

SESSION OF 2015

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2156**

As Amended by House Committee on  
Agriculture and Natural Resources

**Brief\***

HB 2156 would establish a new interest rate on the State's cost for selling public water supply storage and the associated water rights for water from Classes I, II, and III multipurpose small lakes projects. The bill would establish the new rate *per annum* equal to the average of the monthly net earnings rates for the Pooled Money Investment portfolio for the preceding calendar year. Under current law, the interest rate *per annum* would be the greater of: the average rate of interest earned the past calendar year on repurchase agreements of less than 30 days' duration entered into by the Pooled Money Investment Board, less 5 percent; or 4 percent.

**Background**

At the hearing on the bill in the House Committee on Agriculture and Natural Resources, Representative Highland appeared as a proponent. He stated in the 1990's, the City of Alma and the State collaborated to build a lake to meet future water needs of the city. Each party had maintained 50 percent ownership of the lake, but now the City of Alma would like to buy out the State's portion. He indicated the change of interest rates would result in a cost savings to the City of Alma and would be more consistent with the State's Water Marketing Program.

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\*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 <http://www.kslegislature.org>

Also submitting testimony in support of the bill were representatives of the Kansas Water Office and the League of Kansas Municipalities. Also submitting written testimony in support of the bill was the City Attorney for the City of Alma.

The House Committee on Agriculture and Natural Resources amended the bill to modify the language establishing the interest rate. The new language would establish the interest rate to be at a rate *per annum* equal to the average of the monthly net earnings rates for the Pooled Money Investment portfolio for the preceding calendar year. The Committee also amended the bill to make the same modifications to projects classified as Class II and III multipurpose small lake projects.

The fiscal note prepared by the Division of the Budget on the original bill indicates the change in the current accrual rate may reduce revenue by \$59,383 to agency fee funds because of the purchase of water storage in Mill Creek Lake by the City of Alma. Any fiscal effect associated with the bill is not reflected in *The FY 2016 Governor's Budget Report*.