

SESSION OF 2016

**SUPPLEMENTAL NOTE ON HOUSE SUBSTITUTE FOR
SENATE BILL NO. 64**

As Recommended by House Committee on
Agriculture and Natural Resources

Brief*

House Sub. for SB 64 would require that a rural water district reinstate any benefit unit forfeited for non-payment of fees and charges owed to the district upon payment of the lesser of a new benefit unit fee or all unpaid fees and charges, plus any fees and charges that have accrued since forfeiture. This requirement would be dependent upon the rural water district having the system capacity to reinstate the benefit unit.

The bill would require the seller or representative of a seller to provide information to a prospective purchaser of property, prior to closing, regarding outstanding fees or charges associated with a rural water district for which the buyer would be responsible.

Background

The House Committee on Agriculture and Natural Resources deleted the original provisions of SB 64 and inserted amended provisions of 2016 HB 2598 to create the substitute bill.

*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>

SB 64 Background

The original bill, to change the rate of interest charged to a local entity by the State for the purpose of certain types of public water supply storage, was introduced by the Senate Committee on Federal and State Affairs during the 2015 Legislative Session.

At the Senate Committee on Natural Resources hearing on the bill during the 2015 Legislative Session, the Kansas Water Office (KWO) Assistant Director presented testimony in favor of the bill, stating the bill is a result of the City of Alma approaching the KWO in the fall of 2014 with a request to purchase additional storage from Mill Creek Multipurpose Small Lakes (MPSL). During these discussions, KWO noted the repayment calculations described in the MPSL Act varied from the calculation for storage repayment from KWO reservoir storage programs. The Assistant Director stated, by changing the statute through this bill, the cost to the City of Alma is more consistent with that for other KWO programs and may result in cost savings for that community and others in the future. A representative of the League of Kansas Municipalities also provided testimony in support of the bill, stating the legislation would allow fairer interest rates for cities wanting to take part in class I projects.

The Senate Committee amended the bill to add language that clarifies the new calculation of interest and add language extending the calculation to class II and III projects.

The bill was referred to the House Agriculture and Natural Resources Committee at the end of the 2015 Legislative Session.

According to the fiscal note prepared by the Division of the Budget on SB 64, as introduced, the KWO indicates enactment of the bill would have a negative fiscal effect on the KWO. The bill would reduce revenue by \$59,383 in the agency's fee fund due to the purchase of water storage in Mill Creek Lake by the City of Alma. Any fiscal effect associated

with the bill is not reflected in *The FY 2016 Governor's Budget Report*.

HB 2598 Background

The House Committee on Agriculture and Natural Resources deleted all of the provisions of SB 64 and inserted the provisions of 2016 HB 2598.

At the hearing on HB 2598 before the House Committee, Representative Kevin Jones stated he introduced this bill because he had a constituent who purchased a foreclosed property and, when the constituent went to have the water turned on, the constituent faced a fee of greater than \$5,000. Also appearing in support of the bill, with some suggestions for amendments, was a spokesperson for the Kansas Rural Water Association. Appearing in opposition to the bill was a spokesperson from Franklin County Rural Water District #6, who indicated that the bill, as originally drafted, would place a burden on rural water districts to research and know exactly who owns each piece of property upon which one of their meters has been placed. Also appearing in opposition to the bill was an individual from Franklin County.

The fiscal note on HB 2598, as introduced, states passage of the bill would have no fiscal effect on the Department of Agriculture, Kansas counties, or Kansas municipalities.