

**DEVELOP A LONG-TERM, AFFORDABLE AND SUSTAINABLE METHOD TO PROVIDE FINANCING FOR THE IMPLEMENTATION OF THE *KANSAS WATER PLAN*.**

**Issue Statement**

Existing funding sources for water resource projects and programs are insufficient to cover the needs identified in the *Kansas Water Plan* (KWP). By identifying long-term, sustained revenue sources, greater progress can be made in securing, protecting and restoring the critical water resources of the state.

**Importance of the Issue**

The KWP establishes six guiding principles to provide adequate, clean water supplies to support the state’s citizens and economy and few would argue the importance of these principles. However, Kansas has many other important priorities including education, public safety, and transportation all of which exert pressure on the state’s budget. A dedicated and separate funding source for KWP projects is needed to ensure steady progress towards adequate, clean future water supplies.

Established in 1989 and built on revenue from fees and state-wide support from the State General Fund (SGF) and Economic Development Initiative Fund (EDIF), the State Water Plan Fund (SWPF) provides approximately \$14 million annually to seven state natural resource agencies. In recent efforts to overcome state shortfalls, the SWPF has not received transfers from SGF or EDIF. Even with the transfers, the revenue generated from the SWPF falls short of meeting the states’ needs for implementing even a limited number of the highest priority projects.

**Gaps to Be Addressed**

The Kansas Water Authority (KWA) and a number of stakeholders have recognized that over time, the buying power of the SWPF has diminished, while the demands have increased. Several legislative attempts to increase funding into the SWPF in the last 10 years have been proposed – none have been successful.

In 2009, the KWA proposed increasing the fees that are deposited in the SWPF by 50%, which would have increased the revenue by approximately \$4.6 million per year. Introduced into the 2009 legislature, there was not sufficient support for the concept or bill to move it forward.

The KWA subsequently recommended dedication of 10% of the Expanded Lottery Act Revenue Fund (ELARF) be dedicated to water. While there was some interest for the concept, and potential inclusion of specific projects, there was never adequate support for use of ELARF for water projects.

During the 2012 and 2013 legislative session there were bills introduced that would have dedicated 0.1 cent of the state sales tax to the SWPF in lieu of the existing revenue sources. The bill, which was referred to committee but never received a hearing, restructures the revenue funding of the SWPF, designating a portion of state sales tax be deposited into the fund in place of some of the current fees and transfers. Implementation of the concept outlined in the bill would increase the annual funding available in the SWPF by about \$24,000,000.

**Closing the Gap**

Achieving success in implementing the state’s highest priority projects as identified in this five-year update of the KWP and the priorities of the future will only be possible with long-term, affordable and sustainable funds. The KWA, the Kansas legislature and all stakeholders who benefit from the water resources of the state must cooperatively identify and develop revenue sources sufficient to ensure progress in meeting the state’s priorities.