

Approved April 7, 1989
Date

MINUTES OF THE Senate COMMITTEE ON Energy and Natural Resources

The meeting was called to order by Senator Ross Doyen at
Chairperson

8:04 a.m./p.m. on March 21, 1989 in room 423-S of the Capitol.

All members were present except: quorum was present.

Committee staff present:

Raney Gilliland, Research
Don Hayward, Revisor
Lila McClaflin, Committee Secretary

Conferees appearing before the committee:

Howard Tice, Kansas Association of Wheat Growers
Ivan W. Wyatt, President, Kansas Farmers Union
Joe Lieber, Kansas Cooperative Council
Bill Fuller, Kansas Farm Bureau
Conni L. McGinness, Kansas Electric Cooperatives, Inc.
Jim Meitl, Water District #1, Johnson County
Rich McKee, Kansas Livestock Association

List of others present is on file.

Chairman Doyen continued the hearing for the opponents on H.B. 2008-funding of the State Water Plan. He called on Howard Tice.

Mr. Tice spoke in opposition to H.B. 2008. They oppose the funding in H.B. 2008, as stated in his written testimony (Attachment I). He responded to questions.

Ivan Wyatt presented written testimony opposing the funding plan in H.B. 2008 (Attachment II). He responded to questions.

Joe Lieber presented written testimony opposing the new unfair taxes in H.B. 2008 (Attachment III).

Bill Fuller presented testimony supporting the water plan and opposing the establishment of new taxes to fund it (Attachment IV).

Conni L. McGinness written testimony opposes the funding plan in H.B. 2008 (Attachment V).

James Meitl presented written testimony opposing H.B. 2008 (Attachment VI).

Rich McKee presented written testimony opposing H.B. 2008, and he recommended all Kansans should help pay for its implementation (Attachment VII).

Chairman Doyen adjourned the meeting at 9:01. The next meeting will be on March 22, 1989.

1989 SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

Date March 21, 1989

PLEASE PRINT GUEST LIST

<u>NAME</u>	<u>REPRESENTING</u>
Alan Steppat	Kansas legislative Policy Group
Bill Fuller	Kansas Farm Bureau
HOWARD W. TEEB	K. A. W. G.
Joe Lieber	Ks. Co-op Council
Link Bradley	DuPont
Wayne Feyereisen	DuPont / Conoco Inc
DAN STEVENS	TEXACO
ROSS CRITES	KWA
DAN MCGEE	CENTEL ELECTRIC
Robert Anderson	Mid Cont Oil & Gas
Rick Kready	KPL Gas Service
Conni McGinness	KS Electric Coop.
Ivan Wyatt	Ks Farmers Union
Randy Barkson	Empire Electric
ED SCHAUB	WASTE MGMT
ROSS MARTIN	KR
Tom Tunnell	Kansas Fertilizer Chem Assn
Chris Wilson	KS Grain & Feed Ass'n
Ken Baker	NACA
G. K. Hulitt	KDHE
VA Power	KDHE
Keith Lobbin	Western Ks. GARD #1
Wayne Borrett	NWKGM 4
Kathleen Warren	DOB
John Strubler	Governor's Office

GUEST LIST

<u>NAME</u>	<u>REPRESENTING</u>
Deland E. Rolf	DWR - KSBA
Mary Ann Bradford	League of Women Voters
Terry Leatherman	KCCI
Shelley Sutton	Ks. Engineering Society
Jim Conrad	KC&E
Bill Bryson	KCC
Dave Corless	League of Municipalities
Woody Woodman	KCP&L
Rob Holza	KITA
Wilbur Leonard	Comm. Ks Farm Org
Tom Orotewiel	Coq.
Anne Smith	Haint Ebert
Warren Parker	Kansas Farm Bureau
Louie Stroup	Kansas Municipal Utilities
Gina Bowman	FARMLAND INDUSTRIES, INC.
Kenneth Wilke	KSBA



Kansas Association Of Wheat Growers

"ONE STRONG VOICE FOR WHEAT"

TESTIMONY - HB 2008

Senate Committee on Energy and Natural Resources
Chairman: Senator Ross Doyen

Mr. Chairman, members of the committee, I am Howard W. Tice, Executive Director of the Kansas Association of Wheat Growers. I appreciate this opportunity to appear today in opposition to HB 2008.

I want to make it clear at this point, that the Kansas Association of Wheat Growers is strongly supportive of an effective water plan for the state of Kansas, but we are just as strongly opposed to the funding plan in HB 2008. Our position is stated quite clearly in the two resolutions passed at our annual convention last December. They are as follows:

STATE WATER PLAN

WHEREAS strengthening conservation districts and the Conservation Commission is imperative in managing our land; and

WHEREAS good management starts and ends with good land management;

THEREFORE BE IT RESOLVED that the KAWG SUPPORTS the State Water Plan.

and

WHEREAS water quality is the concern of all citizens, rural and urban; and

WHEREAS all citizens of the state share in the benefits of a clean, healthy water supply;

THEREFORE BE IT RESOLVED that the KAWG STRONGLY OPPOSES any new taxes on fertilizer and ag-chemicals, to support the State Water Plan.

BE IT FURTHER RESOLVED that the KAWG SUPPORTS financing the State Water Plan from the General Fund.

Before getting into supportive information, I would like to list the reasons for our opposition to the HB 2008 funding formula in brief form.

1. The imposition of new taxes on component parts of food production is a dangerous precedent.
2. The funding formula in HB 2008 imposes a grossly disproportionate share of the cost on agriculture.
3. Agriculture is being singled out to pay a higher share of the cost because of the erroneous assumption that farm chemical residue in our water supply poses a cancer threat to the general public.
4. The oil and gas industry, the state's major polluters, are not being assessed any new taxes.
5. Agriculture is already paying huge sums for conservation, and for research to make chemicals even safer than they are today.
6. Agriculture is **Not** the state's major User of water.
7. There is no clear understanding of what the **State Water Plan** will be next year or on into the future.
8. **General Fund** financing is the only truly equitable way to fund the **State water Plan**, because everyone benefits, and all industries pay a fair share.
9. We do not accept the argument that past history prevents us from financing the **State Water Plan** from the **General Fund**.

Now, let's look at those reasons in more detail:

1. One of the chief concerns of our membership is the extremely dangerous precedent of imposing new taxes on agriculture inputs. In all industries in Kansas, the materials necessary to the production of their goods are free from sales taxes. The sales tax is paid by the consumer, when the final product is purchased. So far, the same is true of food production, and rightly so. Last year, we fought to prevent grass seed, fertilizer and other inputs from being subject to sales taxes when purchased for CRP land. The rationale is the same this year, as we fight against the funding formula proposed for the **State Water Plan**. IF WE ALLOW THE TAXES IN HB 2008 TO BECOME LAW, THE DOOR IS OPENED FOR OTHER SALES TAXES TO BE LEVIED ON AGRICULTURE INPUTS AND THE COMPONENT PARTS OF ALL OTHER INDUSTRIES AS WELL, IN FUTURE YEARS.

2. The total amount of new tax money which would be generated by **HB 2008** was estimated to be **\$18,000,000** when the bill passed the House. Let's look at the new taxes, and who would pay them.

