

March 17, 2016

The Honorable Joe Seiwert, Chairperson
House Committee on Utilities and Telecommunications
Statehouse, Room 481-W
Topeka, Kansas 66612

Dear Representative Seiwert:

SUBJECT: Fiscal Note for HB 2657 by Representative Claeys

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2657 is respectfully submitted to your committee.

HB 2657 would create the Water Consumer Protection Act. The bill would require each private water utility to maintain a Water Quality Maintenance Fund into which it must make monthly deposits of 5.0 percent of the gross amount of monthly rates and charges paid by customers it serves. By July 1, 2018, each private water utility must have placed at least \$50,000 in its account. If a Water Quality Maintenance Fund balance is less than \$100,000, the fund may be held in a Kansas financial institution. If the balance exceeds \$100,000, the utility would be required to establish an irrevocable trust in which to maintain the fund and appoint a trustee to manage it. Income from the fund must be returned to the water utility and disbursed to its customers within 90 days of receipt. The bill establishes the purposes and protections for the fund, the responsibilities of a trustee in managing the fund, and the requirements for reporting information associated with the fund.

The bill also creates the Water Quality Assurance Fund to be administered by the Secretary of the Department of Health and Environment. Upon determination by the Kansas Corporation Commission that the public health and safety is jeopardized due to mismanagement by a private water utility, the funds held in a Water Quality Maintenance Fund must be transferred to the Water Quality Assurance Fund and used by the Secretary to provide water service within the utility's service area.

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According to the Kansas Department Agriculture, passage of HB 2657 would have no fiscal effect on the agency. Information regarding any fiscal effect on the Kansas Department of Health and Environment was not available from the agency. Any fiscal effect associated with HB 2657 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Justin Law, Agriculture
Katie Mitchell, Water Office
Amy Gilbert, KCC
Aaron Dunkel, Health & Environment