

HOUSE BILL No. 2031

By Committee on Agriculture and Natural Resources

1-17

1 AN ACT concerning sales and use taxation; relating to distribution of
2 revenue; the state water plan fund; amending K.S.A. 70a-105, 82a-951,
3 82a-1305, 82a-1311a, 82a-1316 and 82a-1317 and K.S.A. 2012 Supp.
4 2-1205, 2-2204, 65-163, 75-5133, 79-3603, 79-3620, 79-3703, 79-
5 3710, 79-4804, 82a-734, 82a-1306, 82a-1308a, 82a-1315a, 82a-1315b,
6 82a-1349, 82a-1801 and 82a-2101 and repealing the existing sections;
7 also repealing K.S.A. 2012 Supp. 75-5133b, 82a-953a, 82a-954 and
8 82a-1315c.

9
10 *Be it enacted by the Legislature of the State of Kansas:*

11 Section 1. K.S.A. 2012 Supp. 79-3603 is hereby amended to read as
12 follows: 79-3603. For the privilege of engaging in the business of selling
13 tangible personal property at retail in this state or rendering or furnishing
14 any of the services taxable under this act, there is hereby levied and there
15 shall be collected and paid a tax at the rate of 5.3%, and commencing July
16 1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of
17 ~~5.7%~~ 5.8%. Within a redevelopment district established pursuant to K.S.A.
18 74-8921, and amendments thereto, there is hereby levied and there shall be
19 collected and paid an additional tax at the rate of 2% until the earlier of the
20 date the bonds issued to finance or refinance the redevelopment project
21 have been paid in full or the final scheduled maturity of the first series of
22 bonds issued to finance any part of the project upon:

23 (a) The gross receipts received from the sale of tangible personal
24 property at retail within this state;

25 (b) the gross receipts from intrastate, interstate or international
26 telecommunications services and any ancillary services sourced to this
27 state in accordance with K.S.A. 2012 Supp. 79-3673, and amendments
28 thereto, except that telecommunications service does not include: (1) Any
29 interstate or international 800 or 900 service; (2) any interstate or
30 international private communications service as defined in K.S.A. 2012
31 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice
32 data service; (4) any telecommunication service to a provider of
33 telecommunication services which will be used to render
34 telecommunications services, including carrier access services; or (5) any
35 service or transaction defined in this section among entities classified as
36 members of an affiliated group as provided by section 1504 of the federal

1 internal revenue code of 1986, as in effect on January 1, 2001;

2 (c) the gross receipts from the sale or furnishing of gas, water,
3 electricity and heat, which sale is not otherwise exempt from taxation
4 under the provisions of this act, and whether furnished by municipally or
5 privately owned utilities, except that, on and after January 1, 2006, for
6 sales of gas, electricity and heat delivered through mains, lines or pipes to
7 residential premises for noncommercial use by the occupant of such
8 premises, and for agricultural use and also, for such use, all sales of
9 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
10 gas, coal, wood and other fuel sources for the production of heat or
11 lighting for noncommercial use of an occupant of residential premises, the
12 state rate shall be 0%, but such tax shall not be levied and collected upon
13 the gross receipts from: (1) The sale of a rural water district benefit unit;
14 (2) a water system impact fee, system enhancement fee or similar fee
15 collected by a water supplier as a condition for establishing service; or (3)
16 connection or reconnection fees collected by a water supplier;

17 (d) the gross receipts from the sale of meals or drinks furnished at any
18 private club, drinking establishment, catered event, restaurant, eating
19 house, dining car, hotel, drugstore or other place where meals or drinks are
20 regularly sold to the public;

21 (e) the gross receipts from the sale of admissions to any place
22 providing amusement, entertainment or recreation services including
23 admissions to state, county, district and local fairs, but such tax shall not
24 be levied and collected upon the gross receipts received from sales of
25 admissions to any cultural and historical event which occurs triennially;

26 (f) the gross receipts from the operation of any coin-operated device
27 dispensing or providing tangible personal property, amusement or other
28 services except laundry services, whether automatic or manually operated;

29 (g) the gross receipts from the service of renting of rooms by hotels,
30 as defined by K.S.A. 36-501, and amendments thereto, or by
31 accommodation brokers, as defined by K.S.A. 12-1692, and amendments
32 thereto, but such tax shall not be levied and collected upon the gross
33 receipts received from sales of such service to the federal government and
34 any agency, officer or employee thereof in association with the
35 performance of official government duties;

36 (h) the gross receipts from the service of renting or leasing of tangible
37 personal property except such tax shall not apply to the renting or leasing
38 of machinery, equipment or other personal property owned by a city and
39 purchased from the proceeds of industrial revenue bonds issued prior to
40 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
41 12-1749, and amendments thereto, and any city or lessee renting or leasing
42 such machinery, equipment or other personal property purchased with the
43 proceeds of such bonds who shall have paid a tax under the provisions of

1 this section upon sales made prior to July 1, 1973, shall be entitled to a
2 refund from the sales tax refund fund of all taxes paid thereon;

3 (i) the gross receipts from the rendering of dry cleaning, pressing,
4 dyeing and laundry services except laundry services rendered through a
5 coin-operated device whether automatic or manually operated;

6 (j) the gross receipts from the rendering of the services of washing
7 and washing and waxing of vehicles;

8 (k) the gross receipts from cable, community antennae and other
9 subscriber radio and television services;

10 (l) (1) except as otherwise provided by paragraph (2), the gross
11 receipts received from the sales of tangible personal property to all
12 contractors, subcontractors or repairmen for use by them in erecting
13 structures, or building on, or otherwise improving, altering, or repairing
14 real or personal property.

15 (2) Any such contractor, subcontractor or repairman who maintains
16 an inventory of such property both for sale at retail and for use by them for
17 the purposes described by paragraph (1) shall be deemed a retailer with
18 respect to purchases for and sales from such inventory, except that the
19 gross receipts received from any such sale, other than a sale at retail, shall
20 be equal to the total purchase price paid for such property and the tax
21 imposed thereon shall be paid by the deemed retailer;

22 (m) the gross receipts received from fees and charges by public and
23 private clubs, drinking establishments, organizations and businesses for
24 participation in sports, games and other recreational activities, but such tax
25 shall not be levied and collected upon the gross receipts received from: (1)
26 Fees and charges by any political subdivision, by any organization exempt
27 from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-201, and
28 amendments thereto, or by any youth recreation organization exclusively
29 providing services to persons 18 years of age or younger which is exempt
30 from federal income taxation pursuant to section 501(c)(3) of the federal
31 internal revenue code of 1986, for participation in sports, games and other
32 recreational activities; and (2) entry fees and charges for participation in a
33 special event or tournament sanctioned by a national sporting association
34 to which spectators are charged an admission which is taxable pursuant to
35 subsection (e);

36 (n) the gross receipts received from dues charged by public and
37 private clubs, drinking establishments, organizations and businesses,
38 payment of which entitles a member to the use of facilities for recreation
39 or entertainment, but such tax shall not be levied and collected upon the
40 gross receipts received from: (1) Dues charged by any organization exempt
41 from property taxation pursuant to paragraphs *Eighth* and *Ninth* of K.S.A.
42 79-201, and amendments thereto; and (2) sales of memberships in a
43 nonprofit organization which is exempt from federal income taxation

1 pursuant to section 501 (c)(3) of the federal internal revenue code of 1986,
2 and whose purpose is to support the operation of a nonprofit zoo;

3 (o) the gross receipts received from the isolated or occasional sale of
4 motor vehicles or trailers but not including: (1) The transfer of motor
5 vehicles or trailers by a person to a corporation or limited liability
6 company solely in exchange for stock securities or membership interest in
7 such corporation or limited liability company; or (2) the transfer of motor
8 vehicles or trailers by one corporation or limited liability company to
9 another when all of the assets of such corporation or limited liability
10 company are transferred to such other corporation or limited liability
11 company; or (3) the sale of motor vehicles or trailers which are subject to
12 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
13 amendments thereto, by an immediate family member to another
14 immediate family member. For the purposes of clause (3), immediate
15 family member means lineal ascendants or descendants, and their spouses.
16 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
17 on the isolated or occasional sale of motor vehicles or trailers on and after
18 July 1, 2004, which the base for computing the tax was the value pursuant
19 to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and amendments
20 thereto, when such amount was higher than the amount of sales tax which
21 would have been paid under the law as it existed on June 30, 2004, shall be
22 refunded to the taxpayer pursuant to the procedure prescribed by this
23 section. Such refund shall be in an amount equal to the difference between
24 the amount of sales tax paid by the taxpayer and the amount of sales tax
25 which would have been paid by the taxpayer under the law as it existed on
26 June 30, 2004. Each claim for a sales tax refund shall be verified and
27 submitted not later than six months from the effective date of this act to the
28 director of taxation upon forms furnished by the director and shall be
29 accompanied by any additional documentation required by the director.
30 The director shall review each claim and shall refund that amount of tax
31 paid as provided by this act. All such refunds shall be paid from the sales
32 tax refund fund, upon warrants of the director of accounts and reports
33 pursuant to vouchers approved by the director of taxation or the director's
34 designee. No refund for an amount less than \$10 shall be paid pursuant to
35 this act. In determining the base for computing the tax on such isolated or
36 occasional sale, the fair market value of any motor vehicle or trailer traded
37 in by the purchaser to the seller may be deducted from the selling price;

38 (p) the gross receipts received for the service of installing or applying
39 tangible personal property which when installed or applied is not being
40 held for sale in the regular course of business, and whether or not such
41 tangible personal property when installed or applied remains tangible
42 personal property or becomes a part of real estate, except that no tax shall
43 be imposed upon the service of installing or applying tangible personal

1 property in connection with the original construction of a building or
2 facility, the original construction, reconstruction, restoration, remodeling,
3 renovation, repair or replacement of a residence or the construction,
4 reconstruction, restoration, replacement or repair of a bridge or highway.

5 For the purposes of this subsection:

6 (1) "Original construction" shall mean the first or initial construction
7 of a new building or facility. The term "original construction" shall include
8 the addition of an entire room or floor to any existing building or facility,
9 the completion of any unfinished portion of any existing building or
10 facility and the restoration, reconstruction or replacement of a building,
11 facility or utility structure damaged or destroyed by fire, flood, tornado,
12 lightning, explosion, windstorm, ice loading and attendant winds,
13 terrorism or earthquake, but such term, except with regard to a residence,
14 shall not include replacement, remodeling, restoration, renovation or
15 reconstruction under any other circumstances;

16 (2) "building" shall mean only those enclosures within which
17 individuals customarily are employed, or which are customarily used to
18 house machinery, equipment or other property, and including the land
19 improvements immediately surrounding such building;

20 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water
21 well, feedlot or any conveyance, transmission or distribution line of any
22 cooperative, nonprofit, membership corporation organized under or subject
23 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or
24 municipal or quasi-municipal corporation, including the land
25 improvements immediately surrounding such facility;

26 (4) "residence" shall mean only those enclosures within which
27 individuals customarily live;

28 (5) "utility structure" shall mean transmission and distribution lines
29 owned by an independent transmission company or cooperative, the
30 Kansas electric transmission authority or natural gas or electric public
31 utility; and

32 (6) "windstorm" shall mean straight line winds of at least 80 miles per
33 hour as determined by a recognized meteorological reporting agency or
34 organization;

35 (q) the gross receipts received for the service of repairing, servicing,
36 altering or maintaining tangible personal property which when such
37 services are rendered is not being held for sale in the regular course of
38 business, and whether or not any tangible personal property is transferred
39 in connection therewith. The tax imposed by this subsection shall be
40 applicable to the services of repairing, servicing, altering or maintaining an
41 item of tangible personal property which has been and is fastened to,
42 connected with or built into real property;

43 (r) the gross receipts from fees or charges made under service or

1 maintenance agreement contracts for services, charges for the providing of
2 which are taxable under the provisions of subsection (p) or (q);

3 (s) on and after January 1, 2005, the gross receipts received from the
4 sale of prewritten computer software and the sale of the services of
5 modifying, altering, updating or maintaining prewritten computer
6 software, whether the prewritten computer software is installed or
7 delivered electronically by tangible storage media physically transferred to
8 the purchaser or by load and leave;

9 (t) the gross receipts received for telephone answering services;

10 (u) the gross receipts received from the sale of prepaid calling service
11 and prepaid wireless calling service as defined in K.S.A. 2012 Supp. 79-
12 3673, and amendments thereto; and

13 (v) the gross receipts received from the sales of bingo cards, bingo
14 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
15 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
16 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
17 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo
18 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
19 and amendments thereto, shall be exempt from taxes imposed pursuant to
20 this section.

