

SENATE BILL No. 317

By Committee on Agriculture and Natural Resources

1-14

1 AN ACT concerning water; relating to the water technical assistance fund
2 and the water projects grant fund; establishing additional criteria for the
3 operation of such funds; requiring municipalities to demonstrate a
4 current 25-year water supply in applications related to water
5 distribution, unless application is for new water supply source that will
6 extend the current supply beyond 25 years; prohibiting grants for issues
7 related to water rights impaired by another water right; prioritizing
8 applications based on public health, resource management, population
9 trends, funding sources, regional cooperation and weather resiliency;
10 requiring applications to be submitted annually by September 15, with
11 grants subject to revocation and repayment under certain
12 circumstances; amending K.S.A. 2025 Supp. 82a-956 and 82a-957 and
13 repealing the existing sections.

14

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

16 Section 1. K.S.A. 2025 Supp. 82a-956 is hereby amended to read as
17 follows: 82a-956. (a) (1) There is hereby established in the state treasury
18 the water technical assistance fund. The fund shall be administered by the
19 Kansas water office. Expenditures from such fund shall be used for the
20 purposes described in subsection (b). All expenditures shall be made in
21 accordance with appropriation acts upon warrants of the director of
22 accounts and reports issued pursuant to vouchers approved by the director
23 of the Kansas water office, or such director's designee.

24 (2) Whenever the unencumbered balance of the water technical
25 assistance fund exceeds \$15,000,000, such excess moneys may be
26 recommended for appropriation by the Kansas water authority for the
27 same purposes as any other moneys in the state water plan fund are
28 appropriated.

29 (b) (1) The water technical assistance fund shall be used by the
30 Kansas water office to provide grants for the planning, engineering,
31 managing and other technical assistance that may be necessary in the
32 development of plans for water infrastructure projects or for processing the
33 grant and loan applications for such water infrastructure projects. The
34 Kansas water office may offer services directly, provide funding to other

1 organizations to provide such services at no cost to a municipality or
2 special district related to water or the Kansas water office may provide
3 grants directly to applicants to cover expenses related to the hiring of such
4 technical assistance.

5 (2) Any municipality or special district related to water organized
6 under the laws of the state of Kansas may apply for a grant, and the
7 Kansas water office is authorized to award full or partial grants to such
8 applicants. ~~Municipalities with fewer than 2,000 residents shall be~~
9 ~~prioritized for the awarding of full grants. Watershed districts,~~
10 ~~conservation districts, groundwater management districts and all special~~
11 ~~districts related to water shall not be prioritized for the awarding of full~~
12 ~~grants for the purposes of this section.~~

13 (e) ~~The Kansas water office shall adopt rules and regulations to~~
14 ~~establish any necessary criteria for administering the water technical~~
15 ~~assistance fund and awarding grants for technical assistance. Such criteria~~
16 ~~shall include, but not be limited to, factors applicable to:~~

17 (1) ~~Municipalities of different populations including the prioritization~~
18 ~~of small municipalities as required by subsection (b)(2). Such factors may~~
19 ~~include, but not be limited to, public health, socio-economic factors and~~
20 ~~the ability for a municipality to repay any loans without grant assistance;~~
21 ~~and~~

22 (2) ~~special districts such as watershed districts, conservation districts,~~
23 ~~groundwater management districts, rural water districts and any other~~
24 ~~similar districts formed for a special or single purpose related to water.~~

25 (3) (A) *An application submitted pursuant to paragraph (2) shall*
26 *include a complete preliminary engineering report that meets similar*
27 *standards established by the United States department of agriculture for*
28 *rural water projects or the environmental protection agency drinking*
29 *water state revolving fund requirements. Until a completed preliminary*
30 *engineering report has been submitted and the Kansas water offices*
31 *determines that the project is feasible, funding shall only be provided for*
32 *completion of a preliminary engineering report.*

33 (B) *If the preliminary engineering report is complete and the Kansas*
34 *water office has determined that the project is feasible, then additional*
35 *technical assistance funding may be provided for necessary planning and*
36 *engineering work.*

37 (C) *A preliminary engineering report shall include studies for*
38 *specific projects, regionalization studies or any other study or report*
39 *intended to determine the feasibility of future plans and projects.*

40 (d)(c) No single grant awarded for technical assistance pursuant to
41 this section shall exceed \$1,000,000 unless specified by any appropriation
42 act of the Kansas legislature.

