



TO: Senate Committee on Natural Resources

FROM: Michael Koss, Legal Counsel

Date: February 4, 2015

RE: Written Testimony in Support of SB 64

Thank you for allowing the League of Kansas Municipalities to submit written testimony in support of SB 64. This bill will directly benefit communities seeking water resources through the state's Multipurpose Small Lakes (MPSL) program.

K.S.A. 82a-1604 establishes the interest rate that municipalities pay to buy the Kansas Water Office's storage space in lakes that are part of the state's MPSL program. Under current law, cities must pay the State a rate of 4% interest on the State's original investment to create the storage. The 4% interest rate is significantly higher than interest rates applicable under other water-related statutes, and this bill would offer a fairer interest rate for cities wanting to take part in the program.

One example of the bill's positive impact is its effect on the city of Alma. To meet its rising water demands, the city is considering purchasing the State's 50% water supply storage in Mill Creek Lake. Using the current 4% interest rate on the State's original investment of \$203,405, the total purchase price would be \$482,053. Passage of this bill would replace that rate with Kansas Water Marketing Program's formula, which would be 3.26%. If that percentage were used instead of the applicable 4% rate, the city's cost to purchase the State's 50% water supply storage interest in Mill Creek Lake would be \$422,670 as opposed to the \$482,053. The difference between these two amounts is \$59,383, which is a significant savings to a community of 824 people.

Thank you for allowing the League to submit testimony on this important bill. We respectfully request that you pass SB 64 out favorably of the committee.