21 Sec. 2. K.S.A. 2012 Supp. 79-3620 is hereby amended to read as
22 follows: 79-3620. (a) All revenue collected or received by the director of
23 taxation from the taxes imposed by this act shall be remitted to the state
24 treasurer in accordance with the provisions of K.S.A. 75-4215, and
25 amendments thereto. Upon receipt of each such remittance, the state
26 treasurer shall deposit the entire amount in the state treasury, less amounts
27 withheld as provided in subsection (b) and amounts credited as provided in
28 subsection (c), (d) and (e), to the credit of the state general fund.

29 (b) A refund fund, designated as "sales tax refund fund" not to exceed
30 \$100,000 shall be set apart and maintained by the director from sales tax
31 collections and estimated tax collections and held by the state treasurer for
32 prompt payment of all sales tax refunds including refunds authorized
33 under the provisions of K.S.A. 79-3635, and amendments thereto. Such
34 fund shall be in such amount, within the limit set by this section, as the
35 director shall determine is necessary to meet current refunding
36 requirements under this act. In the event such fund as established by this
37 section is, at any time, insufficient to provide for the payment of refunds
38 due claimants thereof, the director shall certify the amount of additional
39 funds required to the director of accounts and reports who shall promptly
40 transfer the required amount from the state general fund to the sales tax
41 refund fund, and notify the state treasurer, who shall make proper entry in
42 the records.

43 (c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or

1 received from the tax imposed by K.S.A. 79-3603, and amendments
2 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
3 exclusive of amounts credited pursuant to subsection (d), in the state
4 highway fund.

5 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or
6 received from the tax imposed by K.S.A. 79-3603, and amendments
7 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
8 exclusive of amounts credited pursuant to subsection (d), in the state
9 highway fund.

10 (3) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the revenue
11 collected and received from the tax imposed by K.S.A. 79-3603, and
12 amendments thereto, at the rate of 5.3%, and deposited as provided by
13 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
14 the state highway fund.

15 (4) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue
16 collected and received from the tax imposed by K.S.A. 79-3603, and
17 amendments thereto, at the rate of 5.3%, and deposited as provided by
18 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
19 the state highway fund.

20 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the
21 revenue collected and received from the tax imposed by K.S.A. 79-3603,
22 and amendments thereto, at the rate of 6.3%, and deposited as provided by
23 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
24 the state highway fund.

25 (6) On July 1, 2011, the state treasurer shall credit 11.26% of the
26 revenue collected and received from the tax imposed by K.S.A. 79-3603,
27 and amendments thereto, at the rate of 6.3%, and deposited as provided by
28 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
29 the state highway fund.

30 (7) On July 1, 2012, the state treasurer shall credit 11.233% of the
31 revenue collected and received from the tax imposed by K.S.A. 79-3603,
32 and amendments thereto, at the rate of 6.3%, and deposited as provided by
33 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
34 the state highway fund, as well as such revenue collected and received at
35 the rate of 6.3%, after June 30, 2013.

36 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
37 ~~18.421%~~ 17.486% of the revenue collected and received from the tax
38 imposed by K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.7%~~
39 5.8%, and deposited as provided by subsection (a), exclusive of amounts
40 credited pursuant to subsection (d), in the state highway fund *and 1.572%*
41 *of the revenue collected and received from the tax imposed by K.S.A. 79-*
42 *3603, and amendments thereto, at the rate of 5.8% and deposited as*
43 *provided by subsection (a), exclusive of amounts credited pursuant to*

1 *subsection (d), in the state water plan fund.*

2 (d) The state treasurer shall credit all revenue collected or received
3 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
4 certified by the director, from taxpayers doing business within that portion
5 of a STAR bond project district occupied by a STAR bond project or
6 taxpayers doing business with such entity financed by a STAR bond
7 project as defined in K.S.A. 2012 Supp. 12-17,162, and amendments
8 thereto, that was determined by the secretary of commerce to be of
9 statewide as well as local importance or will create a major tourism area
10 for the state or the project was designated as a STAR bond project as
11 defined in K.S.A. 2012 Supp. 12-17,162, and amendments thereto, to the
12 city bond finance fund, which fund is hereby created. The provisions of
13 this subsection shall expire when the total of all amounts credited
14 hereunder and under subsection (d) of K.S.A. 79-3710, and amendments
15 thereto, is sufficient to retire the special obligation bonds issued for the
16 purpose of financing all or a portion of the costs of such STAR bond
17 project.

18 (e) All revenue certified by the director of taxation as having been
19 collected or received from the tax imposed by subsection (c) of K.S.A. 79-
20 3603, and amendments thereto, on the sale or furnishing of gas, water,
21 electricity and heat for use or consumption within the intermodal facility
22 district described in this subsection, shall be credited by the state treasurer
23 to the state highway fund. Such revenue may be transferred by the
24 secretary of transportation to the rail service improvement fund pursuant to
25 law. The provisions of this subsection shall take effect upon certification
26 by the secretary of transportation that a notice to proceed has been
27 received for the construction of the improvements within the intermodal
28 facility district, but not later than December 31, 2010, and shall expire
29 when the secretary of revenue determines that the total of all amounts
30 credited hereunder and pursuant to subsection (e) of K.S.A. 79-3710, and
31 amendments thereto, is equal to \$53,300,000, but not later than December
32 31, 2045. Thereafter, all revenues shall be collected and distributed in
33 accordance with applicable law. For all tax reporting periods during which
34 the provisions of this subsection are in effect, none of the exemptions
35 contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply
36 to the sale or furnishing of any gas, water, electricity and heat for use or
37 consumption within the intermodal facility district. As used in this
38 subsection, "intermodal facility district" shall consist of an intermodal
39 transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and
40 amendments thereto, located in Johnson county within the polygonal-
41 shaped area having Waverly Road as the eastern boundary, 191st Street as
42 the southern boundary, Four Corners Road as the western boundary, and
43 Highway 56 as the northern boundary, and the polygonal-shaped area

1 having Poplar Road as the eastern boundary, 183rd Street as the southern
2 boundary, Waverly Road as the western boundary, and the BNSF mainline
3 track as the northern boundary, that includes capital investment in an
4 amount exceeding \$150 million for the construction of an intermodal
5 facility to handle the transfer, storage and distribution of freight through
6 railway and trucking operations.

7 Sec. 3. K.S.A. 2012 Supp. 79-3703 is hereby amended to read as
8 follows: 79-3703. There is hereby levied and there shall be collected from
9 every person in this state a tax or excise for the privilege of using, storing,
10 or consuming within this state any article of tangible personal property.
11 Such tax shall be levied and collected in an amount equal to the
12 consideration paid by the taxpayer multiplied by the rate of 5.3%, and
13 commencing July 1, 2010, at the rate of 6.3%, and commencing July 1,
14 2013, at the rate of ~~5.7%~~ 5.8%. Within a redevelopment district established
15 pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby
16 levied and there shall be collected and paid an additional tax of 2% until
17 the earlier of: (1) The date the bonds issued to finance or refinance the
18 redevelopment project undertaken in the district have been paid in full; or
19 (2) the final scheduled maturity of the first series of bonds issued to
20 finance the redevelopment project. All property purchased or leased within
21 or without this state and subsequently used, stored or consumed in this
22 state shall be subject to the compensating tax if the same property or
23 transaction would have been subject to the Kansas retailers' sales tax had
24 the transaction been wholly within this state.

25 Sec. 4. K.S.A. 2012 Supp. 79-3710 is hereby amended to read as
26 follows: 79-3710. (a) All revenue collected or received by the director
27 under the provisions of this act shall be remitted to the state treasurer in
28 accordance with the provisions of K.S.A. 75-4215, and amendments
29 thereto. Upon receipt of each such remittance, the state treasurer shall
30 deposit the entire amount in the state treasury, less amounts set apart as
31 provided in subsection (b) and amounts credited as provided in subsection
32 (c), (d) and (e), to the credit of the state general fund.

33 (b) A revolving fund, designated as "compensating tax refund fund"
34 not to exceed \$10,000 shall be set apart and maintained by the director
35 from compensating tax collections and estimated tax collections and held
36 by the state treasurer for prompt payment of all compensating tax refunds.
37 Such fund shall be in such amount, within the limit set by this section, as
38 the director shall determine is necessary to meet current refunding
39 requirements under this act.

40 (c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or
41 received from the tax imposed by K.S.A. 79-3703, and amendments
42 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
43 exclusive of amounts credited pursuant to subsection (d), in the state

1 highway fund.

2 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or
3 received from the tax imposed by K.S.A. 79-3703, and amendments
4 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
5 exclusive of amounts credited pursuant to subsection (d), in the state
6 highway fund.

7 (3) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the revenue
8 collected or received from the tax imposed by K.S.A. 79-3703, and
9 amendments thereto, at the rate of 5.3%, and deposited as provided by
10 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
11 the state highway fund.

12 (4) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue
13 collected or received from the tax imposed by K.S.A. 79-3703, and
14 amendments thereto, at the rate of 5.3%, and deposited as provided by
15 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
16 the state highway fund.

17 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the
18 revenue collected and received from the tax imposed by K.S.A. 79-3703,
19 and amendments thereto, at the rate of 6.3%, and deposited as provided by
20 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
21 the state highway fund.

22 (6) On July 1, 2011, the state treasurer shall credit 11.26% of the
23 revenue collected and received from the tax imposed by K.S.A. 79-3703,
24 and amendments thereto, at the rate of 6.3%, and deposited as provided by
25 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
26 the state highway fund.

27 (7) On July 1, 2012, the state treasurer shall credit 11.233% of the
28 revenue collected and received from the tax imposed by K.S.A. 79-3703,
29 and amendments thereto, at the rate of 6.3%, and deposited as provided by
30 subsection (a), exclusive of amounts credited pursuant to subsection (d), in
31 the state highway fund, as well as such revenue collected and received at
32 the rate of 6.3%, after June 30, 2013.

33 (8) On July 1, 2013, and thereafter, the state treasurer shall credit
34 ~~18.421%~~ *17.486%* of the revenue collected and received from the tax
35 imposed by K.S.A. 79-3703, and amendments thereto, at the rate of ~~5.7%~~
36 *5.8%*, and deposited as provided by subsection (a), exclusive of amounts
37 credited pursuant to subsection (d), in the state highway fund *and 1.572%*
38 *of the revenue collected and received from the tax imposed by K.S.A. 79-*
39 *3703, and amendments thereto, at the rate of 5.8%, and deposited as*
40 *provided by subsection (a), exclusive of amounts credited pursuant to*
41 *subsection (d), in the state water plan fund.*

42 (d) The state treasurer shall credit all revenue collected or received
43 from the tax imposed by K.S.A. 79-3703, and amendments thereto, as

1 certified by the director, from taxpayers doing business within that portion
2 of a redevelopment district occupied by a redevelopment project that was
3 determined by the secretary of commerce to be of statewide as well as
4 local importance or will create a major tourism area for the state as defined
5 in K.S.A. 12-1770a, and amendments thereto, to the city bond finance
6 fund created by subsection (d) of K.S.A. 79-3620, and amendments
7 thereto. The provisions of this subsection shall expire when the total of all
8 amounts credited hereunder and under subsection (d) of K.S.A. 79-3620,
9 and amendments thereto, is sufficient to retire the special obligation bonds
10 issued for the purpose of financing all or a portion of the costs of such
11 redevelopment project.

