United States treasury bills until the interest rate for such treasury bills is equal to or less than the interest rate for water supply storage debt payments as determined by the state treasurer: *Provided further*, That upon determination of the state treasurer that the United States treasury bill rate is equal to or less than the interest rate on such storage debt, expenditures shall be made by the above agency from the water supply storage debt payment for Milford and Perry reservoirs account during fiscal year 2023 for the payment of water supply storage debt for Milford and Perry reservoirs: *Provided, however*, That if, during the fiscal year ending June 30, 2023, the director of the Kansas water office certifies to the state treasurer and the governor that there is a need for the Kansas water office to call the water supply storage into service, the state finance council shall authorize the state treasurer to immediately make expenditures from the water supply storage debt payment for Milford and Perry reservoirs account for the payment of water supply storage debt for Milford and Perry reservoirs: *And provided further*, That such state finance council action on this matter is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in K.S.A. 75-3711c(c), and amendments thereto, except that such authorization also may be given while the legislature is in session: *And provided further*, That at the same time such certification is transmitted to the state treasurer and the governor, the director of the Kansas water office shall transmit a copy of such certification to the director of the budget and the director of legislative research.

New Sec. 2.

STATE TREASURER

(a) Any unencumbered balance in the water supply storage debt payment for Milford and Perry reservoirs account in excess of \$100 as of June 30, 2023, is hereby reappropriated for fiscal year 2024:

*Provided*, That notwithstanding the provisions of article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto, or any other statute, the state treasurer shall invest, or in the state treasurer's discretion direct the pooled money investment board to invest, all moneys in the water supply storage debt payment for Milford and Perry reservoirs account in United States treasury bills until the interest rate for such treasury bills is equal to or less than the interest rate for water supply storage debt payments as determined by the state treasurer: *Provided further*, That upon determination of the state treasurer that the United States treasury bill rate is equal to or less than the interest rate on such storage debt, expenditures shall be made by the above agency from the water supply storage debt payment for Milford and Perry reservoirs account during fiscal year 2024 for the payment of water supply storage debt for Milford and Perry reservoirs: *Provided, however*, That if, during the fiscal year ending June 30, 2024, the

director of the Kansas water office certifies to the state treasurer and the governor that there is a need for the Kansas water office to call the water supply storage into service, the state finance council shall authorize the state treasurer to immediately make expenditures from the water supply storage debt payment for Milford and Perry reservoirs account for the payment of water supply storage debt for Milford and Perry reservoirs: *And provided further*, That such state finance council action on this matter is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in K.S.A. 75-3711c(c), and amendments thereto, except that such authorization also may be given while the legislature is in session: *And provided further*, That at the same time such certification is transmitted to the state treasurer and the governor, the director of the Kansas water office shall transmit a copy of such certification to the director of the budget and the director of legislative research.

New Sec. 3. (a) On July 1, 2023, the director of accounts and reports shall transfer \$35,000,000 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, 2024, July 1, 2025, July 1, 2026, and 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 an appropriation is made for any fiscal year as intended in subsection (a), on July 1 of such fiscal year, or as soon thereafter on such dates as moneys are available:

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

(B) \$12,000,000 shall be transferred from the state water plan fund to the water projects grant fund established in section 5, and amendments thereto.

(2) The provisions of this section shall expire on July 1, 2028. On July 1, 2028, 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 the state water plan fund. On July 1, 2028, the water technical assistance fund and the water projects grant fund shall be abolished.

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

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

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

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

(4) The Kansas water authority may direct the Kansas water office to provide funding pursuant to section 4 or section 5, and amendments thereto, for the improvement of water infrastructure in an unincorporated area related to or serving a national park site or state historic site if the request for funding is made by a nonprofit organization or state agency that is willing to administer the moneys and oversee the project, and the Kansas water authority deems such applicant capable of successfully managing the project. Upon receipt of such a request, the Kansas water office may award moneys in any fiscal year prior to July 1, 2028, with such awarding of moneys to be made at the discretion of the Kansas water office.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

any municipality to receive moneys from such funds.

Sec. 6. K.S.A. 82a-951 is hereby amended to read as follows: 82a-951. (a) ~~On and after July 1, 1989,~~ There is hereby created, in the state treasury, the state water plan fund. All moneys in the state water plan fund shall be expended in accordance with appropriations acts for implementation of the state water plan formulated pursuant to K.S.A. 82a-903 et seq., and amendments thereto. *Except as provided in section 3, and amendments thereto,* such moneys shall be used only for the establishment and implementation of water-related projects or programs, and related technical assistance, and shall not be used for: (1) Replacing full time equivalent positions of any state agency; or (2) recreational projects which do not meet one or more of the long-range goals, objectives and considerations set forth in the state water resource planning act.

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

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

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

I hereby certify that the above BILL originated in the HOUSE, and was adopted by that body

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HOUSE adopted  
Conference Committee Report\_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

Passed the SENATE  
as amended \_\_\_\_\_

SENATE adopted  
Conference Committee Report\_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*