

HOUSE BILL No. 2726

By Committee on Water and Environment

2-8

1 AN ACT concerning water; relating to bonding authority for the Kansas
2 water office; establishing the non-corn irrigation grant program; low-
3 water-use crop grant program; requirements; fees; licensure;
4 establishing the non-corn irrigation grant fund and low-water-use crop
5 grant fund.
6

7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. (a) The Kansas water office is hereby authorized to issue
9 and sell revenue bonds, in an aggregate amount of \$50,000,000, plus all
10 amounts required to pay the costs of issuance of the revenue bonds, for the
11 purpose of paying all or part of the cost of administering and providing
12 grants pursuant to the non-corn irrigation grant program established in
13 section 3, and amendments thereto, and the low-water-use crop grant
14 program established in section 4, and amendments thereto. The revenue
15 bonds may be issued from time to time and sold in amounts that the
16 director of the Kansas water office deems necessary for such purposes.
17 The proceeds of the revenue bonds issued pursuant to this section shall be
18 deposited as follows:

19 (1) An aggregate amount of \$40,000,000 shall be remitted by the
20 Kansas water office to the state treasurer in accordance with the provisions
21 of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
22 remittance, the state treasurer shall deposit the entire amount in the state
23 treasury to the credit of the non-corn irrigation grant fund established in
24 section 3, and amendments thereto; and

25 (2) an aggregate amount of \$10,000,000 shall be remitted by the
26 Kansas water office to the state treasurer in accordance with the provisions
27 of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
28 remittance, the state treasurer shall deposit the entire amount in the state
29 treasury to the credit of the low-water-use crop grant fund established in
30 section 4, and amendments thereto.

31 (b) Prior to the issuance of the revenue bonds, the director of the
32 Kansas water office shall adopt a resolution or resolutions in the name and
33 on behalf of the Kansas water office, which resolution or resolutions,
34 unless otherwise provided therein, shall take effect immediately and:

35 (1) Determine an interest rate or rates to be paid on the principal of
36 the revenue bonds not in excess of the maximum rate of interest prescribed

1 by K.S.A. 10-1009, and amendments thereto;

2 (2) determine that the revenue bonds will be term or serial bonds, or
3 any combination thereof, maturing not later than 40 years from the date of
4 issuance; and

5 (3) register the revenue bonds with the state treasurer.

6 (c) Prior to the issuance of the revenue bonds, the director of the
7 Kansas water office may:

8 (1) Pledge to the payment of the principal and interest of the revenue
9 bonds the gross revenues derived from all fees or charges from the non-
10 corn irrigation grant program and the low-water-use crop grant program or
11 from any one or more or all of such sources;

12 (2) pledge to the payment of the principal and interest of the revenue
13 bonds the proceeds of any grant-in-aid, gift, donation, bequest or other
14 such fund, or the income from any of such sources obtained by the Kansas
15 water office directly or in trust;

16 (3) pledge to the payment of the principal and interest of any revenue
17 bonds issued pursuant to this section, if moneys otherwise authorized to be
18 pledged are insufficient, moneys appropriated from the following, in
19 descending order of priority: The state water plan fund created by K.S.A.
20 82a-951, and amendments thereto, the state economic development
21 initiatives fund created by K.S.A. 79-4804, and amendments thereto, or the
22 state general fund;

23 (4) create and maintain: (A) Revenue bond funds adequate to
24 promptly pay both the principal and interest of the revenue bonds when
25 they become due; and (B) a reasonable reserve fund; and

26 (5) covenant or contract with respect to any and all matters consistent
27 with the authority granted herein necessary and convenient in the
28 determination of the director of the Kansas water office to sell the revenue
29 bonds and obtain the most favorable interest rate thereon, including, but
30 not limited to, maturities, priority of liens, number of issuances, special
31 funds for security, redemption privileges, investments of the proceeds of
32 the revenue bonds and any other funds pledged to the payment thereof or
33 held as security therefor, security agreements, trust indentures, paying
34 agencies, registration provisions and conversion privileges.

35 Sec. 2. (a) Revenue bonds issued hereunder shall be special
36 obligations of the Kansas water office in accordance with their terms and
37 shall not constitute an indebtedness of the state of Kansas or the Kansas
38 water office, nor shall they constitute indebtedness within the meaning of
39 any constitutional or statutory provision limiting the incurring of
40 indebtedness.