- a. **2% sales tax on water delivered through mains, lines or pipes:** Not only will this include agriculture, but customers of rural water systems would pay a larger share than their urban counterparts, because of the higher cost of water through the rural delivery systems.
- b. **1% tax on the retail sale of fertilizer:** While there will be some impact on urban areas, the major impact is on agriculture.
- c. **2 cents per 1,000 gallons of water for industrial use:** This appears to be an urban tax, but if this includes the manufacture of agricultural equipment or other inputs, the tax will be passed on to farmers in higher prices.
- d. **2 cents per 1,000 gallons of water used for stockwatering:** This is obviously 100% agriculture.
- e. **\$50 tax on each point of diversion for irrigation:** This again is 100% agriculture.
- f. **solid waste tipping fee:** This would probably have a smaller impact on agriculture than the other taxes, but there would be some dollar impact, and the problem of increased trash in road ditches, to avoid the higher dumping cost, would directly affect the land owners.
- g. **increased registration fee for agricultural chemicals:** There would be some higher cost to urban home owners, for lawn and garden chemicals; to pest control services, and golf courses; but the major impact would be on farmers.

In addition, farmers pay a share of the **severance tax**, due to ownership of the land on which the oil and gas wells are located.

And, of course, agriculture will be paying its share of the general fund dollars as well. Agriculture is the largest industry in **Kansas**, accounting for 25% of the economy, and therefore, contributes more than any other industry to the general fund.

3. According to the **1988 SUMMARY OF BUREAU OF ENVIRONMENTAL REMEDIATION SITES IN KANSAS**, released in January, 1989, there are a total of 489 point-source contamination sites in our state. 162 of those sites are labeled as **LUST**, or **Leaking Underground Storage Tanks**, and shown on separate graphs from the other 327 sites. Of all the sites on the **BER's** list, only 16 involve pesticides -- most of those are non-farm sites, and most are already cleaned up.

On the subject of non-point source pollution, it has also been pointed out previously, that silt is one of the major culprits, and the terraces and other conservation projects are designed to meet those needs. **Nitrates** are perceived to be

the major culprit from agriculture in the non-point source arena. When I checked with KDHE about this, I was referred to the Farmstead Well Survey. I was also told that the main source of the nitrates appeared to be from livestock pens too close to shallow wells.

When I read the results of the Farmstead Well Survey, I found that only 104 wells had been sampled. Of those, 29 showed nitrates above drinking water standards. There is no separation between natural nitrates and "human induced" nitrates. While the survey's conclusion suggests a large number of nitrate-contaminated wells in Kansas, it must be pointed out that the random nature of the study does not take into account the differences in soil types, soil compaction, water table depth or proximity to livestock pens. Neither is there any data on naturally occurring nitrates from one location in the state to another. As a result, any conclusion must be suspect at best.

As to synthetic chemicals in the survey, all traces found were well under drinking water standards. One well contained chlordane and one contained heptachlor in amounts slightly above Kansas Action Levels. However, the KAL is a guideline, and not a regulatory standard.

One reason the organo-phosphate pesticides in use today do not show up in groundwater, except in isolated cases of spills, is that they degrade too slowly in the soil, to leech. In fact, these pesticides haven't been in use long enough to reach deep levels. The present goal is to produce chemicals that will be degradable in the first 12 inches of soil.

It must also be pointed out that the cancer threat from farm chemicals in our food and water is practically non-existent. We are not finding more chemicals in water. We are simply able to find smaller particles. This is a tribute to technological advancement, but not a signal of a threat to health. Dr. Bruce Ames, chairman of the Biochemistry Department at the University of California in Berkley, recently stated that, "The total amount of possible carcinogenic pesticides we eat in a day, on average, is both trivial and about twenty times less in amount than the known natural carcinogens in a cup of coffee, which is in itself a minimum risk." Dr. Ames, in another presentation, made the same statement concerning our drinking water supply.

4. The Bureau of Environmental Remediation's report shows that the major polluter of Kansas water, is the oil and gas industry. By far, the most prevalent sources of contamination listed are the Volatile Organic Compounds and Inorganic Compounds. The inorganic constituent most frequently found was chloride contamination associated with brine from oil production. The VOC constituents are such things as gasoline and solvents, also from the petroleum industry. When you add the percentage of pollution from VOC's, inorganic compounds and oil, the total is 84.4%, and yet there are no new taxes being assessed against the oil and gas industry.

We were told that oil and gas escaped new taxes in HB 2008 because of the large sums oil companies are paying to clean up spills, and the economic troubles the industry is facing today. Oil companies are spending a lot of money on cleanup, but their economic plight is certainly no worse than that of agriculture. We've made some progress toward economic health, after many years of crisis, but even with that improvement, farmers must still buy their supplies at retail, paying the supplier for his costs, plus a profit -- and then sell at wholesale, taking whatever the market will pay. If you add more taxes, you simply increase the cost of production again, but there is no mechanism for the farmer to pass that cost along to the consumer, as do other industries.

5. Tremendous sums are also being spent by agricultural chemical companies for research into more environmentally compatible and lower dosage products. Dollars are also being poured into groundwater protection studies by those same companies.

I visited the research farm operated by **Mobay Chemical Company** in **Stanley, Kansas** quite recently, with **KAWG President Bob Paris**. We found that lab data alone for ground water research ranges from **\$75,000 to \$100,000** per product. Soil metabolism tests average from **\$20,000 to \$40,000**. Adsorption and Desorption tests cost **\$10,000**. Column leaching studies cost **\$15,000** and other field studies average **\$100,000** per site. (*Five site studies are common per product.*) If movement of the product is detected, another groundwater monitoring study is required at a cost of **\$400,000 to \$500,000**. If problems are discovered as a result of the above tests, additional studies must be done at a cost of **\$1,000,000 to \$2,000,000**.

Mobay's annual budget for groundwater problem prevention at the **Stanley, Kansas** research facility is **\$3,000,000 to \$3,500,000**, for maintenance of existing compounds. New product research would another **\$1,000,000**. It is also important to note that the labeling process for a new chemical product takes a minimum of **7 years**, and development costs are approximately **\$30,000,000**. There is a minimum of **\$400,000** in groundwater work for each new product in the development stage.

The **Targeted Cost-Sharing** and **Target Watershed** projects are also singled out as reasons agriculture should pay more of the cost than anyone else. However, the proposed state expenditure totals **\$3,556,000** for these projects, and as has been pointed out several times by **Senator Dan Thiessen**, farmers are already paying **\$13,000,000** per year for soil conservation work.

6. One reason, I'm sure, that it seems so easy to bill agriculture for the major share of the **State Water Plan** funding is that agriculture is deemed to be the state's largest user of water. That may be true in the sense that water is absolutely necessary in the production of food. However, all the people in the state eat that food, so it is the consuming public, you and me, that are the end users of the water. In addition, the water that is not taken up by the crop, or evaporated, filters back down through the soil and back into the groundwater supply.

7. Some of the questions our members have been asking, are, "*What will the money be used for?*" - "*Who will benefit from the water projects?*" - "*What do next year's projects look like?*" - "*Will future projects stand on their own merit, or will projects be created to fit the budget?*" We've heard what is in the **Governor's Budget**, and it has been pointed out that the projects are scattered among eight different agencies, and therefore, in eight different agency budgets. There are also other figures floating around, but there is nothing in **HB 2008** that addresses the specific projects to be funded by the money raised, either in 1989 or any future year.

Another piece of information we picked up at the **Mobay** research facility makes me wonder a great deal about one of the high priority "**Water Plan**" projects mentioned by **KDHE** in earlier testimony. I refer to the **Menlo** site, where **KDHE** plans to spend **\$600,000** of **Water Plan** funding. According to **KDHE** staff, the site was used by an aerial spraying operation, to mix chemicals. Their spills have contaminated the soil to the extent that nothing is growing at this time. Some chemicals were also poured down the drain, into a septic tank system, but no tests have been made of the groundwater -- perhaps because the water table is approximately **160 feet** deep, and should be quite safe.