43 (d) (1) *A minimum of 50% of the annual amount transferred to the*

1 technical assistance fund shall be awarded to municipalities with fewer
2 than 8,000 residents. This requirement shall not apply in years when there
3 are not enough applicants to allow compliance with this subsection.

4 (2) The provisions of paragraph (1) shall not be construed as a
5 limitation on the total amount awarded to municipalities with fewer than
6 8,000 residents.

7 (e) Any application that is related to the distribution or supply of
8 water shall demonstrate that:

9 (1) A 25-year supply of water, at a minimum, is available; or

10 (2) the project specified in the application will extend the applicant's
11 available water supply beyond 25 years.

12 (f) To be eligible to receive a grant, and in addition to any other
13 requirements, a municipality with more than 50,000 residents shall
14 demonstrate a threat to public health or demonstrate that failure to
15 complete a project creates a disproportionate burden on a low-income
16 population.

17 (g) No grants from the technical assistance fund shall be used to
18 address issues related to the impairment of water rights by another water
19 right.

20 (h) If a special district, such as a groundwater management district,
21 rural water district or other similar district formed for a special or single
22 purpose related to water, applies for a grant, such district's application
23 shall not be prioritized based on the number of customers or residents
24 pursuant to subsection (d). In addition to being scored pursuant to
25 subsection (i), such district's application shall meet at least one of the
26 following criteria:

27 (1) The project is for the purpose of expanding residential,
28 commercial, industrial and agricultural activity that cannot be reasonably
29 served by another source or distributor, except that any use defined as
30 irrigation by the chief engineer shall not be eligible;

31 (2) the project facilitates the transfer or upgrade of existing water
32 services to allow or assist with the incorporation of previously
33 unincorporated territory; or

34 (3) the project meets a specific goal or priority identified in the state
35 water plan.

36 (i) In any year where applications exceed the amount of funds or
37 capacity to provide services, eligible applications shall be prioritized
38 based on the criteria in this subsection. The Kansas water office shall
39 establish a scoring matrix based on these criteria and, following the
40 announcement of awards based on the highest scores, annually publish the
41 scores of every application.

42 (1) Each of the following categories shall be scored on a scale of 0 to
43 5:

1 (A) *Public health. The project's impact on addressing an imminent*
2 *threat to public health.*

3 (B) *Responsible management of existing resources. The applicant*
4 *shall demonstrate that such applicant has responsibly managed such*
5 *applicant's finances and further demonstrate whether the municipality can*
6 *realistically complete the project without outside funding. The applicant*
7 *shall also demonstrate that such applicant has enacted policies that will*
8 *adequately support and maintain current and future infrastructure.*
9 *Relevant factors shall include the municipality's total bonding authority,*
10 *debt per capita, credit rating as applicable, total tax burden per capita,*
11 *current operating policies, rate structure, debt burden per meter that the*
12 *municipality is willing to finance and other similar measures.*

13 (C) *Long-term population trends. Funding shall be prioritized to*
14 *support population growth and new residential housing projects that*
15 *increase the demand for existing water services.*

16 (D) *Additional funding sources. Municipalities that can provide*
17 *funding themselves or from any other source shall be prioritized.*
18 *Applicants shall be scored proportionate to the amount of funding that*
19 *such applicants can provide, with the maximum score for applicants that*
20 *can provide 60% or more of the project's funds.*