12 This subsection shall not apply to a project designated as a special bond
13 project as defined in subsection (z) of K.S.A. 12-1770a, and amendments
14 thereto.

15 (e) All revenue certified by the director of taxation as having been
16 collected or received from the tax imposed by subsection (c) of K.S.A. 79-
17 3603, and amendments thereto, on the sale or furnishing of gas, water,
18 electricity and heat for use or consumption within the intermodal facility
19 district described in this subsection, shall be credited by the state treasurer
20 to the state highway fund. Such revenue may be transferred by the
21 secretary of transportation to the rail service improvement fund pursuant to
22 law. The provisions of this subsection shall take effect upon certification
23 by the secretary of transportation that a notice to proceed has been
24 received for the construction of the improvements within the intermodal
25 facility district, but not later than December 31, 2010, and shall expire
26 when the secretary of revenue determines that the total of all amounts
27 credited hereunder and pursuant to subsection (e) of K.S.A. 79-3620, and
28 amendments thereto, is equal to \$53,300,000, but not later than December
29 31, 2045. Thereafter, all revenues shall be collected and distributed in
30 accordance with applicable law. For all tax reporting periods during which
31 the provisions of this subsection are in effect, none of the exemptions
32 contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply
33 to the sale or furnishing of any gas, water, electricity and heat for use or
34 consumption within the intermodal facility district. As used in this
35 subsection, "intermodal facility district" shall consist of an intermodal
36 transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and
37 amendments thereto, located in Johnson county within the polygonal-
38 shaped area having Waverly Road as the eastern boundary, 191st Street as
39 the southern boundary, Four Corners Road as the western boundary, and
40 Highway 56 as the northern boundary, and the polygonal-shaped area
41 having Poplar Road as the eastern boundary, 183rd Street as the southern
42 boundary, Waverly Road as the western boundary, and the BNSF mainline
43 track as the northern boundary, that includes capital investment in an

1 amount exceeding \$150 million for the construction of an intermodal
2 facility to handle the transfer, storage and distribution of freight through
3 railway and trucking operations.

4 Sec. 5. K.S.A. 82a-951 is hereby amended to read as follows: 82a-
5 951. (a) On and after July 1, 1989, there is hereby created, in the state
6 treasury, the state water plan fund. All moneys in the state water plan fund
7 shall be expended in accordance with appropriations acts for
8 implementation of the state water plan formulated pursuant to K.S.A. 82a-
9 903 et seq., and amendments thereto. Such moneys shall be used only for
10 the establishment and implementation of water-related projects or
11 programs, and related technical assistance, and shall not be used for: ~~(1)~~
12 ~~Replacing full time equivalent positions of any state agency; or (2)~~
13 recreational projects which do not meet one or more of the long-range
14 goals, objectives and considerations set forth in the state water resource
15 planning act.

16 (b) On or before December 1 of each year, the Kansas water authority
17 shall submit to the governor and the legislature a report setting out: (1) An
18 account of all moneys expended from the state water plan fund during
19 such fiscal year; and (2) a five-year capital development plan for state
20 water plan projects.

21 (c) *When formulating the state water plan pursuant to K.S.A. 82a-
22 903, and amendments thereto, funding for water-related projects or
23 programs shall be provided in accordance with the following priorities:*

24 (1) *Payment to the federal government of annual capital costs
25 associated with water supply storage space in reservoirs under the state
26 water plan storage act;*

27 (2) *repayment to the state general fund for moneys advanced to make
28 annual capital cost payments for water supply storage space in reservoirs
29 under the state water plan storage act;*

30 (3) *payment to the federal government of annual operation,
31 maintenance and repair costs associated with the water supply storage
32 space under the state water plan storage act;*

33 (4) *payment of administration and enforcement costs of the state
34 associated with the state water plan storage act;*

35 (5) *an annual set-aside to a reserve account which is hereby created
36 as part of this fund of an amount specified by the director of the Kansas
37 water office but not more than 1¢ per 1,000 gallons of water sold, such
38 reserve to be used to meet any shortfall in revenue or unusual expenses
39 relating to operation, maintenance and repair costs; and*

40 (6) *deposit of receipts as required under K.S.A. 82a-1315b, and
41 amendments thereto.*

42 (7) *acquisition of available water storage capacities in reservoirs
43 constructed and operated by the U.S. army corps of engineers;*

1 (8) *the state's share of all cost-share programs with the U.S. army*
2 *corps of engineers, local units of government and the bureau of land*
3 *reclamation to preserve and extend the productive lives of the state's*
4 *drinking water supply reservoirs and lakes;*

5 (9) *studies of sedimentation in existing federal reservoirs and*
6 *municipal drinking water supply lakes, including sediment composition,*
7 *chemical analysis, and sediment removal;*

8 (10) *studies of sedimentation in publicly-owned water impoundments*
9 *and farm ponds, including those located in watershed districts, if such*
10 *impoundments and ponds impact sediment flow to reservoirs or lakes and*
11 *sediment removal;*

12 (11) *stream bank stabilization and other programs to reduce sediment*
13 *flow into reservoirs and lakes;*

14 (12) *retirement of water rights within the Ogallala aquifer;*

15 (13) *research of fish and aquatic habitat in state fishing lakes and*
16 *other water bodies having public access;*

17 (14) *research on cost-effective ways to convert non-potable or less-*
18 *potable water into higher quality water that has multiple public beneficial*
19 *uses; and*

20 (15) *other priorities identified by the Kansas water authority in the*
21 *state water plan.*

22 (d) *On July 1, 2013, the director of accounts and reports shall*
23 *transfer all moneys in the water marketing fund to the state water plan*
24 *fund. On July 1, 2013, all liabilities of the water marketing fund are*
25 *hereby transferred to and imposed on the state water plan fund and the*
26 *water marketing fund is hereby abolished.*

27 Sec. 6. K.S.A. 2012 Supp. 2-1205 is hereby amended to read as
28 follows: 2-1205. An inspection fee shall be collected upon all commercial
29 fertilizers sold, offered or exposed for sale, or distributed in Kansas, which
30 shall be at a rate per ton of 2,000 pounds fixed by rules and regulations
31 adopted by the secretary of agriculture, except that such rate shall not
32 exceed \$1.67 per ton of 2,000 pounds. The secretary of agriculture may
33 adopt rules and regulations establishing the inspection fee rate under this
34 section. Each person registering any commercial fertilizer shall pay the
35 inspection fee on such commercial fertilizer sold, offered or exposed for
36 sale, or distributed in Kansas. Each such person shall keep adequate
37 records showing the tonnage of each commercial fertilizer shipped to or
38 sold, offered or exposed for sale, or distributed in Kansas. The secretary,
39 and duly authorized representatives of the secretary, shall have authority to
40 examine such records and other pertinent records necessary to verify the
41 statement of tonnage.

42 Each person registering any commercial fertilizer shall file an affidavit
43 semiannually, with the secretary, within 30 days after each January 1 and

1 each July 1, showing the tonnage of commercial fertilizer sold or
2 distributed in Kansas for the preceding six-month period. Each such
3 person shall pay to the secretary the inspection fee due for such six-month
4 period, except that the registrant shall not be required to pay the inspection
5 fee or report the tonnage of commercial fertilizers or fertilizer materials
6 sold and shipped directly to fertilizer manufacturers or mixers. The
7 fertilizer manufacturers or mixers shall keep adequate records of the
8 commercial fertilizers sold or distributed in this state, and report to the
9 secretary the tonnage and pay the inspection fee due. If the affidavit is not
10 filed and the inspection fee is not paid within the 30-day period, or if the
11 report of tonnage is false, the secretary may revoke the registrations filed
12 by such person. If the affidavit is not filed and the inspection fee is not
13 paid within the 30-day period, or any extension thereof granted by the
14 secretary, a penalty of \$10 per day shall be assessed against the registrant,
15 except that on and after July 1, 2015, a penalty of \$5 per day shall be
16 assessed against the registrant, and the inspection fee and penalty shall
17 constitute a debt and become the basis for a judgment against such person.
18 The secretary may grant a reasonable extension of time.

19 The secretary of agriculture is hereby authorized and empowered to
20 reduce the inspection fee by adopting rules and regulations under this
21 section whenever the secretary determines that the inspection fee is
22 yielding more than is necessary for the purpose of administering the
23 provisions of this act as listed below and the plant pest act. The secretary is
24 hereby authorized and empowered to increase the inspection fee by
25 adopting rules and regulations under this section when it finds that such is
26 necessary to produce sufficient revenues for the purposes of administering
27 the provisions of this act, except that the inspection fee shall not be
28 increased in excess of the maximum fee prescribed by this section. The
29 secretary shall remit all moneys received by or for the secretary under
30 article 12 of chapter 2 of Kansas Statutes Annotated, and amendments
31 thereto, to the state treasurer in accordance with the provisions of K.S.A.
32 75-4215, and amendments thereto. Upon receipt of each such remittance,
33 the state treasurer shall deposit the entire amount in the state treasury and
34 shall credit such remittance as follows: (1) An amount equal to ~~\$1.40 per~~
35 ~~ton shall be credited to the state water plan fund created by K.S.A. 82a-~~
36 ~~951, and amendments thereto; (2) an amount equal to \$.04 per ton shall be~~
37 ~~credited to the fertilizer research fund; and (3) (2) the remainder shall be~~
38 ~~credited to the fertilizer fee fund. All expenditures from the fertilizer fee~~
39 ~~fund shall be made in accordance with appropriation acts upon warrants of~~
40 ~~the director of accounts and reports issued pursuant to vouchers approved~~
41 ~~by the secretary of agriculture or by a person or persons designated by the~~
42 ~~secretary.~~

43 Sec. 7. K.S.A. 2012 Supp. 2-2204 is hereby amended to read as

1 follows: 2-2204. (a) Every agricultural chemical which is distributed, sold
2 or offered for sale within this state or delivered for transportation or
3 transported in intrastate commerce or between points within this state
4 through any point outside this state shall be registered by the secretary.
5 The secretary shall have the authority to classify or designate as restricted-
6 use any pesticide registered for sale, use or distribution in the state of
7 Kansas, according to rules and regulations promulgated by the secretary.
8 The secretary may adopt rules and regulations to allow products to be
9 registered for a period not to exceed three years. All registration of
10 products shall expire on December 31 of the year the registration is set to
11 expire, unless such registration shall be renewed, in which event expiration
12 date shall be extended for each year of renewal registration, or until
13 otherwise terminated. Products which have the same formula, and are
14 manufactured by the same person, the labeling of which contains the same
15 claims, and the labels of which bear a designation identifying the product
16 as the same agricultural chemical may be registered as a single product
17 and additional names and labels shall be added by supplement statements
18 during the current period of registration. Within the discretion of the
19 secretary, or an authorized representative of the secretary, a change in the
20 labeling or formulas of an agricultural chemical may be made within the
21 current period of registration without requiring a reregistration and
22 product. Any agricultural chemical imported into this state which is subject
23 to the provisions of any federal act providing for the registration and
24 which has been duly registered under the provisions of such federal act, in
25 the discretion of the secretary, may be exempted from registration under
26 this act when such agricultural chemical is sold or distributed in the
27 unbroken immediate container in which such agricultural chemical was
28 originally shipped.

29 (b) The registrant shall file with the secretary, a statement including:
30 (1) The name and address of the registrant and the name and address of the
31 person whose name will appear on the label if other than the registrant; (2)
32 the name of the agricultural chemical; (3) a complete copy of the labeling
33 accompanying the agricultural chemical and a statement of all claims
34 made and to be made for it and a statement of directions for use; and (4) if
35 requested by the secretary, or an authorized representative of the secretary,
36 a full description of the tests made and the results thereof upon which the
37 claims are based.

