January 31, 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 2528 by House Committee on Water and Environment

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2528 is respectfully submitted to your committee.

Current law requires a total annual transfer each fiscal year of $2.0 million from the Economic Development Initiatives Fund (EDIF) to the State Water Plan Fund (SWPF), with $1.0 million transferred on July 15 and $1.0 million on January 15. This transfer is suspended for FY 2018 and FY 2019 and has been suspended, except for a transfer of $800,000 in FY 2015, since FY 2014. HB 2528 would require that a transfer to the State Water Plan Fund of $8.0 million be made from the EDIF prior to making any other statutory distribution from this fund. Of the amount that would be transferred under the provisions of this bill, at least $4.0 million would be allocated annually so that a minimum of 75.0 percent of that amount would go to state water-related empirical research centers for research and demonstration project grants, with 20.0 percent of each research center’s allocation to be used for inter-university and inter-agency collaborative projects specified in the bill.

Of the remaining 25.0 percent, 60.0 percent would be transferred to the Kansas Water Office, with one-third to be used for on-site technical assistance to small water and wastewater systems. The remaining two-thirds would be used to support communities with water quality or water availability problems. These communities would be determined on a case-by-case basis and would be required to provide matching funds. The remaining 40.0 percent of the amount transferred to the Kansas Water Office would be used by the Kansas Water Authority to evaluate and award grants to state agencies for projects that would result in less sediment flowing into drinking water supply lakes, support municipal aquifer recharge programs, or extend the productive life of the Ogallala aquifer.
According to the Kansas Water Office, enactment of HB 2528 would allow the agency to expand existing programs and develop new programs to ensure water quality and availability. Both the University of Kansas and Kansas State University indicate that enactment of the bill would result in expansion of existing projects and development of new projects. Costs associated with these projects cannot be determined until the projects are clearly defined.

According to the Division of the Budget, in *The FY 2019 Governor’s Budget Report* the EDIF is estimated to have an ending balance of $3,309 at the end of FY 2019. Because the $8.0 million transfer would take place prior to any other distribution from the EDIF, previously approved and proposed expenditures from the EDIF for FY 2019 would need to be reduced or eliminated completely to avoid a large negative balance. In most cases, funding for those expenditures would need to be obtained from other sources, including the State General Fund. Any fiscal effect associated with HB 2528 is not reflected in *The FY 2019 Governor’s Budget Report*. 

Sincerely,

Shawn Sullivan,
Director of the Budget

cc:  Katie Mitchell, Water Office
     Ethan Erickson, Kansas State University
     Leisa Julian, University of Kansas