21 (E) *Economic impact. The municipality can demonstrate the project*
22 *is necessary for the growth of an existing economic activity or for the*
23 *recruitment of new economic activity. Economic activity—~~shall include~~*
24 *~~fincludes~~} any commercial, industrial or agricultural activity, except that*
25 *any use defined as irrigation by the chief engineer shall not be eligible.*

26 (F) *Regional cooperation. The municipality is cooperating with other*
27 *municipalities and regional entities, or can demonstrate improvements in*
28 *regional water supply. Consideration shall be given to projects that*
29 *support regional economic growth, including the development of*
30 *reinvestment housing districts, workforce housing or other residential*
31 *housing activities that help fulfill housing needs that have been identified*
32 *by any housing study conducted within the 10 years immediately*
33 *preceding the date the application was submitted.*

34 (G) *Extreme weather resiliency. The municipality can demonstrate*
35 *improved ability to provide, maintain and protect services during drought*
36 *and flood events.*

37 (2) (A) *If an applicant fails to provide enough information to be*
38 *scored in any category listed in this section, the Kansas water office shall*
39 *notify the applicant regarding the information needed and provide an*
40 *additional 30 days, starting from the date that the applicant received such*
41 *notice, for such applicant to submit such information.*

42 (B) *The Kansas water office shall send such notice by:*
43 (i) *An electronic mail message to the electronic mail address included*

1 *in the applicant's application; or*

2 *(ii) certified mail, return receipt requested, to the address that the*
3 *applicant included in such applicant's application.*

4 *(C) If the applicant fails to submit the information requested under*
5 *this paragraph, such applicant shall be given a score of 0 in the*
6 *corresponding category.*

7 *(j) Applications shall be due annually on September 15, and grants*
8 *shall be awarded not later than 180 days after such date.*

9 *(k) (1) Any grant may be revoked if:*

10 *(A) The grantee does not accept the grant award within 45 days of*
11 *such grant being issued unless the grantee requests additional time to*
12 *secure supplemental funding, but in no case shall the additional time*
13 *exceed 120 days of such grant being issued;*

14 *(B) it is determined that there has been no substantial performance;*

15 *(C) there is substantial evidence of fraud, gross abuse or corrupt*
16 *practices;*

17 *(D) there is a lack of funding; or*

18 *(E) it is demonstrated that the project cannot be completed.*

19 *(2) Upon the revocation of any grant pursuant to this subsection, the*
20 *applicable grantee shall repay the Kansas water office any award amount*
21 *issued to the grantee in an amount determined by the director. Any such*
22 *grantee shall enter into a repayment agreement with the director*
23 *specifying the terms of such repayment obligation.*

24 *(l) The Kansas water office shall include reporting and payment*
25 *requirements within the terms of each awarded grant.*

26 Sec. 2. K.S.A. 2025 Supp. 82a-957 is hereby amended to read as
27 follows: 82a-957. (a) (1) There is hereby established in the state treasury
28 the water projects grant fund. The fund shall be administered by the
29 Kansas water office. Expenditures from such fund shall be used for the
30 purposes described in subsection (b). All expenditures shall be made in
31 accordance with appropriation acts upon warrants of the director of
32 accounts and reports issued pursuant to vouchers approved by the director
33 of the Kansas water office, or such director's designee.

34 (2) Whenever the unencumbered balance of the water projects grant
35 fund exceeds \$35,000,000, the director of the Kansas water office shall
36 certify such excess amount to the director of accounts and reports. Upon
37 receipt of such certification, the director of accounts and reports shall
38 transfer the certified excess amount from the water projects grant fund to
39 the state general fund.

40 (b) The Kansas water office may provide full or partial funding in the
41 form of grants to any municipality or special district related to water
42 established pursuant to the laws of the state of Kansas for the following:

43 (1) Construction, repair, maintenance or replacement of water-related

1 infrastructures and any related construction costs;

2 (2) matching moneys for grant or loan applications for water-related
3 infrastructure projects; and

4 (3) grants that may be applied to an outstanding loan balance from the
5 public water supply loan fund established in K.S.A. 65-163e, and
6 amendments thereto, or the Kansas pollution control revolving fund
7 established in K.S.A. 65-3322, and amendments thereto, subject to the
8 provisions of subsection (c).