One more fact we learned from the **Mobay** scientists makes me curious as to how **KDHE** plans to clean up the **Menlo** site. I'm not sure what the answer would be if the problem is herbicide carryover from concentrated spills, that continues to attack plant growth. If the problem is destruction of microbial activity in the soil, the solution is simple. Even in cases of total destruction of microbial activity, the kill occurs with the first 12 inches of soil, and total fertility is restored within 3 to 6 months, **NATURALLY**.

8. Everyone benefits from a properly implemented **State Water Plan**. Such a plan should result in a safe supply of water for drinking and cooking, as well as an ample supply of safe water for crop production, industrial use, recreation and wildlife use. Industry, whether it's manufacturing or agriculture, uses water to produce goods for public consumption, so the final beneficiary is all the people of **Kansas**. The only equitable solution to the funding formula problem is to dedicate either a dollar amount, or a percentage of the sales tax which would equal the desired amount, with statutory responsibility for the **Legislature** to approve particular projects.

9. I heard a radio preacher just last week, talking about the ways people keep local churches from moving forward. This close to **Easter**, it was appropriate that he referred to the **Seven last words of progress**. Those words were, "*We've never done it that way before.*"

The strongest and most consistently heard argument in favor of dedicated user fees to fund the **State Water Plan** is that, "*History shows that when we try to fund the **Water Plan** from the **General Fund**, it always loses out to education and highways.*" That may very well be a true statement, as far as it goes. However it is partially a mis-statement. Water projects have lost out to education and highways in the past. This is the first year we have tried to fund the **State Water Plan**.

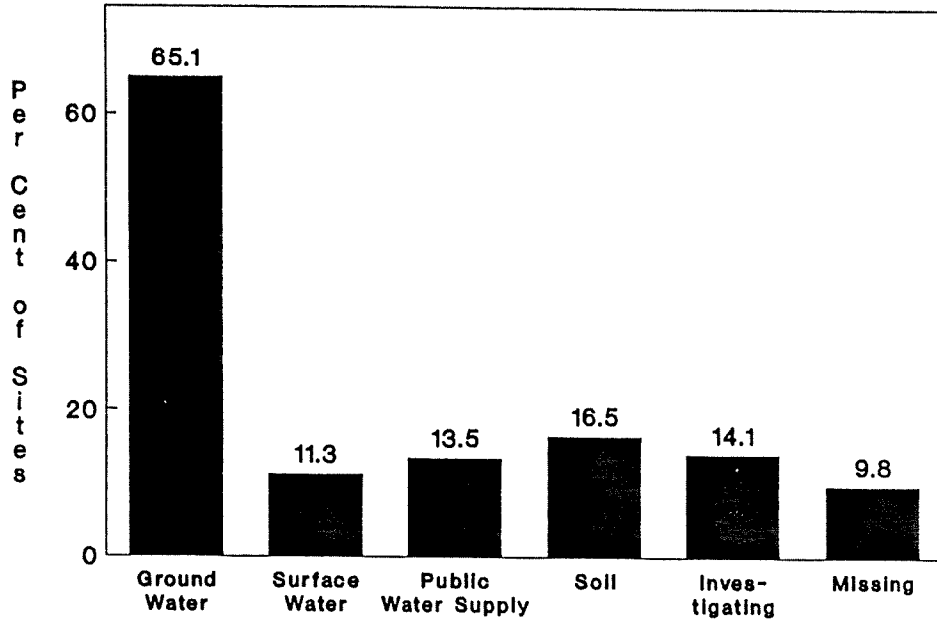
We have also learned a great deal more about the importance of water, and the need for a comprehensive plan. There is also a greater recognition that water is of primary importance to survival. Without water, we have no need for schools or highways or anything else, because we wouldn't exist.

Finally, I would repeat the same challenge to the **Senate** that I gave to the **House**. When you go to the people and ask them to elect you to office, you are asking them to trust you and to trust the system of government that is still the best in the world. When I come to this podium, I do so because I have faith in that system as well. If I couldn't trust our system, I would be wasting my time to prepare and present testimony.

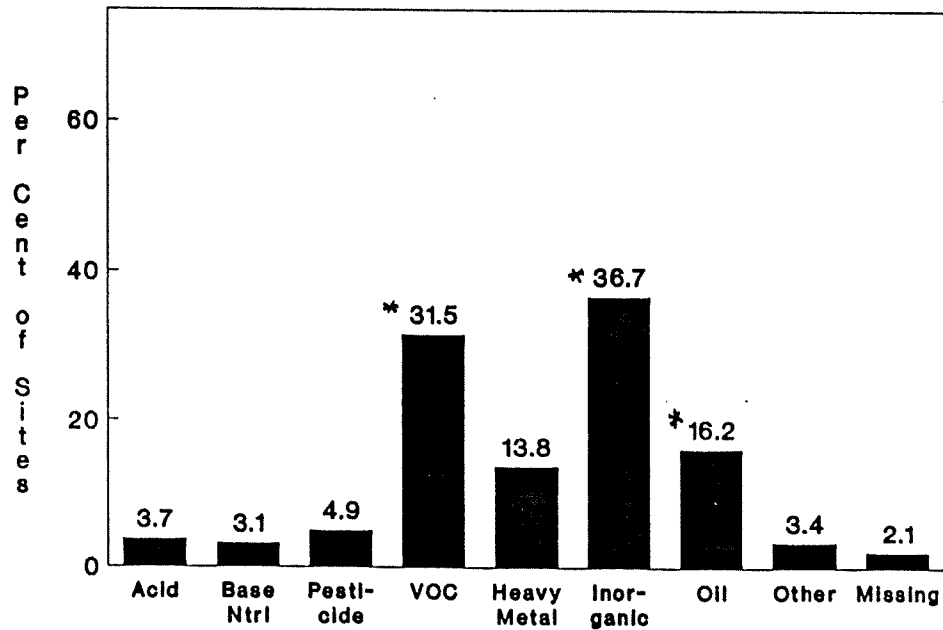
On behalf of the members of the **Kansas Association of Wheat Growers**, I urge the members of the **Kansas Senate** to trust the system yourselves, and fund the **State Water Plan**, like any other high priority issue that benefits all of the people of **Kansas**, from the **General Fund**.

I repeat that everyone, including agriculture, should pay their fair share to fund the **Water Plan** -- no less -- and no more.