41 (b) All contracts, agreements and covenants contained in the
42 resolution authorizing the issuance of revenue bonds shall be binding in all
43 respects upon the Kansas water office, its officials, agents, employees and

1 successors. Such agreements, contracts and covenants shall be enforceable
2 by appropriate legal action brought pursuant to the terms of the resolution
3 authorizing the issuance of revenue bonds.

4 Sec. 3. (a) There is hereby established the non-corn irrigation grant
5 program. The non-corn irrigation program shall be administered by the
6 Kansas department of agriculture in cooperation with the Kansas water
7 office. The purpose of the non-corn irrigation grant program is to provide
8 grants to persons to encourage the growing and cultivation of crops other
9 than corn or other high-water-use crops in areas of the state that depend on
10 groundwater irrigation practices. The Kansas department of agriculture
11 shall enter into agreements with Kansas state university research and
12 extension to develop education and outreach efforts to the public about the
13 program and provide technical irrigation assistance to any grantee. The
14 secretary of agriculture may charge a fee to any person participating in the
15 program in an amount set by rules and regulations adopted by the
16 secretary.

17 (b) The maximum grant amount under the non-corn irrigation grant
18 program shall be \$1,000,000. The secretary of agriculture and the director
19 of the water office shall jointly develop criteria for approving grants under
20 the program, including a list of priorities for distribution of grants.

21 (c) There is hereby established in the state treasury the non-corn
22 irrigation grant fund. All fees charged by the secretary of agriculture under
23 the provisions of this section shall be remitted to the state treasurer in
24 accordance with the provisions of K.S.A. 75-4215, and amendments
25 thereto. Upon receipt of each such remittance, the state treasurer shall
26 deposit the entire amount in the state treasury to the credit of the non-corn
27 irrigation grant fund. All expenditures from the non-corn irrigation grant
28 fund shall be made in accordance with appropriations acts and upon
29 warrants of the director of accounts and reports issued pursuant to
30 vouchers approved by the secretary of agriculture or the secretary's
31 designee.

32 (d) The secretary shall adopt rules and regulations necessary to
33 provide for the administration of the non-corn irrigation grant program.

34 Sec. 4. (a) There is hereby established the low-water-use crop grant
35 program. The low-water-use crop grant program shall be under the
36 administration of the Kansas department of agriculture in cooperation with
37 the Kansas water office. The purpose of the low-water-use grant program
38 is to provide grants to persons wishing to grow and cultivate low-water-
39 use crops in the state of Kansas and to assist in the development of
40 educational and research programs for growing and cultivating low-water-
41 use crops in order to preserve water resources in the state. The department
42 shall charge a fee, to be determined through rules and regulations adopted
43 by the secretary, to any participant in the low-water-use crop grant

1 program. Any person wishing to grow stable magnolio shall obtain a
2 license from the department by submitting an application on a form
3 approved by the secretary, accompanied by payment of an additional
4 annual license fee in an amount established by the secretary.

5 (b) The maximum grant amount under the low-water-use crop grant
6 program shall be \$750,000. Priority for the awarding of grants shall be for
7 the growing and cultivation of any low-water-use crop that has potential
8 medicinal applications.

9 (c) There is hereby established in the state treasury the low-water-use
10 crop grant fund. All fees charged by the secretary under the provisions of
11 this section shall be remitted to the state treasurer in accordance with the
12 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
13 each such remittance, the state treasurer shall deposit the entire amount in
14 the state treasury to the credit of the low-water-use crop grant fund. All
15 expenditures from the low-water-use crop grant fund shall be made in
16 accordance with appropriations acts and upon warrants of the director of
17 accounts and reports issued pursuant to vouchers approved by the
18 secretary of agriculture or the secretary's designee.

19 (d) The secretary shall adopt rules and regulations necessary to
20 provide for the administration of the low-water-use crop grant program
21 including rules and regulations governing qualifications for licensure
22 under this section for compliance with applicable federal law.

23 (e) For the purposes of this section:

24 (1) "Department" means the Kansas department of agriculture;

25 (2) "low-water-use crop" means any plant that requires 15 inches or
26 less of water per growing season for cultivation, including, but not limited to,
27 to, amaranth, hyssop, millet, quinoa, stable magnolio, sugar beets or sweet
28 potatoes;

29 (3) "person" means any individual, partnership, corporation,
30 association or other legal entity;

31 (4) "secretary" means the secretary of the Kansas department of
32 agriculture; and

33 (5) "stable magnolio" means any part of the plant cannabis sativa.

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