



Southwest Kansas
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Proponent Testimony on SB322
Submitted to the Senate Committee on Natural Resources
On behalf of the Southwest Kansas Groundwater Management District No. 3
By Mark Rude, Executive Director
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Chairman Powell and members of the Committee, thank you for this opportunity to testify as a strong proponent of SB322. On behalf of the Southwest Kansas Groundwater Management District No. 3 (GMD3) elected board of directors who represent the many water users and land owners in the 12 counties of Southwest Kansas, we believe SB322 provides legislative leadership to help Kansans consider new appropriations of water that otherwise leave the state to be conserved and transferred to meet current and future multiple beneficial purposes for Kansas.

SB322 does this by setting a reasonable filing fee structure that provides both upfront funds and additional funds as agency costs are incurred in the necessarily extended review of such unique and complex appropriation proposals. These projects would require more time to develop a host of public processing elements, including the Kansas Water Transfer Act. Presently, the short deadline for the chief engineer to act on applications to appropriate water is an impediment for all concerned. A significant amount of time would be necessary to address the complexities of such proposals and consider the many elements including physical, financial, institutional, technical, and other public interests. Kansans need the appropriate fee structure and time provided in SB322 to consider such water project proposals that don't fit in the current statute and are crucial to the future of Kansas.

Why is this important? Many aquifer areas and stream systems today are fully appropriated or suffering significant depletion. We are basically closed to new appropriations in the GMD3 High Plains and increased water use efficiency measures and conservation are a necessary reality. Also, the recent transition of 33,000 acres from irrigation agriculture to dry land agriculture in Finney County has different effects to the Kansas economy than if a similar transition occurred in eastern Kansas counties. The Kansas Department of Agriculture once estimated in 2013 that one less irrigated acre will lead to an estimated loss of value to Kansas of \$3,911 per year.

Water and the Kansas economy are directly linked. Looking to the future of Kansas, there are big problems apparent in a constrained future water supply. A Water and Economics study was conducted last year using private funds donated to a Kansas Aqueduct Coalition Fund at the Kansas

Rural Communities Foundation. Dr. Timothy James and Dr. Anthony Evans, who have evaluated water and economics for the Central Arizona Project and the Colorado River basin states, looked to the future in Kansas at the 50th year from base year 2012 and a constrained vs. unconstrained water supply to determine effects on 22 sectors of the Kansas economy. Their first discovery was that Kansas as a whole, but for the lack of water transportation systems, is not short on water. So multiple regions were modeled to determine regional supply constraints and effects. The cumulative estimates for year 2062 found that Kansas could suffer economic losses of \$18.3 billion annually in gross state product. That's \$9.4 billion less annual wages paid and 241,000 fewer Kansans able to find work. The economic value of an acre foot of water is estimated at nearly \$8,000. I have attached summary graphics of the *Water and Economics: Kansas* study to this testimony for your reference. It underscores the concern that Water unnecessarily lost to Kansas is not only a lost opportunity, but it is a vitally needed resource. Proposals to transport water can improve water management in the state's interest.

Water transfers allow the movement of water resources in one region to another to meet changing water supplies and use needs. This is accomplished by moving water from where it is abundant and less valuable to where it is scarce and more valuable. The increasing reliance on water transfers in a marketplace setting is generally more acceptable to local and state elected officials and the public than a governmental regulatory, prescriptive approach. Water transfers are a reallocation of existing water resources from one location to another and that reallocation, even in short duration time frames, can result in unanticipated consequences. Even though there are numerous benefits and efficiencies in a water marketplace/transfer environment (as a water management tool), transfers should be carefully evaluated so as to minimize impacts to third party interests as well as enhance values. There are three general geographic areas that may be affected by water transfers, the area from which the water is being transferred, the area through which the transferred water will pass and the area to which the water is being transferred. Depending upon the area from which the water could be transferred and the geographic location the water would be transferred to, varying regulatory requirements can apply. The point is that it takes time to develop acceptable proposals to further develop Kansas water as provisioned in Kansas Law and SB322.

All Kansas water is dedicated to the use of the people of the state under the prescriptions of the Water Appropriation Act, we believe SB 322 is a necessary and vital provision for better water management for a prosperous Kansas future.

Again, thank you for this opportunity to testify and I will stand for questions at the appropriate time.