38 (c) The secretary may require the registrant to submit a copy of the
39 product label registered by the EPA under the provisions of FIFRA.

40 (d) Any time the registrant modifies the label, the modified label shall
41 be submitted to the secretary for review and approval prior to
42 implementing the new label in Kansas.

43 (e) On the date of registration, the registrant shall pay a fee fixed by

1 rules and regulations adopted by the secretary of agriculture. Such fee
2 shall equal an amount per registered agricultural chemical, not to exceed
3 \$150 per year. Such fee shall be deposited in the state treasury and credited
4 as follows: ~~(1) An amount equal to \$100 for each year of registration shall~~
5 ~~be credited to the state water plan fund created by K.S.A. 82a-951, and~~
6 ~~amendments thereto; and (2) the remainder shall be credited to the~~
7 agricultural chemical fee fund to be used for carrying out the provisions of
8 this act. The annual fee for each agricultural chemical registered which is
9 in effect on the day preceding the effective date of this act shall continue in
10 effect until the secretary of agriculture adopts rules and regulations fixing
11 a different fee therefor under this subsection. The secretary of agriculture
12 is hereby authorized and empowered, whenever it determines that the fee
13 imposed by this subsection and paid into the state treasury as provided by
14 law is yielding more revenue than is required for the purposes to which
15 such fee is devoted by law, to reduce the fee imposed by this subsection
16 for such period as the secretary shall deem justified by adopting rules and
17 regulations under this subsection but not for less than one year. In the
18 event that the secretary, after reducing such fee, finds that sufficient
19 revenues are not being produced by such reduced fee, the secretary is
20 authorized and empowered by adopting rules and regulations under this
21 subsection, to restore in full or in part such fee to an amount which, in the
22 judgment of the secretary, will produce sufficient revenues for the
23 purposes as provided in this section, but not exceeding the maximum
24 amount of the fee imposed by this subsection.

25 (f) The secretary, or an authorized representative of the secretary,
26 whenever it is deemed essential in the administration of this act, may
27 require the submission of the complete formula or any other data in
28 support of the registration for any pesticide. The complete formula and any
29 other trade secrets submitted to support the registration application shall be
30 considered as confidential. If it appears to the secretary, or an authorized
31 representative of the secretary, that the composition of the product is such
32 as to warrant the proposed claims for the product and if the product and its
33 labeling and other material required to be submitted comply with the
34 requirements of this act, the secretary shall register the product.

35 (g) If it does not appear to the secretary, or an authorized
36 representative of the secretary, that the product is such as to warrant the
37 proposed claims for it or if the product and its labeling and other material
38 required to be submitted do not comply with the provisions of this act, the
39 secretary shall notify the registrant of the manner in which the product,
40 labeling, or other material required to be submitted fail to comply with the
41 act and rules and regulations adopted pursuant thereto so as to afford the
42 registrant an opportunity to make the necessary corrections. If, upon
43 receipt of such notice, the registrant does not make the required changes

1 within 30 days, the secretary may deny registration of the product. In
2 addition, the secretary may deny registration of a product if the application
3 for registration fails to comply with this act or any rule or regulation
4 adopted pursuant thereto. If the secretary denies a registration, the
5 registrant may request a hearing in accordance with the provisions of the
6 Kansas administrative procedure act.

7 (h) Any pesticide registration canceled or suspended under the
8 provisions of FIFRA shall be considered to be canceled or suspended
9 under provisions of the agricultural chemical act of 1947, unless such
10 cancellation is due to the nonpayment of registration fees required under
11 FIFRA.

12 (i) If the secretary determines that a registered product fails to meet
13 the claims made on its label, the secretary may suspend or revoke the
14 product registration after a hearing in accordance with the provisions of
15 the Kansas administrative procedure act. In addition, if the secretary
16 determines that a registered product or its labeling fails to comply with this
17 act, or a rule or regulation adopted pursuant to this act, the secretary may
18 suspend or revoke the product registration after a hearing in accordance
19 with the provisions of the Kansas administrative procedure act.

20 (j) In order to protect the public, the secretary, or a duly authorized
21 representative of the secretary, on the secretary's own motion, may at any
22 time, after written notice to the registrant, suspend or revoke the
23 registration of an agricultural chemical. Any person so notified shall be
24 given an opportunity for a hearing in accordance with the provisions of the
25 Kansas administrative procedure act with regard to the secretary's
26 contemplated action, before any registration is suspended or revoked.

27 (k) Notwithstanding any other provisions of this act, registration is
28 not required in the case of an agricultural chemical shipped from one plant
29 within this state to another plant within this state operated by the same
30 person.

31 (l) Any information required to be filed pursuant to this section, may
32 be filed electronically pursuant to rules and regulations promulgated by the
33 secretary.

34 Sec. 8. K.S.A. 2012 Supp. 65-163 is hereby amended to read as
35 follows: 65-163. (a) (1) No person shall operate a public water supply
36 system within the state without a public water supply system permit from
37 the secretary. An application for a public water supply system permit shall
38 be submitted for review and approval prior to construction and shall
39 include: (A) A copy of the plans and specifications for the construction of
40 the public water supply system or the extension thereof; (B) a description
41 of the source from which the water supply is to be derived; (C) the
42 proposed manner of storage, purification or treatment for the supply; and
43 (D) such other data and information as required by the secretary of health

1 and environment. No source of water supply in substitution for or in
2 addition to the source described in the application or in any subsequent
3 application for which a public water supply system permit is issued shall
4 be used by a public water supply system, nor shall any change be made in
5 the manner of storage, purification or treatment of the water supply
6 without an additional public water supply system permit obtained in a
7 manner similar to that prescribed by this section from the secretary.

8 (2) Whenever application is made to the secretary for a public water
9 supply system permit under the provisions of this section, it shall be the
10 duty of the secretary to examine the application without delay and, as soon
11 as possible thereafter, to grant or deny the public water supply system
12 permit subject to any conditions which may be imposed by the secretary to
13 protect the public health and welfare.

14 (3) The secretary may adopt rules and regulations establishing a
15 program of annual certification by public water supply systems that have
16 staff qualified to approve the extension of distribution systems without the
17 necessity of securing an additional permit for the extension provided the
18 plans for the extension are prepared by a professional engineer as defined
19 by K.S.A. 74-7003, and amendments thereto.

20 (b) (1) Whenever a complaint is made to the secretary by any city of
21 the state, by a local health officer, or by a county or joint board of health
22 concerning the sanitary quality of any water supplied to the public within
23 the county in which the city, local health officer or county or joint board of
24 health is located, the secretary shall investigate the public water supply
25 system about which the complaint is made. Whenever the secretary has
26 reason to believe that a public water supply system within the state is
27 being operated in violation of an applicable state law or an applicable rule
28 and regulation of the secretary, the secretary may investigate the public
29 water supply system.

30 (2) Whenever an investigation of any public water supply system is
31 undertaken by the secretary, it shall be the duty of the supplier of water
32 under investigation to furnish to the secretary information to determine the
33 sanitary quality of the water supplied to the public and to determine
34 compliance with applicable state laws and rules and regulations. The
35 secretary may issue an order requiring changes in the source or sources of
36 the public water supply system or in the manner of storage, purification or
37 treatment utilized by the public water supply system before delivery to
38 consumers, or distribution facilities, collectively or individually, as may in
39 the secretary's judgment be necessary to safeguard the sanitary quality of
40 the water and bring about compliance with applicable state law and rules
41 and regulations. The supplier of water shall comply with the order of the
42 secretary.

43 (c) (1) As used in this subsection (c), "municipal water treatment

1 residues" means any solid, semisolid or liquid residue generated during the
2 treatment of water in a public water supply system treatment works.

3 (2) A public water supply system may place or store municipal water
4 treatment residues resulting from sedimentation, coagulation or softening
5 treatment processes in basins on land under the ownership and control of
6 the public water supply system operator provided that such storage or
7 placement is approved and permitted by the secretary under this section as
8 part of the public water supply system.

9 (3) The secretary shall adopt uniform and comprehensive rules and
10 regulations for the location, design and operation of such basins. Such
11 rules and regulations shall require permit applications by the public water
12 suppliers for such basins to include a copy of the plans and specifications
13 for the location and construction of each basin, the means of conveyance
14 of the treatment residues to such basins, the content of treatment residues,
15 the proposed method of basin operation and closure, the method of any
16 anticipated expansion and any other data and information required by the
17 secretary.

18 (4) Whenever complaint is made to the secretary by the mayor of any
19 city of the state, by a local health officer or by a county or joint board of
20 health, or whenever an investigation is undertaken at the initiative of the
21 secretary, relating to any alleged violation of the provisions of the permit
22 for placement or storage of municipal water treatment residues in such
23 basins, the public water supply system operator shall furnish all
24 information the secretary requires. If the secretary finds that there is any
25 violation of the terms of the permit, that the means of placement and
26 storage exceed the terms of the permit or that any other condition exists by
27 reason of the means of placement and storage that may be detrimental to
28 the health of any inhabitants of the state or to the environment, the
29 secretary shall have the authority to issue an order amending the permit or
30 otherwise requiring the operator to perform remedial measures to curtail or
31 prevent such detrimental conditions.

32 (d) Orders of the secretary under this section, and hearings thereon,
33 shall be subject to the provisions of the Kansas administrative procedure
34 act. Any action of the secretary pursuant to this section is subject to review
35 in accordance with the Kansas judicial review act. The court on review
36 shall hear the case without delay.

37 (e) The secretary shall establish by rule and regulation a system of
38 fees for the inspection and regulation of public water supplies. No such fee
39 shall exceed \$.002 per 1,000 gallons of water sold at retail by a public
40 water supply system. All such fees shall be paid quarterly ~~in the manner~~
41 ~~provided for fees imposed on retail sales by public water supply systems~~
42 ~~pursuant to K.S.A. 82a-954, and amendments thereto~~ *and the secretary of*
43 *health and environment shall promulgate rules and regulations for the*

1 *payment of such fees.*

2 (f) *The director of taxation shall administer, enforce and collect the*
3 *fees imposed by this section. All laws and rules and regulations imposed*
4 *by the secretary of revenue relating to the administration, enforcement and*
5 *collection of the retailers' sales tax shall apply to such fee insofar as they*
6 *can be made applicable, and the secretary shall adopt such additional*
7 *rules and regulations as necessary for the efficient and effective*
8 *administration, enforcement and collection thereof.* The secretary shall
9 remit all moneys collected for such fees to the state treasurer in accordance
10 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
11 receipt of each such remittance, the state treasurer shall deposit the entire
12 amount in the state treasury to the credit of the public water supply fee
13 fund created by K.S.A. 65-163c, and amendments thereto.

14 (f) (g) There is hereby created an advisory committee to make
15 recommendations regarding: (1) Fees to be adopted by the secretary under
16 subsection (e); (2) means of strengthening on-site technical assistance to
17 public water supply systems; (3) standards for on-site and classroom water
18 treatment operator certification programs; (4) other matters concerning
19 public water supplies; and (5) to advise the secretary regarding
20 expenditure of moneys in the public water supply fee fund created by
21 K.S.A. 65-163c, and amendments thereto. Such advisory committee shall
22 consist of one member appointed by the secretary to represent the
23 department of health and environment, one member appointed by the
24 director of the Kansas water office to represent such office and two
25 members appointed by the secretary as follows: One from three
26 nominations submitted by the Kansas section of the American waterworks
27 association, and one from three nominations submitted by the Kansas rural
28 water association. Members of the advisory committee shall serve without
29 compensation or reimbursement of expenses. The advisory committee
30 shall meet at least four times each year on call of the secretary or a
31 majority of the members of the committee.

