

SESSION OF 2004

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2674

As Amended by House Committee on
Environment

Brief*

HB 2674 would establish a program to help watershed districts through loans or grants to finance their portion of the costs for rehabilitation of a watershed structure for which federal funding is available.

The bill would create the Watershed Structure Rehabilitation Fund. Additionally, authority would be given to the State Conservation Commission (SCC) to enter into agreements with the Kansas Development Finance Authority to issue revenue bonds pursuant to the Kansas Development Finance Authority Act and to provide for payment of the bonds for the purpose of making loans and grants under the bill.

The bill would authorize moneys from the following sources to be credited to the Fund:

1. amounts received by the state from the federal government for the purposes of the Fund;
2. amounts appropriated or otherwise made available by the Legislature;
3. proceeds derived from the sale of bonds issued under the bill;
4. amounts of repayments of loans together with the interest;
5. interest attributable to investment of moneys in the Fund; and
6. amounts received from any public or private entity for the purposes of the Fund.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The bill would allow use of the Fund for the following:

1. to make loans and grants to watershed districts for all or a part of the project costs not covered by financial assistance provided by the federal law;
2. as a source of revenue or security for the repayment of principal and interest on bonds issued pursuant to the Kansas Development Finance Authority Act, and to the extent that bond proceeds are deposited in the Fund;
3. to earn interest on moneys in the Fund; and
4. for the reasonable costs, as determined by the SCC, of administering the Fund and conducting the activities under the bill.

In addition, the bill would give the authority to administer and manage the Fund to the SCC. The SCC would be authorized, among other things, to enter into binding commitments for the provision of loans and grants and adopt necessary rules and regulations.

Watershed districts would be required to submit an application to the SCC for a loan or a grant, or both, for their portion of the cost of a rehabilitation project. Under the bill, the SCC would develop a priority system for projects, establish a ranking criteria, review applications of watershed districts, and prepare an annual project priority list. After providing for public comment and review each year, the SCC would prepare an intended use plan which would outline the intended uses of the moneys available in the Watershed Structure Rehabilitation Fund. The SCC would prepare an annual report describing how the state has met goals and objectives for the previous year as identified in the intended use plan which would be submitted to the Governor and the Legislature.

Finally, the bill would provide that the dedicated source of revenue for repayment of a loan under the bill may include tax levies, special assessments, grants, or any other source of revenue lawfully available to watershed districts.

Background

The House Committee on Environment began its review of the issues contained in this bill by hearing a presentation by the Assistant State Conservationist with the Natural Resources Conservation Service (USDA) concerning various aspects of the federal program to assist watershed districts in rehabilitation projects. The conferee stated that there is a 35 percent local share of the cost of the program.

The Executive Director of the State Association of Kansas Watersheds appeared in support of the bill. This conferee noted that Kansas has an opportunity to participate in a federal program that will insure the continuation of the annual benefit to the state by watershed structures. The conferee estimated that there could be as much as \$1.5 million of federal money coming to Kansas annually to fund the program. He noted that there were dams in Kansas that were in need of rehabilitation now and that number will grow every year.

Also providing testimony was the Executive Director of the SCC. He stated that Kansas has in excess of 800 federal dams, each providing some level of flood control for local communities. He estimated that there were 46 of these structures that may need to be rehabilitated with another 115 reaching the end of their designed life expectancy within the next decade.

The House Committee on Environment amended the bill to give the authority to administer the provisions of the bill to the SCC instead of the Executive Director of the SCC. In addition, the Committee amended the bill to clarify that the bonds which may be issued pursuant to the Kansas Development Finance Authority Act.

The fiscal note on the original bill indicates that passage would have no fiscal effect on the Department of Administration, KDFA, or the Office of the State Treasurer, although KDFA anticipates that the bill would enhance bond issuance opportunities. The note states that the State Conservation Commission anticipates no fiscal effect for FY 2005 when the program would be established. The note indicates that beginning in FY 2006, the agency would need to hire staff to manage the new program. The SCC estimates expenditures of \$70,000, including \$47,000 for 1.0 FTE position, and operating expenditures of \$23,000 for computer equipment, training, travel, and office supplies.

The agency is unable to estimate the amount of loans and grants that may be awarded to watershed districts under the program.