

February 12, 2016

The Honorable Sharon Schwartz, Chairperson
 House Committee on Agriculture and Natural Resources
 Statehouse, Room 149-S
 Topeka, Kansas 66612

Dear Representative Schwartz:

SUBJECT: Fiscal Note for HB 2511 by House Committee on Vision 2020

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2511 is respectfully submitted to your committee.

HB 2511 would require the Secretary of Wildlife Parks and Tourism to charge an additional \$10 fee for each permit and license sold by the Department. This fee would be known as the Recreation Water Protection Fee and revenues from the fee would be deposited in the Parks Fee Fund. The bill would amend existing law concerning purposes for which the Parks Fee Fund may be used to include increasing access to state waters and maintenance of the state fishing lakes. The bill would also amend the Kansas Groundwater Exploration and Protection Act to require the Secretary of the Kansas Department of Health and Environment to collect an irrigation, industrial, and municipal water well fee of \$100 on each well, which would be deposited in the State Water Plan Fund (SWPF).

HB 2511 would increase the Clean Drinking Water Fee from \$.03 to \$.07 per 1,000 gallons of water sold at retail by a public water supply system. Currently, 5/106 of the revenue to this fund goes to the State Highway Fund (SHF) with the balance deposited to the SWPF. In addition to other uses of this balance specified in statute, HB 2511 would require that 50.0 percent be used for electronic integration of federal, state and private databases on Kansas subsurface waters; provision of support grants for research and pilot projects on innovative water treatment programs, alternative crops, and crop development that use less water; and to conduct research on using non-potable water in agriculture activities and provide support for inter-agency water protection priorities identified by the Kansas Water Authority. The bill would amend existing law concerning authorized uses of the SWPF to include these projects.

Estimated State Fiscal Effect				
	FY 2016 SGF	FY 2016 All Funds	FY 2017 SGF	FY 2017 All Funds
Revenue	--	--	--	(\$3,697,094)
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

The Kansas Department of Wildlife, Parks and Tourism indicates that passage of HB 2511 would result in a net loss in revenue for the agency of \$8,086,994 in FY 2017. The Department sold a combined total of 1,189,782 hunting, fishing and park permits and licenses in calendar year 2014. At \$10 per license and permit, the bill would generate \$11,897,820. To be eligible to receive federal funds generated by excise taxes, the use of revenues to the Wildlife Fee Fund and Boating Fee Fund from license fees or permits is limited by state statute and federal law. Fees collected into these funds and used for other purposes under the provisions of HB 2511 would result in a diversion of the funds from the intended use. Based on the federal apportionments for FY 2016, passage of HB 2511 would cause the agency to lose \$15,059,994 from federal Pittman-Robertson funds and \$4,924,820 from Dingell-Johnson funds. The diversion would also bring into question the agency's ability to receive other federal funds such as Coast Guard boating funds and land and water conservation funds. Any associated losses in revenue would continue until the agency stopped the diversion and repaid the diverted funds. The agency notes that many of its registrations and permits cost less than \$10, and the required increase would likely decrease participation in purchases and activities. The agency is unable to estimate the amount of that decrease, however.

The Kansas Water Office indicates that the bill would increase revenue to the SWPF in the amount of \$4,203,931 in FY 2017 and out years. This amount is based on receipts from the water well fee of \$100 on 283 water wells and the increase in the Clean Drinking Water Fee Fund FY 2017 appropriated amount from \$.03 to \$.07.

The Kansas Department of Revenue projects that the increase to the Clean Drinking Water Fee would result in an additional \$3.9 million in revenue in FY 2017 and would increase by approximately 1.0 percent each year following. Of the amount collected, \$185,969 would be credited to the SHF, with the remainder credited to the SWPF. The agency estimates that the costs to implement this bill would be approximately \$4,315 to update publications and computer processing systems and to notify customers and would be paid out of existing resources. The Kansas Department of Transportation agrees with the Department of Revenue estimates for increased revenue of \$185,969 to the State Highway Fund. Any fiscal effect associated with HB 2511 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Chris Tymeson, Wildlife, Parks & Tourism
Katie Mitchell, Water Office
Justin Law, Agriculture
Jack Smith, Department of Revenue
Ben Cleaves, Transportation