AN ACT concerning water; relating to the state water plan fund and the economic development initiatives fund, fees and distribution of moneys; amending K.S.A. 82a-951 and K.S.A. 2017 Supp. 79-4804 and repealing the existing sections; also repealing K.S.A. 2017 Supp. 82a-953a.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2017 Supp. 79-4804 is hereby amended to read as follows: 79-4804. (a) After the transfer of moneys pursuant to K.S.A. 2017 Supp. 79-4806, and amendments thereto, an amount equal to 85% of the balance of all moneys credited to the state gaming revenues fund shall be transferred and credited to the state economic development initiatives fund. Expenditures from the state economic development initiatives fund shall be made in accordance with appropriations acts for the financing of such programs supporting and enhancing the existing economic foundation of the state and fostering growth through the expansion of current, and the establishment and attraction of new, commercial and industrial enterprises as provided by this section and as may be authorized by law and not less than \( \frac{1}{2} \) of such money shall be distributed equally among the congressional districts of the state. Except as provided by subsection (g), all moneys credited to the state economic development initiatives fund shall be credited within the fund, as provided by law, to an account or accounts of the fund which are created by this section.

(b) There is hereby created the Kansas capital formation account in the state economic development initiatives fund. All moneys credited to the Kansas capital formation account shall be used to provide, encourage and implement capital development and formation in Kansas.

(c) There is hereby created the Kansas economic development research and development account in the state economic development initiatives fund. All moneys credited to the Kansas economic development research and development account shall be used to promote, encourage and implement research and development programs and activities in Kansas and technical assistance funded through state educational institutions under the supervision and control of the state board of regents or other Kansas colleges and universities.

(d) There is hereby created the Kansas economic development
endowment account in the state economic development initiatives fund. All moneys credited to the Kansas economic development endowment account shall be accumulated and invested as provided in this section to provide an ongoing source of funds which shall be used for economic development activities in Kansas, including, but not limited to, continuing appropriations or demand transfers for programs and projects which shall include, but are not limited to, specific community infrastructure projects in Kansas that stimulate economic growth.

(e) Except as provided in subsection (f), the director of investments may invest and reinvest moneys credited to the state economic development initiatives fund in accordance with investment policies established by the pooled money investment board under K.S.A. 75-4232, and amendments thereto, in the pooled money investment portfolio. All moneys received as interest earned by the investment of the moneys credited to the state economic development initiatives fund shall be deposited in the state treasury and credited to the Kansas economic development endowment account of such fund.

(f) Moneys credited to the Kansas economic development endowment account of the state economic development initiatives fund may be invested in government guaranteed loans and debentures as provided by law in addition to the investments authorized by subsection (e) or in lieu of such investments. All moneys received as interest earned by the investment under this subsection of the moneys credited to the Kansas economic development endowment account shall be deposited in the state treasury and credited to the Kansas economic development endowment account of the state economic development initiatives fund.

(g) Except as provided further Prior to making any other distribution from the fund as provided for in this section, in each fiscal year, the director of accounts and reports shall make transfers in equal amounts on July 15 and January 15 which in the aggregate equal $2,000,000 transfer $8,000,000 from the state economic development initiatives fund to the state water plan fund created by K.S.A. 82a-951, and amendments thereto. No moneys shall be transferred from the state economic development initiatives fund to the state water plan fund on such dates during state fiscal year 2018, state fiscal year 2019, and state fiscal year 2020. No other moneys credited to the state economic development initiatives fund shall be used for: (1) Water-related projects or programs, or related technical assistance; or (2) any other projects or programs, or related technical assistance, which meet one or more of the long-range goals, objectives and considerations set forth in the state water resource planning act.

Sec. 2. K.S.A. 82a-951 is hereby amended to read as follows: 82a-951. (a) On and after July 1, 1989, there is hereby created, in the state treasury, the state water plan fund. All moneys in the state water plan fund
shall be expended in accordance with appropriations acts for
implementation of the state water plan formulated pursuant to K.S.A. 82a-
903 et seq., and amendments thereto. Except as provided in subsection (b),
such moneys shall be used only for the establishment and implementation
of water-related projects or programs, and related technical assistance, and
shall not be used for: (1) Replacing full time equivalent positions of any
state agency; or (2) recreational projects which do not meet one or more of
the long-range goals, objectives and considerations set forth in the state
water resource planning act.

(b) Of the moneys in the fund that are transferred from the economic
development initiatives fund pursuant to K.S.A. 79-4804, and amendments
there to, a minimum of $4,000,000 shall be allocated annually as follows:

(1) A total of 75% of the moneys transferred from such fund to state
water-related empirical research centers to be used to provide research
and demonstration project grants within the scope of their individual
missions, with 20% of each research center's appropriation to be used for
inter-university and inter-agency collaborative projects, awarded in equal
amounts to the Kansas biological survey, the Kansas geological survey
and the water research institute at Kansas state university for the purposes
of:

(A) Identifying and treating quality issues that could impact
downstream water treatment operations;
(B) identifying changes in reservoir storage capacity and sediment
composition;
(C) evaluating the costs and benefits associated with different
methods of removing sediment from drinking water supply lakes;
(D) identifying and evaluating the factors affecting sediment entering
streams during high and low flow events that could be positively impacted
by inter-agency program coordination;
(E) identifying methods of treatment of non-potable waters to potable
status;
(F) development of low water consuming agricultural plants; and
(G) identifying innovative water conservation technologies for use in
the agricultural sector; and

(2) the remaining 25% of such moneys to be distributed as follows:

(A) A total of 60% of such moneys shall be transferred to the Kansas
water office, with ⅓ of such funds provided for on-site technical assistance
to small water and wastewater systems in addition to the clean drinking
water fee funds provided for that purpose and the other ⅔ of such funds
requiring matching funds, and determined on a case-by-case basis by the
water office, to be used to support communities with water quality or
water availability problems to connect to other water systems; and

(B) the remaining 40% of such moneys provided to the Kansas water
authority to evaluate grant applications and award grants to state agencies for projects that may result in less sediment flowing into drinking water supply lakes, support municipal aquifer recharge programs or to extend the productive life of the Ogallala aquifer.

(b) (c) On or before December 1 of each year, the Kansas water authority shall submit to the governor and the legislature a report setting out: (1) An account of all moneys expended from the state water plan fund during such fiscal year; and (2) a five-year capital development plan for state water plan projects.

Sec. 3. K.S.A. 82a-951 and K.S.A. 2017 Supp. 79-4804 and 82a-953a are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.