



Testimony Provided to the

House Tax Committee

March 14, 2016

Kimberly Svaty

Neutral Testimony on H.B. 2719

Chairman Kleeb, Vice-Chairman Sullentrop, Ranking Member Sawyer and Members of the Committee,

Kansas Municipal Utilities (KMU) is the statewide association of community owned and operated electric, natural gas, water, wastewater, storm water, solid waste and telecommunications utilities across Kansas. As a non-profit association established by its member utilities in 1928, KMU is dedicated to serving the needs and interests of our 170 consumer-owned utilities and the citizens, businesses and industries that they serve. Our membership ranges in size from some of the largest utilities in the state such as those operated by Kansas City Board of Public Utilities and the City of Wichita, down to some of the smallest utility systems in the state, some serving fewer than 100 customers.

KMU understands and appreciates the concept put forth in H.B. 2719; however we would like to encourage the committee to amend the language pertaining to wholesale water districts. Although the wholesale water district "office" might be located in a particular county, the ultimate service area often extends across multiple counties. As such, would the district need to submit the bonds issued for approval in every county and would the district need the approval of all the counties to proceed with the bond issue?

While the provisions of the HB 2719 only apply to public wholesale water supply districts No. 4, No. 11 and No. 12 which have the authority to levy taxes for general obligation bonds, we would like offer the following suggested language:

Sec. 15 (e) Before issuing any bonds under the authority of subsection (c) or levying any tax authorized by this section, the governing body of the public wholesale water supply district shall submit the proposed levy to the governing body of ~~the county in which the district is located~~ each public water supply district, municipality, and publicly and privately owned water distribution company to which the district provides water at wholesale for review and approval thereof.

This change provides for the accountability to the governing bodies of the wholesale customers representing the service areas of the water district. Public wholesale water supply districts would ordinarily use a water rate structure to provide for the financing necessary for the operations and capital improvements of the district rather than through the issuance of bonds backed by a tax levy as is allowed for the three districts named in statute.

Thank you for your consideration.