

As Amended by House Committee

Session of 2004

HOUSE BILL No. 2674

By Committee on Environment

1-30

10 AN ACT concerning watershed districts; establishing a program to pro-
11 vide loans and grants for payment of certain costs of rehabilitation of
12 certain structures; authorizing issuance of bonds to fund such program.
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. As used in this act, unless the context otherwise requires:

16 (a) **“Commission” means the state conservation commission.**

17 ~~(a)~~ (b) “Covered water resource project,” “rehabilitation” and “struc-
18 tural measure” have the meanings provided in the federal act.

19 ~~(b)~~ (c) “Executive director” means the administrative officer of the
20 state conservation commission.

21 ~~(c)~~ (d) “Federal act” means 16 U.S.C. 1012, as in effect on the ef-
22 fective date of this act.

23 ~~(d)~~ (e) “Fund” means the watershed structure rehabilitation fund es-
24 tablished by section 2, and amendments thereto.

25 ~~(e)~~ (f) “Project” means rehabilitation of a structural measure con-
26 structed as a part of a covered water resource project.

27 ~~(f)~~ (g) “Project costs” means all costs or expenses which are necessary
28 or incident to a project and which are directly attributable thereto.

29 ~~(g)~~ (h) “Watershed district” means any district organized under the
30 provisions of the watershed district act.

31 Sec. 2. (a) There is hereby established in the state treasury the wa-
32 tershed structure rehabilitation fund.

33 (b) Moneys from the following sources shall be credited to the wa-
34 tershed structure rehabilitation fund:

35 (1) Amounts received by the state from the federal government for
36 the purposes of the fund;

37 (2) amounts appropriated or otherwise made available by the legis-
38 lature for the purposes of the fund;

39 (3) proceeds derived from the sale of bonds issued under this act;

40 (4) amounts of repayments of loans made under this act, together
41 with payments of interest thereon, in accordance with agreements en-
42 tered into by the borrower and the ~~executive director~~ **commission;**

43 (5) interest attributable to investment of moneys in the fund; and

- 1 (6) amounts received from any public or private entity for the pur-
2 poses of the fund.
- 3 (c) Subject to the conditions and in accordance with requirements of
4 this act, the watershed structure rehabilitation fund may be used only:
- 5 (1) To make loans and grants to watershed districts for all or a part
6 of project costs not covered by financial assistance provided to the district
7 under the federal act;
- 8 (2) as a source of revenue or security for the payment of principal
9 and interest on bonds issued ~~under this act~~ **pursuant to the Kansas**
10 **development finance authority act** if, and to the extent that, the pro-
11 ceeds of the sale of such bonds are deposited in the fund;
- 12 (3) to earn interest on moneys in the fund; and
- 13 (4) for the reasonable costs, as determined by the ~~executive director~~
14 **commission**, of administering the fund and conducting activities under
15 this act. Such costs shall be identified annually in development of the
16 intended use plan as described in section 3, and amendments thereto.
- 17 (d) On or before the 10th of each month, the director of accounts
18 and reports shall transfer from the state general fund to the watershed
19 structure rehabilitation fund interest earnings based on:
- 20 (1) The average daily balance of moneys in the watershed structure
21 rehabilitation fund for the preceding month; and
- 22 (2) the net earnings rate of the pooled money investment portfolio
23 for the preceding month.
- 24 (e) All payments and disbursements from the fund shall be made
25 upon warrants of the director of accounts and reports issued pursuant to
26 vouchers approved by the executive director or by a person or persons
27 designated by the executive director. All payments and disbursements
28 from the fund, and beginning and ending balances thereof, shall be sub-
29 ject each year to post audit in accordance with article 11 of chapter 46 of
30 the Kansas Statutes Annotated.
- 31 Sec. 3. (a) The ~~executive director~~ **commission** shall administer the
32 provisions of this act and shall be responsible for administration and man-
33 agement of the watershed structure rehabilitation fund. The ~~executive~~
34 ~~director~~ **commission** is hereby authorized to:
- 35 (1) Enter into binding commitments for the provision of loans and
36 grants in accordance with the requirements of this act;
- 37 (2) review applications of watershed districts for loans and grants and
38 select the projects for which loans and grants will be made available each
39 year;
- 40 (3) provide the governor and the legislature with the annual report
41 prepared in accordance with subsection (d) and with copies of the audit
42 required under section 2, and amendments thereto; and
- 43 (4) adopt rules and regulations necessary to administer and imple-

1 ment the provisions of this act.

2 (b) The ~~executive director~~ **commission** shall develop a priority sys-
3 tem for projects, establish ranking criteria therefor, review applications
4 of watershed districts for loans and grants and prepare an annual project
5 priority list. The project priority list shall include a description of each
6 project; the purpose, cost and construction schedule therefor; and the
7 watershed district to be served or benefited thereby. After preparation of
8 the project priority list, the ~~executive director~~ **commission** shall select
9 from such list the projects for which loans and grants will be made
10 available.