32 Sec. 9. K.S.A. 70a-105 is hereby amended to read as follows: 70a-
33 105. (a) The proceeds derived from the sale of any state property under the
34 provisions of article 1 of chapter 70a of Kansas Statutes Annotated, *and*
35 *amendments thereto*, shall be paid to the state treasurer by the director of
36 taxation. The state treasurer shall deposit the entire amount in the state
37 treasury and credit it to the sand royalty fund which is hereby created. At
38 the end of each fiscal year, the amounts payable to the drainage districts
39 and counties from the proceeds derived from sand taken from the bed of
40 any navigable stream shall be paid from the sand royalty fund to drainage
41 districts and counties as provided by K.S.A. 82a-309, and amendments
42 thereto.

43 (b) All necessary and reasonable expenses incurred by the director of

1 taxation in carrying out the provisions of this act shall be paid from the
2 sand royalty fund. ~~On or before the 15th day of each month, the director of~~
3 ~~accounts and reports shall transfer moneys in the sand royalty fund to the~~
4 ~~state water plan fund created by K.S.A. 82a-951 and amendments thereto~~
5 ~~in an amount certified monthly by the director of taxation as equal to the~~
6 ~~moneys in the sand royalty fund at the end of the preceding month in~~
7 ~~excess of those needed for: (1) Payment of such expenses incurred by the~~
8 ~~director of taxation; and (2) annual payments to drainage districts and~~
9 ~~counties as provided by K.S.A. 82a-309 and amendments thereto.~~

10 Sec. 10. K.S.A. 2012 Supp. 75-5133 is hereby amended to read as
11 follows: 75-5133. (a) Except as otherwise more specifically provided by
12 law, all information received by the secretary of revenue, the director of
13 taxation or the director of alcoholic beverage control from returns, reports,
14 license applications or registration documents made or filed under the
15 provisions of any law imposing any sales, use or other excise tax
16 administered by the secretary of revenue, the director of taxation, or the
17 director of alcoholic beverage control, or from any investigation conducted
18 under such provisions, shall be confidential, and it shall be unlawful for
19 any officer or employee of the department of revenue to divulge any such
20 information except in accordance with other provisions of law respecting
21 the enforcement and collection of such tax, in accordance with proper
22 judicial order or as provided in K.S.A. 74-2424, and amendments thereto.

23 (b) The secretary of revenue or the secretary's designee may:

24 (1) Publish statistics, so classified as to prevent identification of
25 particular reports or returns and the items thereof;

26 (2) allow the inspection of returns by the attorney general or the
27 attorney general's designee;

28 (3) provide the post auditor access to all such excise tax reports or
29 returns in accordance with and subject to the provisions of subsection (g)
30 of K.S.A. 46-1106, and amendments thereto;

31 (4) disclose taxpayer information from excise tax returns to persons
32 or entities contracting with the secretary of revenue where the secretary
33 has determined disclosure of such information is essential for completion
34 of the contract and has taken appropriate steps to preserve confidentiality;

35 (5) provide information from returns and reports filed under article 42
36 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto,
37 to county appraisers as is necessary to insure proper valuations of property.
38 Information from such returns and reports may also be exchanged with any
39 other state agency administering and collecting conservation or other taxes
40 and fees imposed on or measured by mineral production;

41 (6) provide, upon request by a city or county clerk or treasurer or
42 finance officer of any city or county receiving distributions from a local
43 excise tax, monthly reports identifying each retailer doing business in such

1 city or county or making taxable sales sourced to such city or county,
2 setting forth the tax liability and the amount of such tax remitted by each
3 retailer during the preceding month, and identifying each business location
4 maintained by the retailer and such retailer's sales or use tax registration or
5 account number;

6 (7) provide information from returns and applications for registration
7 filed pursuant to K.S.A. 12-187, and amendments thereto, and K.S.A. 79-
8 3601, and amendments thereto, to a city or county treasurer or clerk or
9 finance officer to explain the basis of statistics contained in reports
10 provided by subsection (b)(6);

11 (8) disclose the following oil and gas production statistics received by
12 the department of revenue in accordance with K.S.A. 79-4216 et seq., and
13 amendments thereto: Volumes of production by well name, well number,
14 operator's name and identification number assigned by the state
15 corporation commission, lease name, leasehold property description,
16 county of production or zone of production, name of purchaser and
17 purchaser's tax identification number assigned by the department of
18 revenue, name of transporter, field code number or lease code, tax period,
19 exempt production volumes by well name or lease, or any combination of
20 this information;

21 (9) release or publish liquor brand registration information provided
22 by suppliers, farm wineries, *microdistilleries* and microbreweries in
23 accordance with the liquor control act. The information to be released is
24 limited to: Item number, universal numeric code, type status, product
25 description, alcohol percentage, selling units, unit size, unit of
26 measurement, supplier number, supplier name, distributor number and
27 distributor name;

28 (10) release or publish liquor license information provided by liquor
29 licensees, distributors, suppliers, farm wineries, *microdistilleries* and
30 microbreweries in accordance with the liquor control act. The information
31 to be released is limited to: County name, owner, business name, address,
32 license type, license number, license expiration date and the process agent
33 contact information;

34 (11) release or publish cigarette and tobacco license information
35 obtained from cigarette and tobacco licensees in accordance with the
36 Kansas cigarette and tobacco products act. The information to be released
37 is limited to: County name, owner, business name, address, license type
38 and license number;

39 (12) provide environmental surcharge or solvent fee, or both,
40 information from returns and applications for registration filed pursuant to
41 K.S.A. 65-34,150 and 65-34,151, and amendments thereto, to the secretary
42 of health and environment or the secretary's designee for the sole purpose
43 of ensuring that retailers collect the environmental surcharge tax or solvent

1 fee, or both;

2 ~~(13) provide water protection fee information from returns and~~
3 ~~applications for registration filed pursuant to K.S.A. 82a-954, and~~
4 ~~amendments thereto, to the secretary of the state board of agriculture or the~~
5 ~~secretary's designee and the secretary of the Kansas water office or the~~
6 ~~secretary's designee for the sole purpose of verifying revenues deposited to~~
7 ~~the state water plan fund;~~

8 ~~(14)~~ provide to the secretary of commerce copies of applications for
9 project exemption certificates sought by any taxpayer under the enterprise
10 zone sales tax exemption pursuant to subsection (cc) of K.S.A. 79-3606,
11 and amendments thereto;

12 ~~(15)~~ *(14)* disclose information received pursuant to the Kansas
13 cigarette and tobacco act and subject to the confidentiality provisions of
14 this act to any criminal justice agency, as defined in subsection (c) of
15 K.S.A. 22-4701, and amendments thereto, or to any law enforcement
16 officer, as defined in K.S.A. 2012 Supp. 21-5111, and amendments thereto,
17 on behalf of a criminal justice agency, when requested in writing in
18 conjunction with a pending investigation;

19 ~~(16)~~ *(15)* provide to retailers tax exemption information for the sole
20 purpose of verifying the authenticity of tax exemption numbers issued by
21 the department;

22 ~~(17)~~ *(16)* provide information concerning remittance by sellers, as
23 defined in K.S.A. 2012 Supp. 12-5363, and amendments thereto, of
24 prepaid wireless 911 fees from returns to the local collection point
25 administrator, as defined in K.S.A. 2012 Supp. 12-5363, and amendments
26 thereto, for purposes of verifying seller compliance with collection and
27 remittance of such fees; and

28 ~~(18)~~ *(17)* release or publish charitable gaming information obtained in
29 bingo licensee and registration applications and renewals in accordance
30 with the bingo act, K.S.A. 79-4701 et seq., and amendments thereto. The
31 information to be released is limited to: The name, address, phone number,
32 license or registration number and email address of the organization,
33 distributor or lessor of premises.

34 (c) Any person receiving any information under the provisions of
35 subsection (b) shall be subject to the confidentiality provisions of
36 subsection (a) and to the penalty provisions of subsection (d).

37 (d) Any violation of this section shall be a class A, nonperson
38 misdemeanor, and if the offender is an officer or employee of this state,
39 such officer or employee shall be dismissed from office. Reports of
40 violations of this paragraph shall be investigated by the attorney general.
41 The district attorney or county attorney and the attorney general shall have
42 authority to prosecute any violation of this section if the offender is a city
43 or county clerk or treasurer or finance officer of a city or county.

1 Sec. 11. K.S.A. 2012 Supp. 79-4804 is hereby amended to read as
2 follows: 79-4804. (a) After the transfer of moneys pursuant to K.S.A. 2012
3 Supp. 79-4806, and amendments thereto, an amount equal to 85% of the
4 balance of all moneys credited to the state gaming revenues fund shall be
5 transferred and credited to the state economic development initiatives
6 fund. Expenditures from the state economic development initiatives fund
7 shall be made in accordance with appropriations acts for the financing of
8 such programs supporting and enhancing the existing economic foundation
9 of the state and fostering growth through the expansion of current, and the
10 establishment and attraction of new, commercial and industrial enterprises
11 as provided by this section and as may be authorized by law and not less
12 than $\frac{1}{2}$ of such money shall be distributed equally among the
13 congressional districts of the state. Except as provided by subsection (g),
14 all moneys credited to the state economic development initiatives fund
15 shall be credited within the fund, as provided by law, to an account or
16 accounts of the fund which are created by this section.

17 (b) There is hereby created the Kansas capital formation account in
18 the state economic development initiatives fund. All moneys credited to
19 the Kansas capital formation account shall be used to provide, encourage
20 and implement capital development and formation in Kansas.

21 (c) There is hereby created the Kansas economic development
22 research and development account in the state economic development
23 initiatives fund. All moneys credited to the Kansas economic development
24 research and development account shall be used to promote, encourage
25 and implement research and development programs and activities in
26 Kansas and technical assistance funded through state educational
27 institutions under the supervision and control of the state board of regents
28 or other Kansas colleges and universities.

29 (d) There is hereby created the Kansas economic development
30 endowment account in the state economic development initiatives fund.
31 All moneys credited to the Kansas economic development endowment
32 account shall be accumulated and invested as provided in this section to
33 provide an ongoing source of funds which shall be used for economic
34 development activities in Kansas, including but not limited to continuing
35 appropriations or demand transfers for programs and projects which shall
36 include, but are not limited to, specific community infrastructure projects
37 in Kansas that stimulate economic growth.

38 (e) Except as provided in subsection (f), the director of investments
39 may invest and reinvest moneys credited to the state economic
40 development initiatives fund in accordance with investment policies
41 established by the pooled money investment board under K.S.A. 75-4232,
42 and amendments thereto, in the pooled money investment portfolio. All
43 moneys received as interest earned by the investment of the moneys

1 credited to the state economic development initiatives fund shall be
2 deposited in the state treasury and credited to the Kansas economic
3 development endowment account of such fund.

4 (f) Moneys credited to the Kansas economic development
5 endowment account of the state economic development initiatives fund
6 may be invested in government guaranteed loans and debentures as
7 provided by law in addition to the investments authorized by subsection
8 (e) or in lieu of such investments. All moneys received as interest earned
9 by the investment under this subsection of the moneys credited to the
10 Kansas economic development endowment account shall be deposited in
11 the state treasury and credited to the Kansas economic development
12 endowment account of the state economic development initiatives fund.

13 ~~(g) In each fiscal year, the director of accounts and reports shall make~~
14 ~~transfers in equal amounts on July 15 and January 15 which in the~~
15 ~~aggregate equal \$2,000,000 from the state economic development~~
16 ~~initiatives fund to the state water plan fund created by K.S.A. 82a-951, and~~
17 ~~amendments thereto, except that the aggregate amount of the transfers on~~
18 ~~such dates during state fiscal year 2004 shall not exceed \$1,900,000. No~~
19 ~~other moneys credited to the state economic development initiatives fund~~
20 ~~shall be used for: (1) Water-related projects or programs, or related~~
21 ~~technical assistance; or (2) any other projects or programs, or related~~
22 ~~technical assistance, which meet one or more of the long-range goals,~~
23 ~~objectives and considerations set forth in the state water resource planning~~
24 ~~act.~~

25 Sec. 12. K.S.A. 2012 Supp. 82a-734 is hereby amended to read as
26 follows: 82a-734. (a) An operator shall notify the chief engineer of the
27 location and area extent of any existing or proposed sand and gravel pit to
28 be excavated, expanded or operated by the operator.

