

January 26, 2018

The Honorable Tom Sloan, Chairperson
House Committee on Water and Environment
Statehouse, Room 521-E
Topeka, Kansas 66612

Dear Representative Sloan:

SUBJECT: Fiscal Note for HB 2513 by House Committee on Water and Environment

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2513 is respectfully submitted to your committee.

HB 2513 would impose a surface water protection fee at the rate of \$.05 per 1,000 gallons for surface water sold at retail by a public water supply system. The fee would be paid quarterly by the public water supplier and transmitted to the Kansas Department of Revenue for deposit into the Surface Water Protection Fee Fund, also created by the bill, no later than 45 days following the end of each quarter. The fee could be collected directly from each consumer or paid from funds in the supplier's operating account. The fee would also apply to water appropriated for industrial use, and that amount would be paid annually by the owner of the permit. The bill would also impose a charge against each member of a Water Assurance District that is sufficient for the district to remit annually an amount equal to \$.002 per 1,000 gallons of assurance storage capacity in reservoirs as reported by the Kansas Water Office. Proceeds from this fee would also be deposited into the Surface Water Protection Fee Fund. Failure to pay these fees would result in the same penalty and interest charged for the late payment of sales tax.

Receipts to the Surface Water Protection Fee Fund would be used for programs and projects that benefit surface water users or municipal aquifer recharge programs for municipalities that use surface water, and the bill establishes priorities for these expenditures. Certification that an aggregate annual amount of \$8.0 million has been transferred to the State Water Plan Fund from the State General Fund or State Economic Development Initiatives Fund for two consecutive fiscal years would result in suspension of collection of the fees. A subsequent certification that an aggregate annual amount of \$8.0 million has not been transferred to the State Water Plan Fund from the State General Fund or State Economic Development Initiatives Fund in any fiscal year, would cause collection of the fees to recommence.

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Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	\$3,800,697
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

The Kansas Water Office estimates that enactment of HB 2513 would result in increased revenues of approximately \$3.8 million annually. This amount reflects nearly \$3.7 million from the Surface Water Protection fee and approximately \$136,590 from the Water Assurance District fee. The long-term effect of enactment of this bill would vary depending on whether \$8.0 million in transfers from the State General Fund and Economic Development Initiatives Fund are made each year. Any fiscal effect associated with HB 2513 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Katie Mitchell, Water Office