9 (c) ~~The Kansas water office shall adopt rules and regulations to~~
10 establish any necessary criteria for grants from the water projects grant
11 fund. Such rules and regulations shall include any necessary criteria that
12 may be applied to the selection of projects with *Forgiveness Prepayment* of
13 outstanding loan balances from the public water supply loan fund
14 established in K.S.A. 65-163e, and amendments thereto, or the Kansas
15 pollution control revolving fund established in K.S.A. 65-3322, and
16 amendments thereto. Such criteria shall be based on the following factors,
17 shall be subject to the following parameters:

18 (1) The planned construction on the project with the outstanding loan
19 balance is complete;

20 (2) the municipality or special district has made at least five years of
21 payments on such project loans; and

22 (3) ~~awarding grants that may provide repayment of up to:~~

23 (A) 90% of any remaining project loan balance for cities with fewer
24 than 2,000 residents;

25 (B) 75% of any remaining project loan balance for cities with fewer
26 than 5,000 residents;

27 (C) 50% of any remaining project loan balance for cities with fewer
28 than 10,000 residents; and

29 (D) 25% of any remaining project loan balance for all other cities in
30 Kansas; and

31 (4) ~~any other relevant criteria including, but not limited to, the socio-~~
32 ~~economic status of the residents of any municipality, public health and the~~
33 ~~ability of any municipality to repay a loan without further assistance.~~

34 (d) No single grant awarded for a project pursuant to this section shall
35 be greater than \$8,000,000 unless specified by any appropriation act of the
36 Kansas legislature.

37 (e) *It is the intent of the legislature that grants awarded pursuant to*
38 *subsection (b)(1) prioritize the awarding of partial grants combined with*
39 *loan funding provided from the municipality, the department of health and*
40 *environment, the United States department of agriculture or other*
41 *financial sources before grants for the full cost of projects are awarded in*
42 *order to increase impact of available funding.*

43 (f) The Kansas water office and the department of health and

1 environment shall coordinate the sharing of information regarding
2 applicants for loans from the public water supply loan fund established in
3 K.S.A. 65-163e, and amendments thereto, and the Kansas pollution control
4 revolving fund established in K.S.A. 65-3322, and amendments thereto,
5 and shall take into consideration the approval or likely approval of a grant
6 by the Kansas water office when considering the eligibility of any
7 municipality to receive moneys from such funds.

8 (g) *Special districts such as groundwater management districts, rural*
9 *water districts and any other similar districts formed for a special or*
10 *single purpose related to water that apply for funding or services shall be*
11 ~~loan forgiveness prepayment of~~ *up to 50% of an outstanding*
12 *balance and for any other grant funding if the application meets one of the*
13 *following criteria:*

14 (1) *The project is for the purpose of expanding {residential,}*
15 *commercial, industrial or agricultural activity that cannot be reasonably*
16 *served by another source or distributor; except that any use defined as*
17 *irrigation by the chief engineer shall not be eligible;*

18 (2) *the project facilitates the transfer or upgrade of existing water*
19 *services to allow or assist with the incorporation of previously*
20 *unincorporated territory; or*

21 (3) *the project meets a specific goal or priority identified in the state*
22 *water plan.*

23 (h) (1) *For any application that is related to the distribution or*
24 *supply of water, a municipality shall demonstrate that a 25-year supply of*
25 *water, at minimum, is available.*

26 (2) *The minimum availability requirement of paragraph (1) shall not*
27 *apply if the application is for the development of a new water supply*
28 *source that will extend the available water supply beyond 25 years.*