29 (b) The net evaporation of water exposed as the result of the opening
30 or operation of sand and gravel pits shall be construed to be a beneficial
31 use or diversion of water for the purposes of the Kansas water
32 appropriation act, K.S.A. 82a-701 et seq., and amendments thereto, if the
33 sand and gravel pit is opened or operated in a township where the average
34 annual potential net evaporation is greater than 18 inches per year, as
35 determined by the chief engineer.

36 (c) If the chief engineer determines that an existing or proposed sand
37 and gravel pit operation is a beneficial use of water, the operator shall
38 apply to the chief engineer for a permit to appropriate water in accordance
39 with the Kansas water appropriation act or otherwise acquire ownership or
40 control of sufficient water rights, or by other methods pursuant to rules and
41 regulations adopted by the chief engineer, or both, to offset net evaporation
42 for the operation. The chief engineer may reduce this required offset based
43 on the estimated use of groundwater by the existing vegetation.

1 (d) (1) The permit shall authorize net evaporation as the primary use,
2 and hydraulic dredging and sand washing as secondary uses of water if
3 such secondary uses are located within the same source of supply and are
4 associated with the operation. Any secondary uses shall use water in a
5 manner in which there is no significant net consumptive use. The permit
6 shall not be subject to the installation of a water flow meter or
7 administration of minimum desirable stream flow.

8 (2) The secondary uses shall be granted for the proposed life of the
9 project or until the exhaustion of sand and gravel reserves. At the end of
10 the industrial project, the owner shall file an application authorized by
11 K.S.A. 82a-708b, and amendments thereto, to change the primary use
12 made of water to recreational use to authorize the net evaporation use
13 caused by the exposed groundwater.

14 (3) If a permit is denied, the chief engineer shall set forth all reasons
15 for such denial.

16 (4) Any applicant who is denied a project permit by a final order of
17 the chief engineer under this section may appeal such order in the manner
18 provided by the Kansas judicial review act.

19 (5) Any application for a project permit shall be accompanied by a
20 filing fee of \$500 and any request for modification shall be accompanied
21 by a fee of \$250. Applicants for a project permit under this section shall
22 not be required to pay fees pursuant to K.S.A. 82a-708a and 82a-708c, and
23 amendments thereto, as part of such application.

24 (e) (1) The initial period of time allowed to complete construction of
25 diversion works pursuant to an approved application to appropriate water
26 for the purpose of net evaporation from a sand and gravel pit operation
27 shall be reasonable and consistent with the proposed use. The chief
28 engineer may allow extension of such period by not to exceed two 10-year
29 extensions if it can be shown that the operation requires the additional time
30 for the operator to satisfy the operator's market demand in the area. The
31 two 10-year extensions may be granted at the same time, to run
32 consecutively, if the applicant submits to the chief engineer a written
33 development plan.

34 (2) The period of time allowed to perfect an approved application to
35 appropriate water for the purpose of net evaporation from a sand and
36 gravel pit operation shall be not less than 20 years and, for good cause
37 shown, the chief engineer may allow one or more 10-year extensions of
38 such period. The chief engineer shall consider the time needed until
39 exhaustion of proven reserves, closure in accordance with the surface land
40 reclamation and mining act, K.S.A. 49-601 et seq., and amendments
41 thereto, and the availability of water for the proposed use, but in no case
42 shall allow longer than 80 years for perfection.

43 (3) Nothing herein shall require an extension of time to construct

1 diversion works or to perfect a water right if there is demonstrable
2 impairment of a use under an existing water right from the same source of
3 supply, as determined pursuant to K.S.A. 82a-711, and amendments
4 thereto.

5 (4) Upon examination of the diversion works for sand and gravel
6 operations, the chief engineer or the chief engineer's duly authorized
7 representative shall, within 90 days of the examination, notify the
8 applicant if there was a failure to construct the diversion works at the
9 authorized location or any deficiency of the terms and conditions of the
10 permit. This notice will provide steps necessary to gain compliance with
11 state law. If the chief engineer fails to examine the diversion works within
12 two years of the notice of completion for any sand and gravel operation
13 diversion works, the applicant shall not be required to forfeit priority date
14 as a result of failure to construct a diversion works at the authorized
15 location or any deficiency of the terms and conditions of the permit.

16 ~~(f) Net evaporation from sand and gravel pits, as calculated by the~~
17 ~~chief engineer, will be reported as an industrial use to the director of~~
18 ~~taxation for the purpose of assessing the water protection fee pursuant to~~
19 ~~K.S.A. 82a-954, and amendments thereto.~~

20 ~~(g)~~ This section shall be part of and supplemental to the Kansas water
21 appropriations act.

22 Sec. 13. K.S.A. 2012 Supp. 82a-1801 is hereby amended to read as
23 follows: 82a-1801. (a) All moneys recovered by the state of Kansas from
24 the states of Colorado or Nebraska to resolve disputes arising under the
25 Arkansas river compact or the Republican river compact shall be deposited
26 in the state treasury and credited as follows:

27 (1) All moneys received from the state of Colorado in any litigation
28 arising under the Arkansas river compact shall be remitted to the state
29 treasurer in accordance with the provisions of K.S.A. 75-4215, and
30 amendments thereto. Upon receipt of such remittance, the state treasurer
31 shall credit:

32 (A) To the interstate water litigation fund, the amount equal to the
33 total of 5% of the aggregate moneys received from the state of Colorado in
34 such litigation plus the amount equal to the aggregate of any expenses
35 incurred by the state, which are attributable to the deposit from any such
36 litigation arising under the Arkansas river compact; *and*

37 ~~(B) one-third of all moneys remaining recovered from the state of~~
38 ~~Colorado in such litigation to the state water plan fund for use for water~~
39 ~~conservation projects, with priority given to conservation projects that~~
40 ~~directly enhance the ability of the state of Kansas to remain in compliance~~
41 ~~with the Arkansas river compact; and~~

42 ~~(C) two-thirds of all moneys remaining recovered from the state of~~
43 ~~Colorado in such litigation to the Arkansas river water conservation~~

1 projects fund.

2 (2) All moneys received from the state of Nebraska in any litigation
3 arising under the Republican river compact shall be remitted to the state
4 treasurer in accordance with the provisions of K.S.A. 75-4215, and
5 amendments thereto. Upon receipt of such remittance, the state treasurer
6 shall credit:

7 (A) To the interstate water litigation fund, the amount equal to the
8 total of 5% of the aggregate moneys received from the state of Nebraska in
9 such litigation plus an amount equal to the aggregate of any expenses
10 incurred by the state, which are attributable to the deposit from any such
11 litigation arising under the Republican river compact; *and*

12 ~~(B) one-third of all moneys remaining recovered from the state of~~
13 ~~Nebraska in such litigation to the state water plan fund for use for water~~
14 ~~conservation projects, with priority given to conservation projects that~~
15 ~~directly enhance the ability of the state of Kansas to remain in compliance~~
16 ~~with the Republican river compact; and~~

17 ~~(C) two-thirds of all moneys remaining recovered from the state of~~
18 ~~Nebraska in such litigation to the Republican river water conservation~~
19 ~~projects — Nebraska moneys fund.~~

20 (3) All moneys received from the state of Colorado in any litigation
21 arising under the Republican river compact shall be remitted to the state
22 treasurer in accordance with the provisions of K.S.A. 75-4215, and
23 amendments thereto. Upon receipt of such remittance, the state treasurer
24 shall credit:

25 (A) To the interstate water litigation fund, the amount equal to the
26 total of 5% of the aggregate moneys received from the state of Colorado in
27 such litigation plus an amount equal to the aggregate of any expenses
28 incurred by the state, which are attributable to the deposit from any such
29 litigation arising under the Republican river compact; *and*

30 ~~(B) one-third of all moneys remaining recovered from the state of~~
31 ~~Colorado in such litigation to the state water plan fund for use for water~~
32 ~~conservation projects, with priority given to conservation projects that~~
33 ~~directly enhance the ability of the state of Kansas to remain in complianee~~
34 ~~with the Republican river compact; and~~

35 ~~(C) two-thirds of all moneys remaining recovered from the state of~~
36 ~~Colorado in such litigation to the Republican river water conservation~~
37 ~~projects — Colorado moneys fund.~~

38 (b) The attorney general shall certify to the director of accounts and
39 reports any expenses incurred by the state in any litigation brought by the
40 state of Kansas against the states of Colorado or Nebraska to resolve
41 disputes arising under the Arkansas river compact or the Republican river
42 compact and in preparation for such litigation.

43 Sec. 14. K.S.A. 2012 Supp. 82a-2101 is hereby amended to read as

1 follows: 82a-2101. (a) On and after January 1, 2002, there is hereby
2 imposed a clean drinking water fee at the rate of \$.03 per 1,000 gallons of
3 water sold at retail by a public water supply system and delivered through
4 mains, lines or pipes. ~~Such fee shall be paid, administered, enforced and~~
5 ~~collected in the manner provided for the fee imposed by subsection (a)(1)~~
6 ~~of K.S.A. 82a-954, and amendments thereto~~ *The director of the Kansas*
7 *water office shall promulgate rules and regulations for the administration,*
8 *enforcement and collection of such fee.* The price to the consumer of water
9 sold at retail by any such system shall not include the amount of such fee.

10 (b) (1) A public water supply system may elect to opt out of the fee
11 imposed by this section by notifying, before October 1, 2001, the Kansas
12 water office and the department of revenue of the election to opt out.
13 Except as provided by subsection (b)(2), such election shall be irrevocable.
14 Such public water supply system shall continue to pay all applicable sales
15 tax on direct and indirect purchases of tangible personal property and
16 services purchased by such system.

17 (2) On and after January 1, 2005, any public water supply system
18 which elected to opt out of the fee imposed by subsection (a) may elect to
19 collect such fee as provided by subsection (a) and direct and indirect
20 purchases of tangible personal property and services by such system shall
21 be exempt from sales tax as provided by K.S.A. 79-3606, and amendments
22 thereto. Such election shall be irrevocable.