Statewide Contaminated Media Summary



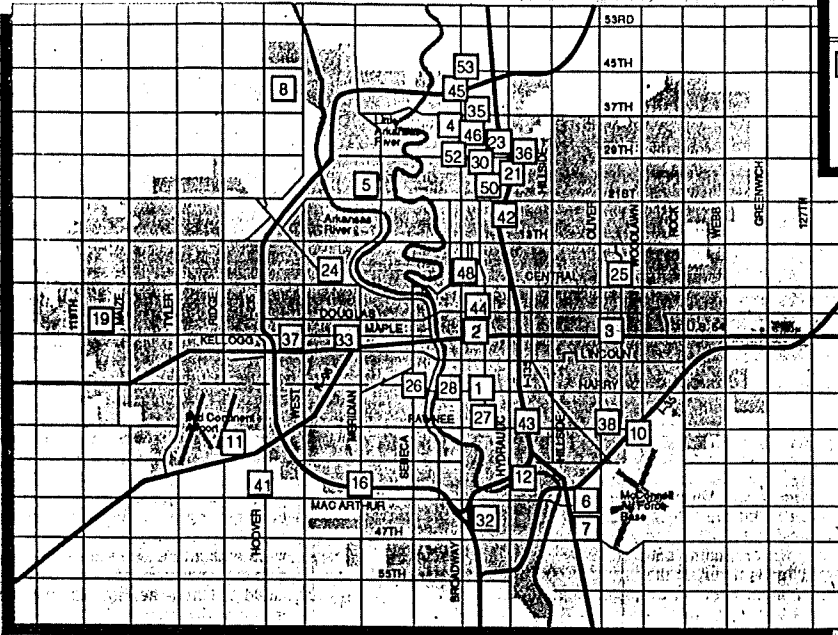
Statewide Contaminant Summary



* 31.5
 36.7
 + 16.2

 84.4%

The Kansas Department of Health and Environment has identified 481 sites known or thought to be contaminated by hazardous compounds that might pose a human health or environmental threat. Here are the 53 Sedgwick County sites, the sources and types of contamination, where it was found, and the status of KDHE's handling of each. The names do not indicate the company responsible for causing the pollution.



Keys:
Contaminant
 Acid = Acids, acid-extractable compounds
 BN = Basic neutral compounds
 Pest. = Pesticides
 VOC = Volatile organic compounds
 HM = Heavy metals
 Inor. = Inorganic compounds
 Cr. = Crude oil
 Oth. = Other
 NA = Unknown
Medium
 GW = Groundwater
 SW = Surface water
 PWS = Public water supply
 NA = Unknown
Status
 Invest. = Investigation
 Rem. Design = Remedial design
 No Act. Nec. = No action necessary
 NA = Unknown
 C = Completed
 U = Under way
 N = Needed

Site	Contaminant/Source	Medium	Status	Contaminant/Source	Medium	Status
1. Aero Sheet	VOC/oil	NA	Resolved	27. Fina	Oth./storage tank	GW Cleanup-U
2. Aircraft Instrument and Development	VOC/apill	GW	Invest.-C	28. Frank March 66	VOC.oil/storage tank,other	GW Cleanup-U
3. Amoco	VOC/storage tank	GW	Resolved-C	29. Gerald Blood Orchard	Inor./brine	GW Rem. Design-C
4. Bamedall (refinery)	VOC/aband.	GW	Invest.-U	30. Golden Rule Refinery	VOC/aband,other	NA Invest.-U
5. Big River Sand	Oil/dumping	GW, soil	No Act. Nec.	31. Hill's 66 Service	VOC/storage tank	GW Cleanup-N
6. Boeing Military Landfill	VOC/dumping	Soil	Cleanup-U	32. Holmes Freight Line	Oth./spill	Soil Resolved-C
7. Boeing Military Airplanes	VOC/other	GW	Cleanup-U	33. Irving's Service	Oth./storage tank	GW,soil Invest.-U
8. Brooks Landfill	Oil/landfill	GW	Invest.-C	34. James Carron	Inor./brine	GW Resolved
9. Certainted, Maize	VOC/other	GW	NA	35. John's Refinery	VOC/oil	Dumping/aband. Cleanup-C
10. Cessna Aircraft Plant No. 1	HM/dumping	GW,SW	Cleanup-U	36. John's Sludge Pond	HM,oil,oth./lagoon,aband.	GW Cleanup-C
11. Cessna-Wallace	VOC/spill,other	GW	Cleanup-U	37. KDOT Maintenance	Oth./storage tank	Soil Resolved-C
12. Chapin Landfill	VOC/HM/landfill	GW,soil	Invest.-N	38. Legion Complaint	VOC/storage tank	GW NA
13. Chase Transportation	VOC/other	GW	NA	39. Furley Landfill	VOC/other	GW,SW Cleanup-U
14. Cheney PWS Well No. 6	VOC/other	GW,PWS	Invest.-N	40. Park City wells	VOC/pipeline	GW No Act. Nec.
15. Cheney Private Well	VOC/storage tank-aband.	GW	Invest.-N	41. Prospect Park	VOC/other	Soil Resolved-C
16. Cities Service Natural Gas	VOC/pipeline,other	GW	Rem. Design-C	42. Purina Mills	VOC,oil/storage tank	Soil Resolved-C
17. City of Derby	Oth./other	GW	Invest.-N	43. Quality Mart	Oth./NA	GW Cleanup-U
18. Clearwater PWS Well No. 2	VOC/other	GW,PWS	Invest.-U	44. Ramada Parking Garage	VOC,oil/other	Soil Cleanup-U
19. Coastal Mart No. 9112	Oth./storage tank	Soil	Resolved-C	45. Raymond Oil	Inor./brine	GW Resolved-C
20. C&J Fina	VOC/storage tank	GW	Invest.-N	46. Reid Supply	VOC,oil/dumping	GW,soil Invest.-U
21. Derby Refinery	VOC,HM/storage tank,spill	GW,soil	Cleanup-U	47. Schulte Field	Inor./brine	GW Invest.-U
22. Don Franz	VOC/storage tank	GW	Rem. Design-C	48. Sedgwick County Courthouse	Pest./spill	Well Cleanup-C
23. Exxel	VOC/other	GW	Invest.-U	49. Valley Center Gasoline	VOC/storage tank	NA Cleanup-N
24. Fina	VOC/storage tank	GW	Cleanup-U	50. VIM Trailer Manufacturing	VOC/storage tank, other	GW Invest.-U
25. Fina	Oth./storage tank	Soil	Resolved	51. Vulcan Materials Co.	Pest./VOC,inor./spill,lagoon	GW Cleanup-U
26. Fina	Oth./storage tank	GW	Invest.-C	52. Wichita Brass and Aluminum	VOC/aband.	GW Invest.-U
				53. Wichita Heights	VOC/HM/ spill,septic	GW,soil PWS Invest.-U

Source: Kansas Department of Health and Environment

Todd McArtor / Staff Artist

All's not well with Sedgwick County water

By Jean Hays
Staff Writer

The state has some specific instructions for those with private wells who take a bath on North Wichita Street, in the Wichita Heights neighborhood.

First, avoid hot water. Put only a few inches of water in the bath tub. Open the window to let toxic fumes out. And wash as fast as you

can. Years of illegal dumping, pipeline breaks, sloppy hazardous waste disposal and the resident's own septic tanks have polluted the groundwater around 53rd and Broadway with gasoline, solvents and benzene, one of the few substances known to cause cancer.

Evelyn Riley, who has lived in the area for 24 years, worries

about her family's health. The water tastes the same as it always has.

"We could have been drinking it for 20 years," she said. "We don't know when it started."

Evelyn and George Riley spent \$1,600 on a water filter and plan to spend another \$4,500 to hook up to a public water supply. In the meantime, some relatives avoid

dinner invitations. Their daughter-in-law is afraid she'll get cancer from washing the dishes.

The Wichita Heights neighborhood is one of 53 places in Sedgwick County where the state knows or suspects that the water or soil is polluted.

So far, problems have cost in-

● POLLUTION, 7B, Col. 1

to end racism

By Sharon Rowell
Staff Writer

HUTCHINSON — To Eric James, 17, freedom rides and civil rights protests have always meant trouble.

Vicious dogs. High-powered water hoses. Squads of angry policemen kicking and clubbing

The Klan. "That's why I was scared to come out here today," said James, as her church van left the Freedom Ride '89 headquarters at Grant Chapel A.M.E. Church in Wichita on Saturday and took its place among the caravan of 60 or more cars.

