AN ACT concerning water; authorizing the Kansas water office to
establish the clean drinking water fee with the approval of the Kansas
water authority; establishing a cap on the clean drinking water fee; uses
of fee moneys; amending K.S.A. 2014 Supp. 82a-2101 and repealing
the existing section.

Be it enacted by the Legislature of the State of Kansas:
Section 1. K.S.A. 2014 Supp. 82a-2101 is hereby amended to read as
follows: 82a-2101. (a) On and after January 1, 2002, there is hereby
imposed a the Kansas water office, with the approval of the Kansas water
authority, may impose by rules and regulations a clean drinking water fee
at the a rate of $0.03 not to exceed $0.13 per 1,000 gallons of water sold at
retail by a public water supply system and delivered through mains, lines
or pipes. Such fee shall be paid, administered, enforced and collected in
the manner provided for the fee imposed by subsection (a)(1) of K.S.A.
82a-954(a)(1), and amendments thereto. The price to the consumer of
water sold at retail by any such system shall not include the amount of
such fee Public water supply systems shall not separately identify such fee
on customer bills.

(b) (1) A public water supply system may elect to opt out of the fee
imposed by this section by notifying, before October 1, 2001, the Kansas
water office and the department of revenue of the election to opt out.
Except as provided by subsection (b)(2), such election shall be irrevocable.
Such public water supply system shall continue to pay all applicable sales
tax on direct and indirect purchases of tangible personal property and
services purchased by such system.

(2) On and after January 1, 2005, for any public water supply
system which elected to opt out of the fee imposed by subsection (a) may
elect to collect such fee as provided by subsection (a) and direct and
indirect purchases of tangible personal property and services by such
system shall be exempt from sales tax as provided by K.S.A. 79-3606, and
amendments thereto. Such election shall be irrevocable, the Kansas water
office, with the approval of the Kansas water authority, may impose by
rules and regulations a fee at a rate not to exceed $0.13 per 1,000 gallons
of water sold at retail by such public water supply system and delivered
through mains, lines or pipes.
(c) The director of taxation shall remit to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto, all moneys received or collected from the fee imposed pursuant to this section. Upon receipt thereof, the state treasurer shall deposit the entire amount in the state treasury and credit it as follows:

(1) \( \frac{5}{106} \) of such amount shall be credited to the state highway fund and the remainder to the state general fund; and

(2) on and after July 1, 2007, \( \frac{5}{106} \) of such amount shall be credited to the state highway fund and the remaining amount shall be credited to the state water plan fund created by K.S.A. 82a-951, and amendments thereto, for use as follows: (A) Not less than 15% shall be used to provide on-site technical assistance for public water supply systems, as defined in K.S.A. 65-162a, and amendments thereto, to aid such systems in conforming to responsible management practices and complying with regulations of the United States environmental protection agency and rules and regulations of the department of health and environment; and (B) not less than 5% shall be used for water data collection and coordination of water data repositories; and (C) the remainder shall be used to renovate and protect lakes which are used directly as a source of water for such public water supply systems, so long as where appropriate, watershed restoration and protection practices are planned or in place protect the quantity and quality of drinking water supply in reservoirs, municipal drinking water lakes and rivers.

(d) The Kansas department of agriculture division of conservation shall promulgate rules and regulations in coordination with the Kansas water office establishing the project application evaluation criteria for the use of such moneys under subsection (c)(2)(B) (c)(2)(C).

Sec. 2. K.S.A. 2014 Supp. 82a-2101 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.