

January 20, 2010

The Honorable Tom Sloan, Chairperson  
House Committee on Vision 2020  
Statehouse, Room 55-S  
Topeka, Kansas 66612

Dear Representative Sloan:

SUBJECT: Fiscal Note for HB 2428 by House Committee on Vision 2020

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2428 is respectfully submitted to your committee.

HB 2428 would create the Kansas Reservoir Sustainability Program within the Kansas Water Office (KWO) and establish the Kansas Drinking Water Supply Lakes Sustainability Fund. The bill would impose a fee at the rate of \$0.03 per 1,000 gallons of water sold at retail by a public water supply system and delivered through mains, lines, or pipes. The bill would give the KWO authority to expend the funds, subject to the recommendation and approval of the State Conservation Commission (SCC), the Kansas Water Authority (KWA), and the Kansas Biological Survey of the University of Kansas. The purposes for which the fee fund revenue could be used are as follows:

1. Measuring the storage capacity for all drinking water supply lakes;
2. Testing for sediment and contaminants;
3. Assessing and predicting algae blooms;
4. Establishing the primary cause of sedimentation in each lake;
5. Studying and implementing sedimentation flow control techniques;
6. Implementing remediation plans; and
7. Supporting joint projects with the U.S. Army Corps of Engineers.

Estimated State Fiscal Effect				
	FY 2010 SGF	FY 2010 All Funds	FY 2011 SGF	FY 2011 All Funds
Revenue	--	--	--	\$2,000,945
Expenditure	--	--	--	\$2,000,945
FTE Pos.	--	--	--	5.00

The Honorable Tom Sloan, Chairperson

January 20, 2010

Page 2—2428

The KWO has provided an estimate for how much revenue would have been raised in recent years if HB 2428 had been in place:

<u>Year</u>	<u>Gallons Pumped Divided by 1,000</u>	<u>% Sold at Retail</u>	<u>Revenue</u>
2006	95,013,175	76.00	\$2,166,151
2007	91,132,888	76.00	\$2,077,830
2008	76,054,233	77.00	\$1,758,853

In addition, the bill would allow individual public water supply systems to pass this fee on to their customers. The KWO estimates that individual customer water bills would increase by \$0.13 per month per person, yielding a total yearly per capita increase of \$1.56. The SCC indicates that current staff and resources would be used to participate in the recommendation and approval process described in the bill. According to the Kansas Biological Survey within the University of Kansas, participation in the projects authorized by the bill could not be accomplished within existing resources. The Survey estimates that eight new positions, including five staff scientists, a temporary graduate assistant, and two temporary undergraduate assistants would be required at a cost of \$532,120. Tuition waivers, in-state travel, supplies, technology equipment, and maintenance totaling \$67,080 would also be needed.

In order to determine the fiscal effect of the bill, the Division of the Budget averaged the revenue estimates for FY 2006 to FY 2008, as supplied by the KWO for an estimate of \$2,000,945. Because the revenue to the Kansas Drinking Water Supply Lakes Sustainability Fund would be expended by the KWO, the Division estimates a corresponding expenditure effect of \$2.0 million, including the \$599,200 in operating expenditures as estimated by the Kansas Biological Survey. The estimate from the Survey indicates that the Kansas Drinking Water Supply Lakes Sustainability Fund would be the funding source for the operating expenditures. Any fiscal effect resulting from the passage of the bill is not included in *The FY 2011 Governor's Budget Report*.

Sincerely,



Duane A. Goossen  
Director of the Budget

cc: Mark Heim, Water Office  
Steve Neske, Revenue  
Dick Koerth, W&P  
Theresa Gordzica, KU