23 (c) *The director of taxation shall administer, enforce and collect the*
24 *fees imposed by this section. All laws and rules and regulations of the*
25 *secretary relating to the administration, enforcement and collection of the*
26 *retailers' sales tax shall apply to such fee insofar as they can be made*
27 *applicable, and the secretary shall adopt such additional rules and*
28 *regulations as necessary for the efficient and effective administration,*
29 *enforcement and collection thereof.*

30 (d) The director of taxation shall remit to the state treasurer in
31 accordance with the provisions of K.S.A. 75-4215, and amendments
32 thereto, all moneys received or collected from the fee imposed pursuant to
33 this section. Upon receipt thereof, the state treasurer shall deposit the
34 entire amount in the state treasury and credit it as follows:

35 (1) ~~⁵/₁₀₆ of such amount shall be credited to the state highway fund~~
36 ~~and the remainder to the state general fund; and~~

37 (2) ~~on and after July 1, 2007, ⁵/₁₀₆ of such amount shall be credited to~~
38 ~~the state highway fund and the remaining amount shall be credited to the~~
39 ~~state water plan fund created by K.S.A. 82a-951, and amendments thereto,~~
40 ~~for use as follows: (A) Not less than 15% shall be used to provide on-site~~
41 ~~technical assistance for public water supply systems, as defined in K.S.A.~~
42 ~~65-162a, and amendments thereto, to aid such systems in conforming to~~
43 ~~responsible management practices and complying with regulations of the~~

1 ~~United States environmental protection agency and rules and regulations~~
2 ~~of the department of health and environment; and (B) the remainder shall~~
3 ~~be used to renovate and protect lakes which are used directly as a source of~~
4 ~~water for such public water supply systems, so long as where appropriate,~~
5 ~~watershed restoration and protection practices are planned or in place.~~

6 ~~(d) The Kansas department of agriculture division of conservation~~
7 ~~shall promulgate rules and regulations in coordination with the Kansas~~
8 ~~water office establishing the project application evaluation criteria for the~~
9 ~~use of such moneys under subsection (e)(2)(B).~~

10 Sec. 15. K.S.A. 82a-1305 is hereby amended to read as follows: 82a-
11 1305. (a) Whenever the authority finds that a proposed withdrawal and use
12 of water, other than surplus waters, is in the interest of the people of the
13 state of Kansas and will advance the purposes set forth in article 9 of
14 chapter 82a of Kansas Statutes Annotated, and amendments thereto, it
15 shall authorize the director to enter into negotiations for the purpose of
16 entering into written contracts with any person for withdrawal and use
17 within or without the state of waters from conservation storage water
18 supply capacity committed to the state. Every such contract shall comply
19 with the provisions of this act. Except as provided in the water assurance
20 program act, the director shall not contract for withdrawals of water from a
21 particular reservoir which in the director's opinion are in excess of the
22 yield capability from the conservation storage water supply capacity in
23 such reservoir committed to the state computed to provide water through a
24 drought having a 2% chance of occurrence in any one year with the
25 reservoir in operation. All contracts under this section shall have terms of
26 not less than 10 years unless desired by the applicant. Whenever a contract
27 expires the director shall give the persons with whom the director
28 contracted therein, the opportunity to first refuse any new offering of the
29 water before offering the same to applicants under the provisions of K.S.A.
30 82a-1310a, and amendments thereto.

31 (b) Whenever the authority finds that it is in the public's interest and
32 will advance the purposes set forth in this act and in article 9 of chapter
33 82a of Kansas Statutes Annotated, and amendments thereto, the authority
34 shall authorize the director to dispose of waters found by the authority to
35 be surplus waters. Any arrangement for the disposition of any such surplus
36 waters shall not be subject to the provisions of K.S.A. 82a-1306, 82a-1307
37 and 82a-1308a, and amendments thereto, relating to long-term contracts.
38 No such arrangement shall be made for a period of time in excess of one
39 year nor shall any such arrangement dispose of water from the
40 conservation water supply capacity in excess of 10% of the yield
41 capability as computed pursuant to subsection (a) unless the governor has
42 declared that an emergency exists which affects the public health, safety or
43 welfare. No charges shall be levied on the disposition of surplus waters

1 when the purpose for such disposition is streamflow maintenance or
2 reservoir pool management. A charge at a rate not to exceed the rate
3 established pursuant to K.S.A. 82a-1306(a), and amendments thereto, shall
4 be levied on the disposition of surplus waters when the purpose of such
5 disposition is the maintenance of public health. A charge at a rate that may
6 exceed the rate established pursuant to K.S.A. 82a-1306(a), and
7 amendments thereto, shall be levied on the disposition of surplus waters
8 when the purpose for such disposition is other than streamflow
9 maintenance, reservoir pool management or maintenance of public health.

10 Sec. 16. K.S.A. 2012 Supp. 82a-1306 is hereby amended to read as
11 follows: 82a-1306. (a) Every contract ~~made under authority of~~ *entered into*
12 *under K.S.A. 82a-1305, and amendments thereto, prior to July 1, 2013:*

13 (1) Shall include the following:

14 ~~(+)~~ (A) Provision for charges, which shall be set by the director,
15 subject to approval by the authority, at a rate which the director shall fix
16 per 1,000 gallons of water at the point of withdrawal from the reservoir as
17 provided in K.S.A. 82a-1308a, and amendments thereto;

18 ~~(2)~~ (B) except as provided in subsection (b), provisions for a
19 minimum annual charge to be paid in either an annual lump sum or in 12
20 equal monthly installments, whether or not water is withdrawn during the
21 calendar year. The minimum annual charge shall be the sum of 50% of the
22 total amount of water contracted for that year multiplied by the rate fixed
23 under paragraph (1), plus, the remaining 50% of the water reserved under
24 contract for that year, an amount as interest computed at a rate per annum
25 equal to the average of the monthly net earnings rates for the pooled
26 money investment portfolio for the preceding calendar year on the net
27 amount of moneys advanced from state funds for costs incurred and
28 associated with that portion of the state's conservation water supply
29 capacity. The amount of water contracted for during the term may be
30 based upon either equal annual amounts or an agreed-upon graduated scale
31 which would be the best estimate at the time of contracting for the
32 purchaser's water needs during the term of the contract;

33 ~~(3)~~ (C) provisions that the director shall review and may adjust the
34 rate provided in paragraph (1)(A) on July 15 of each year effective January
35 1 of the following year to reflect any change in experience by substituting
36 the adjusted rate for the rate then stated in the contract;

37 ~~(4)~~ (D) provisions that the director may adjust the total amount of
38 water contracted for as provided under paragraph ~~(2)~~ (1)(B) on the sixth
39 anniversary of the execution of the contract and each annual anniversary
40 thereafter, if the contractor does not begin full payment for the water under
41 contract and another water user is ready, willing and able to contract for
42 such water;

43 ~~(5)~~ (E) provisions that water may be withdrawn in any calendar year

1 up to the quantity used to compute the minimum annual charge under
2 paragraph ~~(2)~~ (1)(B) without additional charge;

3 ~~(6)~~ (F) provisions that water may be withdrawn in any calendar year
4 in excess of the quantity used to compute the minimum annual charge
5 under paragraph ~~(2)~~ (1)(B) but not to exceed the full amount specified in
6 the contract for each year, upon payment of a charge therefor which shall
7 be computed at the rate fixed under paragraph (1)(A) for all water actually
8 withdrawn. In addition, an amount shall be paid, on the unused balance of
9 the water reserved under contract that calendar year, as interest computed
10 as a rate per annum equal to the average of interest earned the past
11 calendar year on repurchase agreements of less than 30 days' duration
12 entered into by the pooled money investment board on the net amount of
13 moneys advanced from state funds for costs incurred and associated with
14 that portion of the state's conservation water supply capacity;

15 ~~(7)~~ (G) provisions that if the total amount of waters contracted for
16 withdrawal from any reservoir in any year is greater than the supply
17 available from that reservoir, the director, subject to approval by the
18 authority, will apportion the available waters among the persons having
19 contracts ~~therefor~~ as may best provide for the health, safety and general
20 welfare of the people of this state as determined by the authority, ~~and~~.
21 Neither the state nor the authority shall be responsible or have any legal
22 liability for any insufficiency of water or apportionment thereof;

23 ~~(8)~~ (H) additional provisions that the director finds reasonable and
24 necessary to protect the public's interest and to achieve the purpose set
25 forth in article 9 of chapter 82a of Kansas Statutes Annotated, and
26 amendments thereto; and

27 ~~(9)~~ (I) additional provisions, within the purview of this act, that the
28 director finds reasonable and necessary to protect the health, safety and
29 general welfare of the people of this state; *and*

30 ~~(b) (2) Every contract entered into under the authority of K.S.A. 82a-~~
31 ~~1305, and amendments thereto, may provide, if the parties agree, that the~~
32 ~~beginning of the payment period be deferred until water is available and~~
33 ~~whenever, in order to use such water, bonds are required to be issued or the~~
34 ~~construction of transmission or treatment facilities is required as follows:~~
35 ~~If water is not available at the time of contracting, for a maximum of three~~
36 ~~years from the date the water first becomes available, or until actual use of~~
37 ~~the water commences, whichever occurs first. If water is available at the~~
38 ~~time of contracting, the beginning of the payment period may be deferred~~
39 ~~to a date three years from the date of the contract, or until actual use of the~~
40 ~~water commences, whichever occurs first.~~

41 *(b) On and after July 1, 2013, every contract entered into under*
42 *K.S.A. 82a-1305, and amendments thereto, or renegotiated under K.S.A.*
43 *82a-1316, and amendments thereto:*

1 (1) *Shall not include any provision for any rate or annual charges;*
2 *and*

3 (2) *shall include:*

4 (A) *Provisions that the director shall review and may adjust the total*
5 *amount of water contracted for on the sixth anniversary of the execution of*
6 *the contract and each annual anniversary thereafter if the contractor does*
7 *not begin full use of the water under contract and another water user is*
8 *ready, willing and able to contract for such water;*

9 (B) *provisions that if the total amount of waters contracted for*
10 *withdrawal from any reservoir in any year is greater than the supply*
11 *available from that reservoir, the director, subject to approval by the*
12 *authority, will apportion the available waters among the persons having*
13 *contracts as may best provide for the health, safety and general welfare of*
14 *the people of this state as determined by the authority. Neither the state*
15 *nor the authority shall be responsible or have any legal liability for any*
16 *insufficiency of water or apportionment thereof;*

17 (C) *additional provisions that the director finds reasonable and*
18 *necessary to protect the public's interest and to achieve the purpose set*
19 *forth in article 9 of chapter 82a of Kansas Statutes Annotated, and*
20 *amendments thereto; and*

21 (D) *additional provisions, within the purview of this act, that the*
22 *director finds reasonable and necessary to protect the health, safety and*
23 *general welfare of the people of this state.*

24 Sec. 17. K.S.A. 2012 Supp. 82a-1308a is hereby amended to read as
25 follows: 82a-1308a. *For contracts entered into under K.S.A. 82a-1305,*
26 *and amendments thereto, prior to July 1, 2013: (a) On July 15 of each*
27 *year, effective January 1 of the following year, the director, subject to the*
28 *approval of the authority, shall fix the rate provided for in subsection (a)*
29 *(1) of K.S.A. 82a-1306, and amendments thereto. The rate fixed shall be*
30 *equal to the sum of the following components computed as provided in*
31 *this section:*

32 (1) *An amount necessary to repay the amortized capital costs*
33 *associated with the state's conservation water supply capacity;*

34 (2) *an amount as interest computed at a rate per annum equal to the*
35 *average of the monthly net earnings rate of the pooled money investment*
36 *board for the preceding calendar year on the net amount of moneys*
37 *advanced from the state general fund for payment of the amortized capital*
38 *costs incurred and associated with the state's conservation water supply*
39 *capacity divided by the greater of: (A) Fifty percent of the total amount of*
40 *water under each contract from the state's conservation storage water*
41 *supply capacity in the preceding year; or (B) the total amount of water*
42 *withdrawn under each contract from the state's conservation storage water*
43 *supply capacity in the preceding year;*

1 (3) the amount necessary to reimburse the state for the administration
2 and enforcement of this act based on the actual costs of administration and
3 enforcement in the preceding year divided by the greater of: (A) Fifty
4 percent of the total amount of water under each contract from the state's
5 conservation storage water supply capacity in the preceding year; or (B)
6 the total amount of water withdrawn under each contract from the state's
7 conservation storage water supply capacity in the preceding year; ~~and~~

8 (4) the amount necessary to pay the operation, maintenance and
9 repair costs associated with the state's conservation water supply capacity
10 based on the estimated costs for the upcoming year divided by the greater
11 of: (A) Fifty percent of the total amount of water under each contract from
12 the state's conservation storage water supply capacity in the preceding
13 year; or (B) the total amount of water withdrawn under each contract from
14 the state's conservation storage water supply capacity in the preceding
15 year; and

16 (5) an amount as a depreciation reserve cost to be dedicated for the
17 purposes provided for in K.S.A. 82a-1315b, and amendments thereto, as
18 follows: (A) For calendar years prior to 2007, an amount equal to \$.025;
19 and (B) for calendar year 2007 and subsequent years, an amount which is
20 equal to the amount necessary to meet the needs of the water marketing
21 program capital development and storage maintenance plan, as approved
22 by the Kansas water authority; *and*

23 (b) ~~In computing such rates,~~ the director *computing such rates* shall
24 consider the state's conservation water supply capacity from all sources as
25 though impounded in one single reservoir. No water supply capacity of a
26 reservoir shall be considered to be in such capacity until the year in which
27 the state incurs contract obligations for the project. The rate so fixed for
28 each year shall be the same for each contract under K.S.A. 82a-1305, and
29 amendments thereto, for withdrawal from every reservoir. The rate fixed
30 for each twelve-month period from January 1 to December 31 shall be the
31 same for every contract under K.S.A. 82a-1305, and amendments thereto.

