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MEMORANDUM

To: Chairman Sloan and Members of the Committee on Water and Environment
From: Matt Sterling, Assistant Revisor of Statutes
Date: February 13, 2018
RE: House Bill 2726

HB 2726 would establish the non-corn irrigation grant program and the low-water-use crop grant program and provide bonding authority to the Kansas water office for the funding of both grant programs.

The Kansas water office would be authorized to issue and sell revenue bonds in an aggregate amount of \$50,000,000 to pay the cost of administering and providing grants pursuant to the non-corn irrigation grant program established in section 3 and the low-water-use crop grant program established in section 4. Prior to issuing any bonds the director of the Water Office would adopt a resolution and determine an interest rate to be paid on the principal, determine the maturity date for the bonds and register the bonds with the state treasurer.

The payment of the principal and interest of the bonds shall, in descending order be paid from:

- (1) revenues derived from fees from the non-corn irrigation grant program and low-water-use crop grant program;
- (2) revenues from any grant, donation or other income obtained by the water office;
- (3) moneys appropriated from the state water plan fund;
- (4) moneys appropriated from the economic development initiatives fund; and
- (5) moneys appropriated from the state general fund

Section 2 of the bill states that the revenue bonds issued will be special obligations of the Kansas water office in accordance with their terms and shall not constitute an indebtedness of the state of Kansas or the Kansas water office.

Section 3 creates the non-corn irrigation grant program the purpose of which is to provide grants to persons to encourage the growing and cultivation of crops other than corn or other high-water-use crops in areas of the state that depend on groundwater irrigation practices. The secretary of agriculture may charge a fee to any person participating in the program in an amount set by rules and regulations and the maximum grant amount under the program shall be \$1,000,000.

Section 4 creates the low-water-use crop grant program the purpose of which is to provide grants to persons wishing to grow and cultivate low-water-use crops in the state of

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Kansas and to assist in the development of educational and research programs for growing and cultivating low-water-use crops to preserve water resources in the state. The secretary of agriculture may charge a fee to any person participating in the program in an amount set by rules and regulations and the maximum grant amount under the program shall be \$750,000. Priority for the awarding of grants shall be for the growing and cultivation of any low-water-use crop that has potential medicinal applications.

Definitions used in the bill:

- (1) Low-water-use crop" means any plant that requires 15 inches or less of water per growing season for cultivation, including, but not limited to, amaranth, hyssop, millet, quinoa, stable magnolio, sugar beets or sweet potatoes.
- (2) "Stable magnolio" means any part of the plant cannabis sativa.