

Approved May 3, 1987  
Date

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES

The meeting was called to order by Representative Ron Fox at  
Chairperson

11:00 a.m./~~p.m.~~ on May 2, 1987 in room 526-S of the Capitol.

All members were present except:

Representative Roe (excused)  
Representative Sifers (excused)

Committee staff present:

Ramon Powers, Legislative Research Department  
Theresa Kiernan, Revisor of Statutes' Office  
Betty Ellison, Committee Secretary

Conferees appearing before the committee:

Representative Robert Vancrum  
Representative Nancy Brown  
Dennis Swartz, Kansas Rural Water Association  
Ernie Mosher, League of Municipalities

Representative Vancrum gave a brief background of Senate Bill 436--  
Water districts; annexation of land by cities, noting the concerns  
relative to House Bill 2480 which had been passed by this committee  
and vetoed by the Governor. He explained the compromise which  
Senate Bill 436 would provide. (Attachment 1) Discussion followed.

Representative Nancy Brown noted that the area in question was in  
her district and she supported Senate Bill 436.

Dennis Swartz represented the Kansas Rural Water Association, speaking  
in support of Senate Bill 436. His organization felt that it should  
not be totally out of their grasp to determine the value of a system.  
He commented that a typical rural water district would never be  
affected by annexation--that only a small number would be affected.  
They were concerned about the capability of losing 5-10 percent of  
the geographical territory and 30,40, or 50 percent of the users with  
no significant reduction in overhead to an operation.

Ernie Mosher took a neutral position in representing the League of  
Municipalities. He disagreed with the criticism of the fairness of  
existing law and was perplexed about the imperativeness of Senate  
Bill 436. However, he felt that the bill as written and passed by  
the Senate was substantially fair. He could not tell how many cities  
would be directly affected. He said that the residents and owners of  
property annexed had insisted that as a part of being annexed they were  
entitled to the quality, quantity and price of water.

Chairman Fox noted that the power which is derived from the state to  
the cities to provide these services would remain intact. The intent  
of this bill was not to abrogate the power of the cities to do that  
and the guidelines were set up to achieve that.

Representative Vancrum stated that it was his understanding that this  
bill would not prevent cities from providing service to the areas  
being annexed. He also understood that the bill would require the  
city to pay the just and reasonable value.

The Chairman stated for the committee records that the purpose of  
Senate Bill 436 was not to change the present status of those powers  
derived to municipals from the state relative to providing services.  
However, we are setting some guidelines whereby that exchange or  
transfer must follow before it occurs.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES,  
room 526-S Statehouse, at 11:00 a.m. ~~4:00~~ on May 2, 1987.

Representative Van Crum commented that they were retaining the provision of the law which said that they shall purchase when they take over or supplant the services of that district.

The Chairman said that was inherent in the bill. The Chair asked Ernie Mosher if that was his understanding, and he replied in the affirmative.

Following considerable committee discussion, Representative Grotewiel, seconded by Representative Barr, made a motion to report Senate Bill 436 favorably for passage. The motion carried.

The meeting was adjourned at 11:45 a.m.





TOPEKA

HOUSE OF  
REPRESENTATIVES

## COMMITTEE ASSIGNMENTS

MEMBER: APPROPRIATIONS  
TAXATION  
JUDICIARY  
JOINT COMMITTEE ON SPECIAL CLAIMS  
AGAINST THE STATE

BOB VANCURUM

REPRESENTATIVE, TWENTY-NINTH DISTRICT

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MEMORANDUM

TO: ALL MEMBERS OF THE HOUSE ENERGY COMMITTEE, SENATOR JIM ALLEN,  
REPRESENTATIVE NANCY BROWN

FROM: REPRESENTATIVE ROBERT J. VANCURUM

DATE: MAY 2, 1987

RE: RURAL WATER DISTRICT ANNEXATION BILL---SB 436

Dear Colleague:

As you are probably aware, Senate substitute for HB 2480 which passed the Senate by a vote of 34-6 and the House by approximately 110-15 was vetoed by the governor after an intense lobbying effort by the League of Municipalities. The principal objection cited by the governor in his veto message was the same as those cited by the League, that is that the bill as amended had not had full hearings on both the Senate and the House side. Secondly, the objection is that the legislation might contradict provisions of the anti-annexation bill by placing limits on a city's ability to provide water in newly annexed areas. The concern was that the city would be prevented from providing services during the period of negotiations with the district as to the purchase price and that this might conflict with its annexation plan.

Although I think this concern is invalid, since the city could certainly condition its annexation plan provisions having to do with water in the period of time it would take to negotiate the appropriate purchase price, we have come up with a compromise acceptable to the districts, to the city of Olathe and, more importantly, acceptable to the governor. I'm certain the League will never be happy unless the cities are able to call all the shots as to the valuation of what they are in effect condemning from the water district. Current law allows them to set the purchase price that would also prevent them from serving the area until they had paid an agreed price for the property.

The compromise which I am proposing is the following:

1. The reasonable value will be determined not by the city and not by the district but by three dis-interested appraisers. In the event either party is unsatisfied with the result, they may appeal to the District Court. In the meantime, the city will, if it chooses, be able to provide service to the annexed area, but will, nevertheless, be forced to purchase the district assets and customer base taken by them.

Attachment 1                      5/2/87  
 Standing Committee  
 House Energy and NR

2. The formula for determining value as added to HB 2480 is deleted. The appraisers may consider any elements of value they wish. The city should not have complete control over both whether and how much the district is paid for these properties. It is a simple matter of fairness very similar to the treatment we granted this session to rural electric cooperatives. This compromise is acceptable to the governor and should be acceptable to all fair minded individuals.

Sincerely,



Robert J. Vancrum