

February 19, 2015

The Honorable Kyle Hoffman, Chairperson
House Committee on Agriculture and Natural Resources Budget
Statehouse, Room 481-W
Topeka, Kansas 66612

Dear Representative Hoffman:

SUBJECT: Fiscal Note for HB 2014 by Representative Sloan

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2014 is respectfully submitted to your committee.

HB 2014 would authorize the Kansas Water Office, with the approval of the Kansas Water Authority, to increase the Clean Drinking Water Fee (CDWF) up to \$0.13 per 1,000 gallons of water sold at retail beginning January 1, 2016. Currently the fee is set at \$0.03 per 1,000 gallons. The bill would also remove the ability of public water supply systems to pay sales tax in lieu of the Clean Drinking Water Fee. The bill would not change the current proportional split of 5/106 of the fee going to the State Highway Fund and 101/106 going to the State Water Plan Fund.

Currently 15.0 percent of the CDWF revenue deposited in the State Water Plan Fund is dedicated to technical assistance for public water supply systems and 85.00 percent is used for the renovation and protection of public water supply lakes. HB 2014 would expand the uses of the fee so that technical assistance to public water supply systems would remain at 15.0 percent; protection of drinking water supply lakes, rivers, and reservoirs would decrease to 80.0 percent; and, 5.0 percent would be used for water data collection and the coordination of water data repositories.

The Kansas Water Office estimates that under the bill, if the fee were increased to the maximum amount, CDWF revenue would increase by \$7,010,783 in FY 2016, with \$330,697 going to the State Highway Fund and \$6,680,086 going to the State Water Plan Fund. Actual revenue of \$2.9 million from the CDWF was deposited in the State Water Plan Fund in FY 2014.

Some water systems that originally opted out of paying the CDWF chose instead to pay sales tax. HB 2014 would require those water users to pay the CDWF fee. The bill would

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reduce State General Fund revenue by an estimated amount of \$43,885 in FY 2016. Any fiscal effect associated with HB 2014 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Susan Metzger, Water Office
Jack Smith, KDOR
Justin Law, Agriculture
Aaron Dunkel, KDHE