



Testimony Provided to the

**House Committee on Judiciary
February 12, 2013**

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Kansas Municipal Utilities*

In Opposition to HB 2188

Chairman Kinzer and Members of the Committee:

On behalf of the 174 member cities of Kansas Municipal Utilities (KMU), I respectfully appear before you in opposition to HB 2188. KMU is the statewide association of municipally-owned and -operated electric, natural gas, water, wastewater, stormwater, solid waste and telecommunications utilities across Kansas. As a not-for-profit association established by its member utilities in 1928, KMU is dedicated to serving the needs and interests of these publicly owned utilities. Membership in KMU is open to any Kansas municipality that owns and operates its own utility and is interested in working together with other municipal systems for the advancement and protection of their utilities and, more importantly, for the citizens, businesses and industries that they serve.

The amendments proposed by HB 2188 outline additional reporting and documentation requirements for not-for-profit entities that receive public funds. The amendment requires extensive documentation of the expenditures of those public funds to be posted on the entity's web site and on the funding agency's website in a downloadable and searchable format. This documentation is to include everything from a listing of all expenditures, check number, expenditure date, expenditure amount, payee name and a description of the expenditure.

Our statewide association of municipal utilities provides a wide variety of services for the benefit of our member systems and receives public funds from multiple sources to provide services and assistance to public utilities. First, KMU receives membership dues from municipalities that own and operate their own utilities. Those "public funds" support the general operation of the association. Second, our association provides a wide variety of training programs and services for which member utilities use "public funds" to provide these training services to train and educate their municipal workforce. The training funds are a "fee for service." A third example of funds received includes "public funds" from the Kansas Department of Health and Environment (KDHE) to provide training and technical assistance to public water systems across the state. The reimbursement for the KDHE training and technical assistance must be documented and submitted to KDHE before payment is made from the agency. Further, the contract agreement with KDHE has two different formats for reimbursement depending on the type of service being provided. One is on a direct expense reimbursement and the other is on a deliverable basis (i.e., workshops conducted).

As a small association, KMU runs on a lean budget and targets its resources to the direct benefit of our member utilities. The compliance documentation outlined in the proposed legislation is not easily accomplished. In fact, based upon our current website hosting and accounting software system, we are not sure how we will be able to comply with the proposed requirements and make the information downloadable in a searchable format. If we were to have our systems re-programmed or re-designed, costs could quickly mount into the tens of thousands of dollars. This amounts to more than we currently spend on our accounting and online webhosting services with only marginal benefit and taking more dollars away from direct services and training provided by the association.

Further, we are concerned about the compliance date of July 1, 2005, and whether we would have to retroactively meet the documentation requirements.

Our goal is to provide and deliver the programs and services requested by our membership, and KMU has no problem providing documentation on its expenditure of public funds. KMU and its member utilities strongly oppose the amended requirements outlined in HB 2188.