11 (c) After providing for public comment and review each year, the
12 ~~executive director~~ **commission** shall prepare a plan identifying the in-
13 tended uses of the moneys available in the watershed structure rehabili-
14 tation fund. The intended use plan shall include, but not be limited to:

15 (1) The project priority list;

16 (2) a description of the short- and long-term goals and objectives of
17 the fund;

18 (3) information on the projects and activities to be supported, in-
19 cluding a description thereof, terms of loans and grants to be provided,
20 and watershed districts receiving the loans and grants; and

21 (4) the criteria and method established for the provision of loans and
22 grants to be made from the fund.

23 (d) The ~~executive director~~ **commission** shall prepare an annual re-
24 port describing how the state has met the goals and objectives for the
25 previous year as identified in the intended use plan.

26 Sec. 4. (a) Watershed districts wishing to obtain a loan or grant, or
27 both, under this act shall submit an application therefor to the ~~executive~~
28 ~~director~~ **commission**. Applications shall be in such form and shall include
29 such information as the ~~executive director~~ **commission** shall require and
30 shall be submitted in a manner and at a time to be determined by the
31 ~~executive director~~ **commission**.

32 (b) (1) The ~~executive director~~ **commission** may enter into agree-
33 ments with any watershed district for the provision of a loan or grant, or
34 both, to the district to pay all or a part of those project costs not covered
35 by financial assistance provided to the district under the federal act. Any
36 watershed district may enter into such an agreement and may accept such
37 loan or grant, or both, when authorized by the board of directors of the
38 watershed district.

39 (2) The purposes of any loan, the loan amount and interest rate
40 thereon and the repayment terms and conditions of the loan, all of which
41 may vary among watershed districts, shall be included in the loan agree-
42 ment. Loans shall be provided at or below market interest rates. All loan
43 agreements shall require that watershed districts establish a dedicated

1 source of revenue for repayment of the loans as provided in section 5,
2 and amendments thereto. Loan agreements shall further provide that
3 repayment of any loan received shall begin not later than one year after
4 completion of the project and that such loan shall be repaid in full no
5 later than 20 years thereafter.

6 (3) The purposes of any grant, the grant amount and any conditions
7 of the grant, all of which may vary among watershed districts, shall be
8 included in the grant agreement.

9 (c) Loans and grants under this act shall be made only for projects
10 for which financial assistance is being provided under the federal act.

11 (d) If a watershed district to which a loan or grant is made available
12 under this act fails to enter into an agreement with the ~~executive director~~
13 **commission** for the provision of such loan or grant in accordance with
14 the requirements of this act, the ~~executive director~~ **commission** may
15 make the amount of the loan or grant available for one or more other
16 projects on the project priority list.

17 (e) The ~~executive director~~ **commission** shall provide any watershed
18 district, upon its request, with technical advice and assistance regarding
19 a project or an application for a loan or grant for the payment of all or a
20 part of project costs.

21 (f) Watershed districts which are provided with loans or grants under
22 this act shall maintain project accounts in accordance with generally ac-
23 cepted government accounting standards.

24 Sec. 5. (a) The dedicated source of revenue for repayment of a loan
25 under this act may include tax levies, special assessments, grants or any
26 other source of revenue lawfully available to the watershed district for
27 such purpose.

28 (b) Upon the failure of a watershed district to meet the repayment
29 terms and conditions of the loan agreement, the ~~executive director~~ **com-**
30 **mission** may order the treasurer of the county in which the watershed
31 district is located to pay to the ~~executive director~~ **commission** such por-
32 tion of the watershed district's share of the local ad valorem tax reduction
33 fund as may be necessary to meet the terms of the agreement, notwith-
34 standing the provisions of K.S.A. 79-2960 and 79-2961, and amendments
35 thereto. Upon the issuance of such an order, the watershed district shall
36 not be required to make the tax levy reductions otherwise required by
37 K.S.A. 79-2960 and 79-2961, and amendments thereto.

38 (c) Any loans received by a watershed district under the provisions
39 of this act shall be construed to be bonds for the purposes of K.S.A. 10-
40 1116 and 79-5028, and amendments thereto, and the amount of such
41 loans shall not be included within any limitation on the bonded indebt-
42 edness of the watershed district.

43 Sec. 6. For the purpose of making loans and grants under this act,

1 the ~~executive director~~ **commission** may enter into agreements with the
2 Kansas development finance authority to issue revenue bonds **pursuant**
3 **to the Kansas development finance authority act and to provide**
4 **for payment of the bonds. The authority may pledge the agree-**
5 **ment or agreements authorized in this section for the payment or**
6 **redemption of the bonds.** The activities of the ~~executive director~~ **com-**
7 **mission** in administering and performing the powers, duties and func-
8 tions prescribed by the provisions of this act from the proceeds of bonds
9 issued for such purpose by the Kansas development finance authority are
10 hereby approved for the purposes of subsection (b) of K.S.A. 74-8905,
11 and amendments thereto, and the authorization of the issuance of such
12 bonds by the Kansas development finance authority in accordance with
13 that statute. The provisions of subsection (a) of K.S.A. 74-8905, and
14 amendments thereto, shall not prohibit the issuance of bonds for such
15 purposes when so authorized and any such issuance of bonds is exempt
16 from the provisions of subsection (a) of K.S.A. 74-8905, and amendments
17 thereto.

18 Sec. 7. This act shall take effect and be in force from and after its
19 publication in the statute book.