"But I decided to come anyway. If the people back in the '60s had been scared, where would we be now?"

The main purpose of the bicentennial rally, which gathered a racially mixed crowd of about 300 onto the polished basketball court at First United Methodist Church in Hutchinson, was to reconnect people to the struggle to end racism.

Mayoral election would take but find p

By Al Polcinski
Staff Writer

Money isn't everything, or there wouldn't be 16 people running for mayor of Wichita.

Most of the candidates vow to put in a full workweek — whatever it takes — for the \$12,500 salary, but many say the job deserves more money.

And one candidate, Raymond Saunders, doubts he would take the \$12,500.

Saunders, a \$40,000-a-year computer analyst with Metropolitan Life Insurance Co., said that if the people were looking for a person to be mayor 100 percent of the time, "a man of ideas to help develop and promote the city, then \$12,500 is not enough to pay him."

If he's elected mayor, Saunders, 45, anticipates keeping his job which he said was flexible enough to allow him at least 40 hours a week for mayoral duties. As a result, Saunders said, he might not

Water, soil may be polluted at 53 sites in Sedgwick County

●POLLUTION, from 1B

dustry at least \$30 million for cleanups, prompted three lawsuits brought by residents against companies thought responsible for pollution, lowered property values and raised concerns about the safety of 3,000 families in the county who still drink water from private wells.

The problems range from a small gasoline spill several years ago in the basement of the Sedgwick County Courthouse (now cleaned up) to an industrial park near 29th and Broadway where 30 companies are involved in removing contaminated groundwater.

This summer, the Kansas Department of Health and Environment may uncover more problems.

The agency is scheduled to begin investigating a 1-square-mile area of downtown Wichita as a potential Superfund site.

The KDHE became interested in the area several years ago, when radium was discovered in a well near Aircraft Instrument and Development Co. That problem has long been solved. But while investigating that, the KDHE found solvents such as TCE and perchlorethene in the groundwater from an unknown source. The agency checked the water a few blocks away and found a higher concentration of solvents. Now the agency thinks the pollution could spread over a 1-square-mile area, roughly bounded by Second Street, Harry, Broadway and Hydraulic.

Using federal Superfund money, the agency will drill monitoring wells to determine the extent and levels of pollution. If levels are high enough, the state could ask the EPA to spend money from the Superfund, which was established to clean up abandoned sites. Companies responsible for the pollution also would be asked to pay for the cleanup.

The KDHE released its latest list of identified sites this month to update the public and the Legislature on the war against pollution.

So far, the pollution is winning. In 1985 — the first year the state attempted such a list — it found 52 sites in the state. Today, there are 481. Of those, the health threat at 62 sites, most of them involving spills at gasoline stations, have been resolved. Another 300 of those sites either are under investigation or in the process of being cleaned up, according to

KDHE. Most of the pollution is being investigated by the companies thought to be responsible. The agency is uncertain of the status of 77 of the sites.

The cost of cleaning all this up — or keeping it from spreading — is enormous.

Cessna Aircraft Co. has spent \$2.5 million removing solvents from groundwater near its two plants. Boeing Military Airplanes has spent \$1.6 million at its two sites. Chemical Waste Management of Kansas, owner of the Furley hazardous waste landfill, has spent about \$20 million. Coastal Derby Refining estimates the cleanup costs at its plant could reach \$1 million. Vulcan Chemicals Co. estimates that it spends between \$500,000 and \$1 million a year to pump contaminated water out of the ground and dispose of it.

The state spent \$80,000 — nearly one-third of it hazardous waste cleanup fund — to remove dirt contaminated by one ruptured barrel of pesticides in the backyard of a rural Emporia family.

To some, those kinds of figures raise a question of whether we should try to completely solve past problems or spend money preventing future pollution.

"Even if we spend incredible sums, we will never clean up everything," said Rep. Ken Grotewiel, D-Wichita. "The goal is not to fall any further behind. If we can achieve that, we might have the luxury of making some progress."

It's no coincidence that the KDHE is releasing the report as the Legislature is considering an \$16 million plan to protect the state's water supplies. Much of the money would be raised by taxes on water, pesticides and trash disposal, according to one plan under consideration in the House. About \$2.9 million of that is earmarked to cleanup contamination.

The \$16 million plan, which Gov. Mike Hayden including in his budget proposal, is running into opposition in the Legislature.

The state's problems are "very, very real," Hayden said. "I can tell you we're fighting like the devil to keep that million in there."

The report leaves many questions unanswered. It does not differentiate between sites that pose a health threat and minor spills that are quickly cleaned up. By far, the state considers the most pressing problems those that

threaten public water supplies or individual wells.

Cheney and Clearwater have replaced water wells lost to contamination. In both cases, the source is unknown. Both need further investigation, according to the KDHE. Derby's water supply is in the path of a slow-moving blob of salt water, but there years ago by oil exploration. The state hopes to begin investigating soon to determine the exact location and levels of pollution and whether it poses a threat to Derby's wells.

The report also does not spell out the extent of contamination. Nor is the state sure what progress has been made on some of the sites, particularly at sites where companies are solving the problems without the state's help.

"It is a nightmare to keep up with the sites," said Gary Blackburn, a KDHE geologist who specializes in pollution problems around gasoline stations.

The KDHE admits that the list may contain some mistakes, but it is the only information available to the public and policy makers. For example, two sites in Sedgwick County are listed as being under the control of the Kansas Corporation Commission. The KCC said it was unaware of one of those sites.

The list also includes some sites, such as Aero Sheet Metal, 925 W. Harry, where the problems were resolved so long ago that the current officers were unaware they had ever occurred.

If the list truly reflected sites suspected of being contaminated, some point out that every gas station in the state would be included. The service stations that ended up on the list are often the ones that have done the most work to investigate and remedy pollution problems, said KDHE's Blackburn.

While the costs to the companies are enormous, the cost to families living near the sites also is high.

"People immediately begin to worry about their health," said Randy Rathbun, a Wichita attorney, who represents residents in pollution cases. "There are the accompanying problems that seem small compared to one's health. Problems like, 'All right, we start hauling our water right now. We have to start buying our water. Our property values are going to go in the dumper.'"

Fifty families in an area south of Wichita, known as Prospect Park, hooked up to public water supply after solvents were found in the groundwater in 1985. Some are suing Cessna, contending that the company polluted their groundwater. Cessna has denied those claims.

Two years ago, Gary and Kim Legion tried out one of the extras in their newly purchased southeast Wichita home — their own water well, their ticket to a green lawn without the high water bills.

Instead of water, the well is tapped into a pool of gasoline. Leaded gasoline. Straight from two neighborhood gas stations.

Government officials, who think the gasoline leaked out of the sta-

tions' underground storage tanks, say there is not much to worry about, because the Legions' house is hooked up to city water.

The Legions, however, worry a lot. They worry about losing their home in a gasoline-related catastrophe. Other times, they worry they'll never get rid of the house. The cleanup, which the former owners of one of the service stations says will begin soon, could take years.

"The biggest concern right now is the value of our property," said Kim Legion. "Would you buy our house?"

Risks — both perceived and real — can affect property values, according to those who sell real estate.

When the Furley first proposed as a Superfund site, most people looking northeast wanted to close they were to called Wayne Stanley, state agent for Gillette.

"For some people, away still too close," It is even more difficult private well is the sole water. Most lenders' health department verifying that the water

If the well is in an area to be contaminated, the department issues a standing that the water may to drink.

