

SESSION OF 2023

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2047**

As Amended by House Committee on  
Agriculture and Natural Resources

**Brief\***

HB 2047, as amended, would authorize certain rules and regulations to be adopted by the Secretary of Health and Environment and would increase the amount of time a municipality would have to repay a loan from the Kansas Water Pollution Control Revolving Fund (Fund).

***Rules and Regulations***

The bill would allow the Secretary of Health and Environment to adopt rules and regulations authorizing staff to approve, as part of an existing program of annual certification by public water supply systems, the replacement of segments of distribution systems. [Note: The program already approves the extension of distribution systems.]

***Kansas Water Pollution Control Revolving Fund***

Current law states the Secretary of Health and Environment enters into agreements with a municipality to loan moneys from the Fund. The agreement provides that repayment of a loan from the Fund cannot begin until at least one year after completion of a project and must be repaid in full no later than 20 years thereafter.

The bill would extend the repayment period to 30 years for agreements made on and after July 1, 2023.

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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>

### ***Technical Amendments***

The bill would also make technical amendments.

### **Background**

The bill was introduced by the House Committee on Water at the request of a representative of the Kansas Municipal Utilities.

[*Note:* The bill, as introduced, included some provisions of 2023 SB 120 (a bill pertaining to a certification program for certain water supply system). With the House Committee amendments, the bill now mirrors SB 120.]

### ***House Committee on Agriculture and Natural Resources***

In the House Committee hearing, **proponent** testimony was provided by representatives of the City of Dodge City, Kansas Department of Health and Environment (KDHE), and Kansas Municipal Utilities, stating the proposed increase to the maximum loan repayment period from 20 to 30 years for loans after July 1, 2023, will provide municipalities flexibility in budgeting for annual debt service costs.

Written-only proponent testimony was provided by a representative of the League of Kansas Municipalities.

No other testimony was provided.

The House Committee amended the bill to insert provisions authorizing certain rules and regulations to be adopted by the Secretary of Health and Environment (Section 1, SB 120).

## **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, KDHE indicates enactment of the bill would result in higher revenues for loans paid over 30 years instead of 20 years because service fees are paid every six months based on the outstanding balance of the loan. An exact fiscal effect could not be estimated.

The fiscal note for 2023 SB 120, regarding the rules and regulations portion of the bill, states that KDHE indicates that delegation of waterline project review and approval would lessen the plan review load on existing staff and could help expedite some projects. An exact fiscal effect could not be estimated.

Any fiscal effect associated with the bill is not reflected in *The FY 2024 Governor's Budget Report*.

The League of Municipalities states that enactment of the bill could increase the amount of interest a municipality would pay; however, the increased time frame to repay a revolving loan could provide additional funding for cities to use on other priorities.

Natural resources; Kansas Water Pollution Control Revolving Fund; amortization; municipalities; Kansas Department of Health and Environment; Secretary of Health and Environment; rules and regulations