

**SB120 – Amendments to K.S.A. 65-163 and K.S.A 65-3326
Relating to an Annual Certification Program for Replacement of Distribution Systems and Loan Repayment
Length of Kansas Water Pollution Control Revolving Fund Loans**

Senate Committee on Agriculture and Natural Resources

Kansas Department of Health & Environment Testimony

February 14, 2023

Chairman Kerschen and Members of the Committee:

The Kansas Department of Health and Environment (KDHE) supports SB120. The KDHE Bureau of Water manages the public water supply system permitting program and the Kansas Water Pollution Control Revolving Fund which provides financing to municipalities for wastewater and stormwater infrastructure projects.

K.S.A. 65-163 (a)(3) provides for the establishment of an annual certification program for public water supply systems that would allow those systems to approve distribution system extensions (which typically means adding additional pipe to the distribution system) without the need to secure an additional permit. The proposed changes to the statute found in SB120, would expand the types of distribution system projects covered under the certification program by also including projects that replace existing sections of the distribution system (which is a common infrastructure need). KDHE is in the process of adopting rules and regulations for this certification program and would make changes to the program to accommodate the addition of distribution system replacement projects. This will further reduce the number of projects submitted to KDHE for permit review and approval.

K.S.A. 65-3326 (b) sets the maximum repayment term length for Kansas Water Pollution Control Revolving Fund loans. The proposed increase for the maximum loan repayment period from 20 years to 30 years (for loans made after July 1, 2023), found in SB120, will provide municipalities flexibility in budgeting for annual debt service costs. While a longer repayment period will increase debt service costs over the life of the loan, it will reduce annual debt service costs, allowing for lower user rates that need to be collected throughout the year to repay the loan. The municipality will still have the flexibility to choose a repayment period less than 30 years to save on overall debt service costs, if desired.