Said Stanley: "That's the chances of getting a lot

5 DAY
NO PAY
TILL MAY
FUR
SALE

NEWS RELEASE
CONGRESSMAN PAT ROBERTS
FIRST DISTRICT, KANSAS
202-225-2715

FOR IMMEDIATE RELEASE
Wednesday, Jan. 11, 1989

ROBERTS WARNS RURAL COMMUNITIES MAY PAY
BIGGER SLICE OF ENVIRONMENTAL COSTS

TOPEKA--First District Congressman Pat Roberts today warned that small communities and agriculture will shoulder a disproportionate share of new federal environmental regulations.

Speaking to the Kansas State Board of Agriculture in Topeka, Roberts urged greater agricultural involvement in making common-sense environmental policy.

A recent EPA report estimates residents of communities of 2,500 residents or less will pay \$170 more per person per year for essential services than their urban neighbors as a result of EPA regulations, Roberts said. The report also estimates that small-town agribusinesses may have to contribute up to \$10,000 annually in order to comply with various regulations, and goes on to say financially vulnerable Kansas wheat and cattle producers might well be forced out of business due to cost of compliance.

"The EPA's 'pay up or shut down' regulatory attitude is nothing short of environmental extortion," Roberts said. "If the EPA mandates all of this, we may indeed have a beautiful, pristine rural America; there just won't be anyone living out here to enjoy it.

"Agriculture and rural areas have a vested interest in protecting and improving our nation's soil and water," Roberts said. "Producers are willing partners in sound, common sense conservation. I urge your continued involvement in taking that message to Congress and the federal regulators."

The EPA report covers the projected cost of complying with myriad forthcoming regulations ranging from "fugitive dust" control to pesticides, ozone and engine emissions.

Roberts warned EPA regulatory concerns for small rural communities will be a major issue in the upcoming session of Congress. Requirements for 59 of the 85 regulations listed in the report have yet to be written by the agency. "When finished, cost of complying with EPA regulations could be even higher for our rural communities," Roberts said.

Roberts, vice chairman of the House Agriculture subcommittee charged with overseeing environmental concerns, promised to seek hearings on several of the recommended regulations, especially those relating to pesticides.

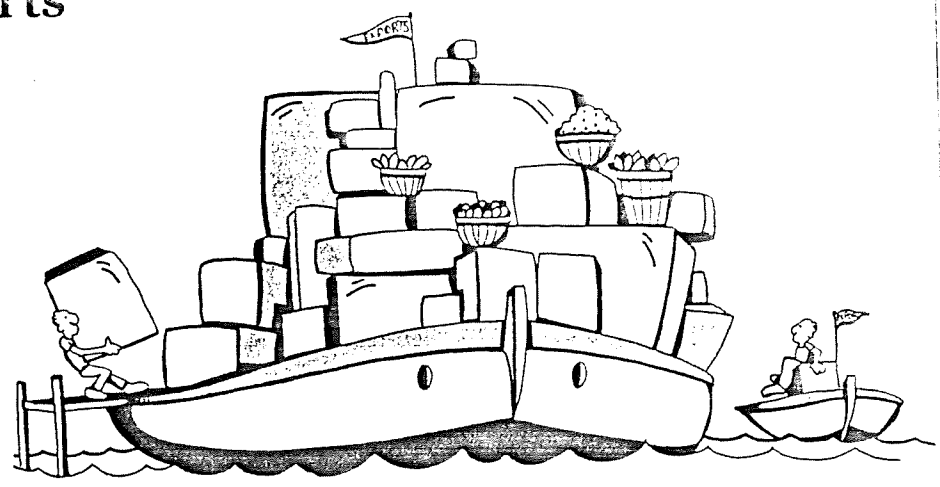
AGRICHEMICAL FACTS

Facts about Agricultural Chemicals..from the KS Agricultural Education Foundation

Agricultural Exports

In 1983, total U.S. agricultural exports were more than \$34.7 billion. Net exports (Ag exports less Ag imports) were \$18 billion, enough to pay for all U.S. imports from West Germany and France.
Without agricultural chemicals, these exports would be wiped out resulting in a much more serious U.S. trade deficit.

Sources: Agricultural Statistics, 1984, USDA. Wall Street Journal, October 25, 1985.



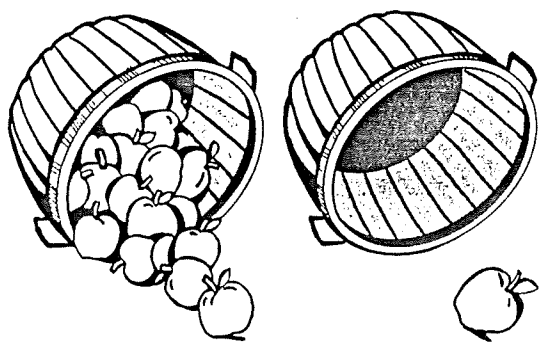
Exports With Agricultural Chemicals

Exports Without

Food Loss

Without agricultural chemicals, the world food supply would drop as much as 40% and prices would skyrocket. Crops such as fruits and vegetables could not be produced in commercial quantities without agricultural chemicals.

Source: Pimental, op. cit.

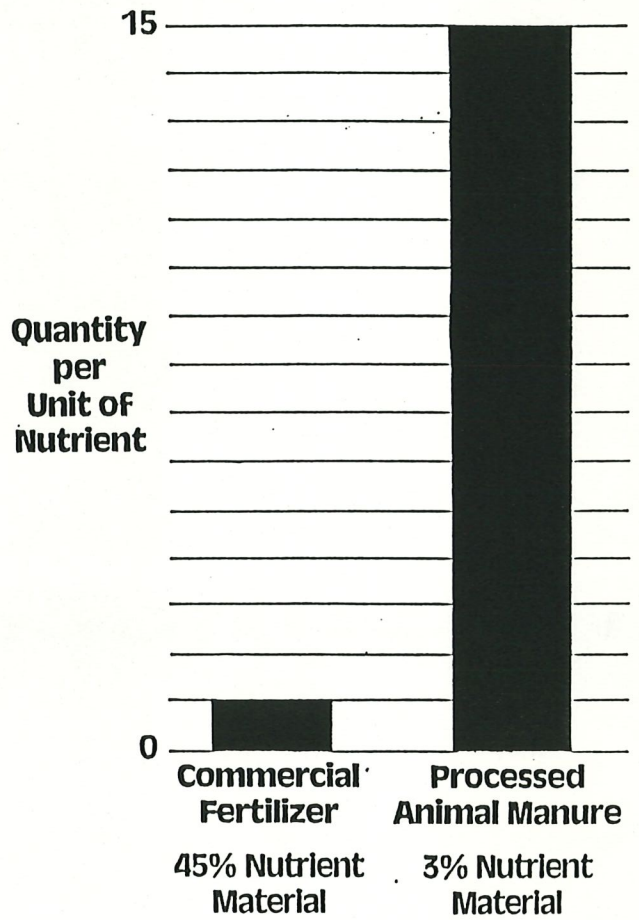
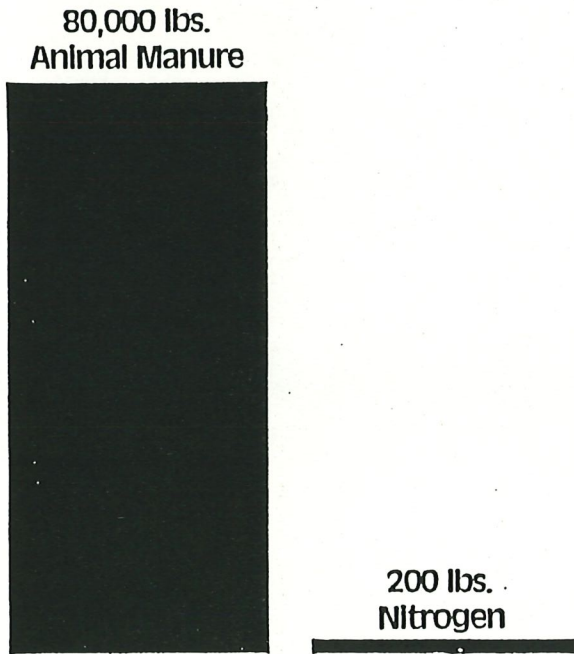


AGRICHEMICAL FACTS

Facts about Agricultural Chemicals..from the KS Agricultural Education Foundation

Per Acre Nitrogen Application

(For Average Corn Production)



source: USDA

STATEMENT

OF

IVAN W. WYATT, PRESIDENT KANSAS FARMERS UNION

ON HB-2008

(FUNDING STATE'S WATER PLAN)

BEFORE

THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

MARCH 21, 1989

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION.