32 Sec. 18. K.S.A. 82a-1311a is hereby amended to read as follows: 82a-
33 1311a. (a) The date of receipt of each application submitted pursuant to
34 K.S.A. 82a-1310a, and amendments thereto, shall be stamped thereon and
35 authenticated as directed by the director. Applicants shall notify the
36 director in writing that they wish to commence negotiations for a contract
37 to withdraw and use water. Within 10 days after the completion of
38 negotiations for a contract to withdraw and use water, the director shall
39 transmit to the chairperson of the authority a copy of the proposed
40 contract.

41 (b) Upon request of the chairperson of the authority, the director shall
42 transmit all available information necessary to determine whether or not to
43 approve a contract to purchase water from the state's conservation water

1 supply capacity or to use surplus waters for minimum streamflow
2 requirements, unless an emergency exists.

3 (c) In order to determine whether a proposed contract for the ~~sale~~
4 *withdrawal and use* of water from the state's conservation water supply
5 capacity is in the interest of the people of the state of Kansas and whether
6 the benefits to the state for approving the contract outweigh the benefits to
7 the state for not approving the contract, the authority shall consider all
8 matters pertaining to such questions, including:

9 (1) The present and future water supply needs of the applicant;

10 (2) any current beneficial uses being made of the noncontracted water
11 proposed to be diverted;

12 (3) any reasonably foreseeable future beneficial uses of the water;

13 (4) the economic, environmental, public health and welfare and other
14 benefits or adverse impact of approving the contract;

15 (5) alternative sources of water available to the applicant;

16 (6) the preliminary plan of design, construction and operation of any
17 works or facilities used in conjunction with carrying the water to its point
18 of use;

19 (7) whether the proposed ~~purchase~~ *use* is consistent with the state
20 water plan approved by the legislature;

21 (8) the date of receipt of the application to contract for withdrawal
22 and use of water;

23 (9) minimum streamflow requirements; and

24 (10) whether the applicant has adopted and implemented a water
25 conservation plan.

26 (d) The authority may require an applicant for a contract for the ~~sale~~
27 *withdrawal and use* of water from the state's conservation water supply
28 capacity to adopt and implement conservation plans and practices. Such
29 plans and practices shall be consistent with the guidelines for conservation
30 plans and practices developed and maintained by the Kansas water office
31 pursuant to subsection (c) of K.S.A. 74-2608, and amendments thereto.
32 Prior to approval of an application, the director of the Kansas water office,
33 in consultation with the chief engineer, shall determine whether such plans
34 and practices are consistent with the guidelines adopted by the Kansas
35 water office.

36 (e) The authority may approve or reject the proposed contract and
37 may recommend purchase of water from an alternative source. The
38 authority may approve a contract for a smaller amount of water than
39 requested and may approve a contract upon such terms, conditions and
40 limitations as it deems necessary for the protection of the public interest of
41 the state as a whole.

42 Sec. 19. K.S.A. 2012 Supp. 82a-1315a is hereby amended to read as
43 follows: 82a-1315a. Amounts charged pursuant to contracts entered into

1 pursuant to under K.S.A. 82a-1305, and amendments thereto, *prior to July*
2 *1, 2013*, and all other amounts charged pursuant to this act shall be paid to
3 the director. Upon receipt, the director shall remit the entire amount to the
4 state treasurer in accordance with the provisions of K.S.A. 75-4215, and
5 amendments thereto. Upon receipt of each such remittance, the state
6 treasurer, except as provided in K.S.A. 82a-1315b, and amendments
7 thereto, shall deposit the entire amount in the state treasury to the credit of
8 the ~~water marketing~~ *state water plan* fund.

9 Sec. 20. K.S.A. 2012 Supp. 82a-1315b is hereby amended to read as
10 follows: 82a-1315b. (a) The director, subject to approval of the authority,
11 shall acquire or develop conservation storage water supply capacity in
12 impoundments deemed necessary to implement the state water plan.

13 (b) That portion of all moneys received by the state treasurer pursuant
14 to K.S.A. 82a-1315a, and amendments thereto, which is not attributable to:
15 (1) The annual repayment on water storage costs in federal reservoirs as
16 computed under subsection (a)(1) of K.S.A. 82a-1308a, and amendments
17 thereto; (2) the operation, maintenance and repair costs associated with the
18 state's conservation water supply capacity; and (3) the costs in
19 administering and enforcing the provisions of this act, shall be deposited in
20 the state treasury to the credit of the state conservation storage water
21 supply fund which is hereby established. The director shall provide the
22 treasurer with an accounting of the total remittances and shall deposit
23 money only to the credit of the state conservation storage water supply
24 fund after the full amount of the costs attributable to the ~~water marketing~~
25 *state water plan* fund from the preceding calendar year have been repaid.
26 For purposes of calculating the rate in K.S.A. 82a-1308a, and amendments
27 thereto, effective beginning calendar year 1986, all moneys received
28 pursuant to this act since 1975 shall be credited for repayment of the
29 components in the following order: paragraphs (1), (4), (3), (2), (5) of
30 subsection (a) of K.S.A. 82a-1308a, and amendments thereto.

31 (c) The state conservation storage water supply fund shall serve in
32 part as a savings fund to further the purpose of this act and the fund shall
33 be credited amounts for interest earned thereon in accordance with
34 subsection (e). The director may accept or receive moneys from any
35 source, governmental or private, for the purposes for which expenditures
36 may be made from this fund. The director shall remit all such moneys to
37 the state treasurer in accordance with the provisions of K.S.A. 75-4215,
38 and amendments thereto. Upon receipt of each such remittance, the state
39 treasurer shall deposit the entire amount in the state treasury to the credit
40 of the state conservation storage water supply fund.

41 (d) All expenditures from the state conservation storage water supply
42 fund shall be made in accordance with appropriation acts upon warrants of
43 the director of accounts and reports issued pursuant to vouchers approved

1 by the director of the Kansas water office or by a person or persons
2 designated by the director and shall be used solely for the purpose of
3 acquisition, development or maintenance of conservation storage water
4 supply in impoundments deemed necessary to implement the state water
5 plan, including expenditures related to the issuance of revenue bonds for
6 such purposes and nonwater supply benefits associated with such
7 purposes.

8 (e) On or before the 10th of each month, the director of accounts and
9 reports shall transfer from the state general fund to the conservation
10 storage water supply fund interest earnings based on:

11 (1) The average daily balance of moneys in the conservation storage
12 water supply fund for the preceding month; and

13 (2) the net earnings rate of the pooled money investment portfolio for
14 the preceding month.

15 Sec. 21. K.S.A. 82a-1316 is hereby amended to read as follows: 82a-
16 1316. No assignment, sale, conveyance or transfer of all or any part of a
17 contract under K.S.A. 82a-1305, and amendments thereto, or of interest
18 thereunder, or of interest therein shall be valid unless and until the same is
19 approved by the authority under such reasonable terms and conditions as it
20 may impose. Any contract under K.S.A. 82a-1305, and amendments
21 thereto, may be amended or nullified by written agreement of the parties
22 thereto *if such agreement is made and recorded as provided in this act for*
23 *original contracts under K.S.A. 82a-1305, and amendments thereto, but no*
24 *such amendment shall change any rate specified in the original contract in*
25 *accordance with either paragraphs (1) or (2) of subsection (a) of K.S.A.*
26 *82a-1306, and amendments thereto.*

27 Every such contract amendment shall be transmitted as provided in
28 K.S.A. 82a-1307, and amendments thereto for original contracts, and shall
29 be subject to revocation as provided in K.S.A. 82a-1307, and amendments
30 thereto. Whenever a contract amendment is so revoked, the contract to
31 which the amendment applied shall remain valid and unchanged, as though
32 such amendment had never been agreed upon.

33 Sec. 22. K.S.A. 82a-1317 is hereby amended to read as follows: 82a-
34 1317. If any person financially obligated under a contract made under
35 K.S.A. 82a-1305, and amendments thereto, *prior to July 1, 2013*, should
36 fail to make any of the payments when due, then the overdue payments
37 shall bear interest compounded annually at the rate equal to the average
38 rate of interest per annum earned in the preceding calendar year on
39 repurchase agreements of less than 30 days' duration entered into by the
40 pooled money investment board until paid. This provision shall not be
41 construed as giving the person an option of either making payments when
42 due or paying interest nor shall it be construed as waiving any of the rights
43 of the authority or the state of Kansas that might result from any default by

1 the person.

2 Sec. 23. K.S.A. 2012 Supp. 82a-1349 is hereby amended to read as
3 follows: 82a-1349. (a) There is hereby created in the state treasury the
4 water supply storage assurance fund. The director of the Kansas water
5 office may accept or receive moneys from water assurance districts for the
6 purposes for which expenditures may be made from the water supply
7 storage assurance district fund. The director shall remit all moneys so
8 received to the state treasurer at least monthly. Upon receipt of any such
9 remittance the state treasurer shall deposit the entire amount in the state
10 treasury and credit such amount to the water supply storage assurance
11 fund. Moneys deposited to the credit of the water supply storage assurance
12 fund which are received from a water assurance district shall be credited to
13 a separate subaccount.

14 (b) Moneys in such subaccounts may be expended for the following
15 purposes:

16 (1) Payment to the federal government of annual capital costs of
17 water supply storage in federal reservoirs under the water assurance
18 program act;

19 ~~(2) payment and reimbursement to the water marketing fund for water
20 supply storage space previously paid for with revenue from the water
21 marketing fund, if such storage space has been transferred to the water
22 assurance program;~~

23 ~~(3) payment and reimbursement to the state general fund for water
24 supply storage space previously paid for with revenue from the state
25 general fund, if such storage space has been transferred to the water
26 assurance program;~~

27 ~~(4) (3) payment and reimbursement to the state water plan fund for
28 water supply storage space previously paid for with revenue from the state
29 water plan fund, if such storage space has been transferred to the water
30 assurance program;~~

31 ~~(5) (4) payment to the federal government of annual operation,
32 maintenance and repair costs associated with the water supply storage
33 space dedicated for the use of water assurance districts; and~~

34 ~~(6) (5) payment and reimbursement to the ~~water marketing~~ *state*
35 *water plan* fund and the state general fund for costs incurred by the state
36 for the administration and enforcement of applicable state laws governing
37 the operations and management of the water assurance program as
38 provided in contracts with water assurance districts.~~

39 (c) All expenditures from the water supply storage assurance fund
40 shall be made in accordance with appropriation acts upon warrants issued
41 pursuant to vouchers approved by the director of the Kansas water office
42 or by a person designated by the director.

43 Sec. 24. K.S.A. 70a-105, 82a-951, 82a-1305, 82a-1311a, 82a-1316

1 and 82a-1317 and K.S.A. 2012 Supp. 2-1205, 2-2204, 65-163, 75-5133,
2 75-5133b, 79-3603, 79-3620, 79-3703, 79-3710, 79-4804, 82a-734, 82a-
3 953a, 82a-954, 82a-1306, 82a-1308a, 82a-1315a, 82a-1315b, 82a-1315c,
4 82a-1349, 82a-1801 and 82a-2101 are hereby repealed.

5 Sec. 25. This act shall take effect and be in force from and after its
6 publication in the statute book.