29 (i) *To be eligible to receive a grant, and in addition to any other*
30 *requirements, a municipality with more than 50,000 residents shall*
31 *demonstrate a threat to public health or demonstrate that failure to*
32 *complete a project creates a disproportionate burden on a low-income*
33 *population.*

34 (j) *No grants from the water projects grant fund shall be used to*
35 *address issues related to the impairment of water rights by another water*
36 *right.*

37 (k) *In any year where applications exceed the amount of funds or*
38 *capacity to provide services, eligible applications shall be prioritized*
39 *based on the criteria in this section. The Kansas water office shall*
40 *establish a scoring matrix based on the criteria below and, following the*
41 *announcement of awards based on the highest scores, annually publish the*
42 *scores of every application.*

43 (l) *Each of the following categories shall be scored on a scale of 0 to*

1 5: (A) *Public health. The project's impact on addressing an imminent*
2 *threat to public health.*

(B) Responsible management of existing resources. The applicant shall demonstrate that such applicant has responsibly managed such applicant's finances and further demonstrate whether the municipality can realistically complete the project without outside funding. The applicant shall also demonstrate that such applicant has enacted policies that will adequately support and maintain current and future infrastructure. Relevant factors shall include the municipality's total bonding authority, debt per capita, credit rating as applicable, total tax burden per capita, current operating policies, rate structure, debt burden per meter that the municipality is willing to finance and other similar measures.

14 (C) Long-term population trends. Funding shall be prioritized to
15 support population growth and new residential housing projects that
16 increase the demand for existing water services.

17 (D) *Additional funding sources. Municipalities that can provide*
18 *funding themselves or from any other source shall be prioritized.*
19 *Applicants shall be scored proportionate to the amount of funding that*
20 *such applicants can provide, with the maximum score for applicants that*
21 *can provide 60% or more of the project's funds. Applications, even if*
22 *denied, for other sources of funding shall be acknowledged.*

(E) *Economic impact.* The municipality shall ~~can~~ demonstrate that the project is necessary for the growth of an existing economic activity or for the recruitment of a new economic activity. Economic activity includes any commercial, industrial or agricultural activity, except that any use defined as irrigation by the chief engineer shall not be eligible.

(F) Regional cooperation. The municipality is cooperating with other municipalities; **{and}** regional entities or can demonstrate improvements in the regional water supply. Consideration shall be given to projects that support regional economic growth, including the development of reinvestment housing districts, workforce housing or other residential housing activities that help fulfill housing needs identified by a housing study created within 10 years of the application.

35 (G) *Extreme weather resiliency. The municipality can demonstrate*
36 *improved ability to provide, maintain and protect services during drought*
37 *and flood events.*

43 (B) The Kansas water office shall send such notice by:

1 (i) An electronic mail message to the electronic mail address included
2 in the applicant's application; or
3 (ii) certified mail, return receipt requested, to the address that the
4 applicant included in such applicant's application.

5 (C) If the applicant fails to submit the requested information, such
6 applicant shall be given a score of 0 in the corresponding category.

7 (l) Applications shall be due annually on September 15.

8 (m) (1) Any grant may be revoked if:

9 (A) The grantee does not accept the grant award within 45 days of
10 such grant being issued;

11 (B) it is determined that there has been no substantial performance;

12 (C) there is substantial evidence of fraud, gross abuse or corrupt
13 practices;

14 (D) there is a lack of funding; or

15 (E) it is demonstrated that the project cannot be completed.

16 (2) Upon the revocation of any grant pursuant to this subsection, the
17 applicable grantee shall repay the Kansas water office any award amount
18 issued to the grantee in an amount determined by the director. Any such
19 grantee shall enter into a repayment agreement with the director
20 specifying the terms of such repayment obligation.

21 (n) The Kansas water office shall include reporting and payment
22 requirements within the terms of each awarded grant.

23 Sec. 3. K.S.A. 2025 Supp. 82a-956 and 82a-957 are hereby repealed.

24 Sec. 4. This act shall take effect and be in force from and after its
25 publication in the Kansas register.