AS I VISIT WITH PEOPLE ACROSS THE STATE OF KANSAS ABOUT THE TAX ISSUES OF THE STATE, AND THE GOVERNOR'S TAX PROPOSALS, I FIND A GREAT AMOUNT OF CONFUSION AND QUESTIONS.

FIRST, WE HEAR WE'RE GOING TO GET THE BIGGEST TAX CUT IN HISTORY. THEN WE HEAR THE STATE IS GOING TO HAVE TO RAISE TAXES FOR HIGHWAYS, THE STATE'S WATER PLAN, ETC.

TO SOME, IT LOOKS LIKE WE'RE TRYING TO HAVE OUR CAKE AND EAT IT TOO. TO OTHERS, AND PROBABLY MORE CORRECTLY, WE'RE ROBBING PETER TO PAY PAUL. AT THIS TIME, MANY PEOPLE THINK THEY ARE GOING TO BE THE PAULS, BUT IN THE END THERE IS GOING TO BE A LOT MORE PETERS THAN PAULS.

THE FARMER AND THE RURAL COMMUNITY WILL BEAR THE BRUNT OF THESE NEW TAXES. REFERRING AS TO THE BIG TAX CUT OR TAX BREAKS A FEW WEEKS AGO, ONE STATE SENATOR STATED THE FOLLOWING CONCERNING THE SO-CALLED WINDFALL, "THE INCOME TAX PLAN WOULD BENEFIT URBAN AREAS MORE THAN RURAL AREAS, BECAUSE IT IS AIMED AT MIDDLE TO UPPER TAXPAYERS, AND MOST OF THOSE PEOPLE LIVE IN URBAN AREAS."

IN REGARDS TO THE FUNDING OF THE STATE WATER PLAN, VERY FEW OF THOSE RECEIVING THE TAX BREAK WILL PAY ANY SIGNIFICANT PART OF THE PLAN.

SE & NR
3/21/89
Attachment II

ALL KANSANS USE WATER. ALL KANSANS POLLUTE WATER.

ALL KANSANS DIRECTLY OR INDIRECTLY BENEFIT FROM THE USE AND POLLUTION OF WATER.

FARMERS HAVE BEEN TAGGED FOR A BIG PART OF THIS FUNDING BECAUSE THEY USE FERTILIZER, THEY USE PESTICIDES AND THEY USE SUBSTANTIAL AMOUNTS OF WATER IN SOME AREAS.

THE KEY WORD IN THIS ISSUE IS "BENEFIT". WHO BENEFITS? EVERY LIVING SOUL IN KANSAS EATS FOOD. THEREFORE, EVERY KANSAN DAILY BENEFITS DIRECTLY FROM THE USE OF WATER FOR THE PRODUCTION OF FOOD.

THEREFORE, THE KANSAS FARMERS UNION'S POSITION PARALLELS THE POSITION TAKEN BY OF THE KANSAS WATER AUTHORITY, WHICH STATES: "WATER IS OUR MOST IMPORTANT RESOURCE, AND ALL KANSANS SHARE IN THE RESPONSIBILITY FOR ITS PROPER STEWARDSHIP."

THE KANSAS FARMERS UNION POLICY CALLS FOR "FUNDING THE STATE WATER PLAN FROM THE GENERAL FUND". THIS POLICY IS BASED ON THE PRESUMPTION THAT INCOME IS THE BEST MEASURE OF BENEFIT, ESPECIALLY IN THE CASE OF THE USE OF WATER.

HOWEVER, RECOGNIZING THE NEED FOR A DEDICATED SOURCE OF FUNDING FOR THE STATE'S WATER PLAN, I BELIEVE THAT ADVOCATING A SURTAX ON KANSAS INCOME TAX WOULD BE IN COMPLIANCE WITH THE FARMERS UNION POLICY.

THEREFORE, WE WOULD CALL FOR A SURTAX TO BE LEVIED ON THE KANSAS INCOME TAX TO BE DEDICATED TO THE FUNDING OF THE STATE'S WATER PLAN. THIS SHOULD BE THE MOST FAIR TAX. THEN, IN THE CASE OF AGRICULTURE, WHEN FARMERS PROSPERED FROM THE USE OF WATER AND CHEMICALS FOR THE PRODUCTION OF FOOD, THEY WOULD SHARE IN THE COST OF THE WATER PLAN, AND DURING THE TIMES OF AGRICULTURE DEPRESSION AND LOWER CONSUMER FOOD PRICES, THAT COST WOULD BE SHIFTED TO THOSE WHO BENEFIT FROM THE PRODUCTION OF LOWER PRICED FOOD.

ACCORDING TO SOURCES FROM THE FEDERAL RESERVE BANK OF KANSAS

CITY AND THE U.S. DEPARTMENT OF AGRICULTURE, OF EACH DOLLAR OF GROSS INCOME GENERATED FROM CROPS SOLD BY FARMERS IN OCTOBER 1988, THOSE SALES COVERED ONLY 83 CENTS OF EVERY DOLLARS SPENT ON OPERATING COSTS.

HOWEVER, IF SOME OF THOSE FARMERS ARE ABLE TO GENERATE A NET INCOME FROM FARMING OR OTHER SOURCES, THEY WOULD HELP PAY A PORTION OF THE FUNDING OF THE STATE'S WATER PLAN UNDER THE INCOME SURTAX SOURCE.

IN URGING THE USE OF THE SURTAX ON THE STATE'S INCOME TAX AS A DEDICATED SOURCE OF FUNDS FOR THE STATE WATER PLAN, I WOULD SUGGEST ADDING AN ADDITIONAL LINE ON TAX FORM K-40, SIMILAR TO THE WILDLIFE CONTRIBUTION ON LINE 25 OF THE K-40 FORM, STATING THAT THE PERCENTAGE OF THE SURTAX ON THE INCOME TAX IS TO FUND THE STATE'S WATER PLAN.

I BELIEVE THAT AMOUNT OF TAX DEDICATED TO THE STATE WATER PLAN WOULD BE, IN MOST AREAS, READILY ACCEPTED AS A GOOD INVESTMENT TO ASSURE THE STATE OF AN ADEQUATE, SAFE SUPPLY OF WATER.

THE SURTAX ON INCOME WOULD BE MUCH MORE ACCEPTABLE THAN A SALES TAX.

WE URGE THE COMMITTEE TO GIVE THIS SOURCE OF FUNDING SERIOUS CONSIDERATION.

THANK YOU.

