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TESTIMONY TO HOUSE COMMITTEE ON WATER AND ENVIRONMENT

January 26, 2017

RE: HB 2080

Dear Chairman Sloan and Members of the Committee:

On behalf of the Kansas Rural Water Association ("KRWA"), I am testifying in support of HB 2080.

KRWA is a not for profit association whose members include approximately two hundred and sixty (260) rural water and public wholesale water supply districts and four hundred and fifty (450) cities. For more than 50 years KRWA has provided assistance and training to water and wastewater systems across Kansas.

Water service by a rural water district ("RWD") is different than that from virtually any other utility. State law and standard RWD by-laws treat this right to receive water service, called a "benefit unit", as a property right, attached to the land where service is provided.

Under standard RWD by-laws, this right to water service carries with it a duty to timely pay for that water service, together with a monthly minimum fee. This monthly minimum fee is generally designed to cover the fixed costs of the district, including debt service. Standard by-laws provide for a forfeiture of a benefit unit that is more than six months past due.

Benefit units are valuable, for the water service they entitle the owner to receive and the value they add to the property they serve. New or replacement benefit units have become expensive, often costing thousands of dollars.

The vast majority of benefit units are never subject to forfeiture. However, problems can occur, such as in the case of a mortgage foreclosure where the owner may have abandoned the property or is otherwise not motivated to pay water bills. The foreclosing bank will seldom pay the bills while the foreclosure is pending. Ultimately the property is sold, but the buyer may discover that the benefit unit has been forfeited and the property is without water service until a replacement benefit unit is purchased.

Many of these unfortunate situations are avoided by the RWD delaying forfeiture or allowing reinstatement of a forfeited benefit unit, but in some cases they do not. This bill strikes a fair compromise that results in a reasonable, consistent resolution of such cases.

I will be glad to stand for questions.

Respectfully,



GARY H. HANSON