

# Legislature passes provision for cities, RWDs to pay Fee vs. sales tax

**I** reported in this column in our March issue that there were five bills in the 2004 Kansas Legislative Session that directly affect public water systems. Two of the bills were identical. I appreciate this opportunity to update readers on the final outcome of those bills and other initiatives that KRWA asked for support of in Washington through National Rural Water.

David Mueller  
KRWA Director



**HB 2484:** As originally passed by the House, beginning in 2006, this bill would have provided for the transfer of receipts from the Clean Drinking Water Fee from the General Fund to the Kansas Water Office to be used for maintaining and preserving reservoirs used for drinking water and technical assistance to public water systems. As you may recall, the Clean Drinking Water Fee was created as a result of Senate Bill 322 in the 2001 Session. Cities and rural water districts were given the option to "opt out" of the Clean Drinking Water Fee (three cents per thousand gallons of water sold at retail) to instead continue to pay sales tax on purchases by the water system. HB 2484 included a provision for the publicly owned public

water systems that remained in sales tax to change to pay the Clean Drinking Water Fee instead. Presently approximately 85 cities and RWDs continue to pay sales tax while the 825 other systems chose to pay the Fee. The systems that opted out of the Fee and continued to pay sales tax after 2002 are listed on the opposite page.

Several cities have contacted KRWA as to the procedure to stop paying sales tax and start contributing to the Clean Drinking Water Fee. It is our

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## HB 2484 included a provision for the publicly owned public water systems that remained in sales tax in 2001 to pay the Clean Drinking Water Fee instead of sales tax.

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understanding that the Dept. of Revenue will be contacting the systems that continue to pay sales tax to advise them of this option. The Department anticipates requesting a simple notice by letter from the city or RWD.

**HB 2528** was passed and signed by the Governor. It allows fire districts to pay for the material and installation of fire hydrants or fill "flush" hydrants on a public water supply system upon agreement by both parties.

Identical to HB 2528, **SB 292** was heard in late January 27, and was approved by the Senate. It was this bill that incorporated the language to

distinguish fire hydrants from flush hydrants. That language was incorporated into HB 2528. SB 292 did not advance further. Again, HB 2528 does not require any system or fire district to install fire hydrants. There has already been some confusion about that.

On April 16, **SB 328** was signed into law. It removed the ability of municipalities to place a lien on a landowner's property if a tenant does not pay sewer charges. The bill was approved by the Senate Elections and

Local Government Committee and Senate. It was later approved by the House. Kansas Rural Association and the League of Kansas Municipalities opposed the bill.

**HB 2484:** This bill would have added the Kansas Biological Survey as a member of the Kansas Water Authority. The bill has been referred to the House Environment Committee. No action was taken.

At the National level, KRWA obtained legislative support for USDA and EPA programs that provide funding and services to water systems. These include USDA Rural Development loans and grants.

## Systems that remained in sales tax have option to pay Fee instead . . .

The 2004 Kansas Legislature passed a provision that allows the 87 cities and rural water districts that opted in 2001 to not pay the Clean Drinking Water Fee and instead continue to pay state and local sales taxes on purchases to change their position to pay the 3-cent Fee.

The Clean Drinking Water Fee was supported legislatively in 2001 by the Kansas Rural Water Association and Water One of Johnson County as a method to simplify and streamline administrative requirements of complying with the complex application of state and local sales taxes on publicly owned public water systems.

The following public water systems opted out of paying the 3-cent Clean Drinking Water Fee. These 19 rural water districts, 68 cities and other public water systems have

continued to pay state and local taxes on their direct and indirect purchases. HB 2484 provides the opportunity for these systems to change from sales tax to pay the Clean Drinking Water Fee.

Allen RWDs 10, 11 and 13; Barton Hills, Bourbon RWD 4; Chicopee Rural Water; Doniphan RWD 2; Labette RWD 4; Leavenworth RWD 2; Lyon RWD 2; Montgomery RWD 13; Neosho RWDs 2, 3, 6, 7, 9 and 12; Norton RWD 1; Russell RWD 2; Abilene, Argonia, Arlington, Bartlett, Belle Plaine, Belleville, Belpre, Burdett, Burrton, Cimarron, Clearview City, Council Grove, Formoso, Galva, Garden Plain, Goodland, Gorham, Hanston, Haven, Haysville, Hill City, Hoisington, Hoxie, Hugoton, Kensington, Kinsley, Kirwin, Kismet, Larned, McCune, Montezuma, Morland, Mulberry, Netawaka, Oakley, Offerle,

Ozawkie, Pratt, Randolph, Reading, Rolla, Rozel, Russell, Scott City, Seneca, South Hutchinson, Speed, Spivey, Wichita, Winfield, Woodbine, Community Company Town, El Paso Water (Derby); Hunters Island; Johnson County Airport; Konza Valley; Lan Del; Metropolitan Topeka Airport Authority; Moehlman Bottoms; Moran West 54; S S & M Water; Scotsman Estates; South Moran, State Street Water, Sundowner West; University Park; Valleywood.

Systems will be contacted by the Kansas Department of Revenue of the procedure that systems are to use to give notice to the agency.

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