KANSAS INDIVIDUAL INCOME TAX

1988

For the year January 1-December 31, 1988, or other taxable year beginning _____, 1988 ending _____, 19 _____

USE KANSAS LABEL
Otherwise Print or Type

Your Social Security Number		Spouse's Social Security Number		For Office Use Only
Last Name		First Name(s) and Initial(s)		
Home Address (Number and Street or Rural Route)				
City, Town or Post Office, and State		Zip Code		
School District Number	County Abbreviation	YOUR TELEPHONE NUMBER _____		For Office Use Only

The number you furnish will be confidential and should be the one at which you can be reached during our office hours.

Filing Status (Check ONE)

(S) Single

(F) Married filing joint (Even if only one had income)

(M) Married filing separate (Give spouse's name and social security number _____)

(U) Head of household

Exemptions

Number of exemptions on your 1988 federal return _____

If filing status is head of household (U), add one exemption

Total exemptions

Residency Status (Check ONE)

Resident Nonresident (Complete Part B on back of form 40)

Part-year resident From _____ to _____

Attach Check or Money Order Here

1. Federal adjusted gross income	[A]	1		
2. Modifications to federal adjusted gross income (Line A14, Part A, see instructions)	[*]	2		
3. Kansas adjusted gross income (Line 2 added or subtracted from line 1)	[B]	3		
4. Standard deduction OR itemized deductions (See instructions)	[C]	4		
5. Exemption allowance (\$1,950 x number of exemptions claimed)	[E]	5		
6. Total deductions (Add lines 4 & 5)		6		
7. Taxable income (Subtract line 6 from line 3)		7		
8. Tax	[F]	8		
9. Nonresident allocation percentage (Line B35, Part B)	[G]	9		%
10. Nonresident tax (Multiply line 8 by line 9)	[H]	10		
11. Kansas tax on lump sum distributions (See instructions)	[I]	11		
12. Total Kansas tax (Residents: add lines 8 & 11; Nonresidents: add lines 10 & 11)	[J]	12		
13. Credit for taxes paid to other states (See instructions)	[K]	13		
14. Other nonrefundable credits (Line D47, Part D)	[L]	14		
15. Total nonrefundable credits (Add lines 13 & 14)		15		
16. Balance (Subtract line 15 from line 12; cannot be less than zero)		16		
17. Kansas income tax withheld (Attach Kansas copies, form W-2)	[M]	17		The total Kansas state income tax withheld on attached W-2 forms must equal the amount entered on line 17.
18. Estimated tax paid	[N]	18		
19. Amount paid with state extension	[O]	19		
20. Handicapped accessibility refund	[P]	20		
21. Total refundable credits (Add lines 17 through 20)		21		

Attach State Copy of W-2(s) Here

22. BALANCE DUE (If line 16 is greater than line 21) Interest [O] _____ Penalty [R] _____	[S]	22	Balance Due
Write your Social Security Number on check or money order and make payable to Kansas Income Tax			
Penalty—Estimated Tax [T] _____			Overpayment
23. OVERPAYMENT (If line 21 is greater than line 16)	[Y]	23	Credit Forward
24. CREDIT FORWARD (Enter the amount of line 23 you wish to be applied to your 1989 estimated tax)	[U]	24	Wildlife Contribution
25. CHICKADEE CHECKOFF (Kansas nongame wildlife improvement program): If you wish to donate to this program, enter the amount of your donation. This donation will reduce your refund or increase the amount you owe.	[W]	25	Refund
26. REFUND (Enter the amount of line 23 you wish to be refunded to you)	[V]	26	

ATTACH A COPY OF YOUR FEDERAL RETURN AND APPLICABLE FEDERAL SCHEDULES TO THIS RETURN

[CA] For Office Use Only

I declare under the penalties of perjury that to the best of my knowledge and belief this is a true, correct, and complete return.

sign

Signature of taxpayer

Date

Signature of preparer

2-3

Testimony on HB 2008
Senate Committee on Energy and Natural Resources
March 21, 1989
Prepared by Joe Lieber
Kansas Cooperative Council

Mr. Chairman and members of the Committee, for the record, I'm Joe Lieber, Executive Vice President of the Kansas Cooperative Council. The Council has a membership of nearly 200 cooperatives that have as their members nearly 200,000 Kansas farmers and ranchers.

Mr. Chairman and members of the Committee, there has been a lot of confusion about HB 2008. I would like to add to that confusion with some facts.

FACT #1 - HB 2008 is not a water plan bill It is a funding bill.
Kansas already has a water plan that is already funded. The Kansas Cooperative Council is not opposed to a water plan or to a new and better water plan, but we are opposed to the new unfair taxes in HB 2008.

FACT #2 - HB 2008 is not a rural vs. urban bill. All people in Kansas want clean water. Doesn't the farmer, the industrialist, the environmentalist and urban dweller want clean drinking water and bathing water? Sure they do. We're all in this together. This is why the Kansas Cooperative Council supports the water plan through the General Fund. You know a tax on water not only affects the farmers and other industries, but the way 2008 is written it also affects those retired persons that are on fixed incomes. Wouldn't it be more fair to have all of us pay for quality water through the General Fund?

FACT #3 - The people of Kansas are intelligent. We heard testimony that if the water plan is funded through the General Fund it would have to compete with education and social services for those funds, and the water plan would lose out.

Am I expected to believe that the people of Kansas would drink contaminated or dirty water to save money? I don't think so. You, the legislature, may have to make some hard decisions, but please don't create new unfair taxes to make those decisions easier.

FACT #4 - Agriculture is not a primary cause of pollution. There has been enough conferees that have addressed this fact, so I will not.

FACT #5 - Farmers are already spending millions of dollars a year to protect the water. Senator Thiessen has already mentioned the 13 million dollars Kansas farmers spend building terraces, dams, etc., but that is just the tip of the iceberg.

The average fee for digging a well is \$150, plus a \$200 inspection fee after it is dug.

When a farmer wants to use chemicals with his irrigation, he has to purchase a stop flow valve for approximately \$500. HB 2130, which was introduced this session, would require this equipment to be inspected annually at an approximate cost of \$50.00. SB 2,

also introduced this session, would require a \$50 chemigation users permit plus a \$10 fee for each additional point of diversion. These are annual fees. I wonder if the supporters of HB 2008 realize that there were already fees and potential fees on the point of diversion.

FACT #6 - Agriculture is already supporting legislation that would protect the environment.

SB 2 - an act relating to chemigation as I mentioned earlier.

SB 3 - an act concerning agriculture; relating to pesticides.

SB 94 - which sets up storage tank regulations. These regulations will cost millions of dollars, but agriculture will support them even though the cost will probably be passed onto the producers. This bill also places a .01 cent fee on each gallon of petroleum products manufactured in or imported into the state. This will probably be passed on to the consumer.

HB 2130 - I mentioned earlier.

HB 2422 - an act concerning fertilizer regulations for bulk storage. Regulations that will cost millions of dollars to implement, and that cost will be passed onto the farmers.

These bills are proposals that agriculture is supporting to help preserve our water. Who else is spending as much?

FACT # 7 - Agriculture has not received too many tax advantages in the past. This is an emotional issue, and this is the cry we hear from many supporters of HB 2008. But let's examine the facts.

This is the latest copy of the Kansas Guide to Starting a Business in Kansas, put out by the Kansas Department of Commerce. Pages 37 to 49 cover State tax exemptions, exclusions, abatements and preferential tax rates.

I have a copy of those 12 pages that I will pass out after the meeting. I'm not a tax attorney or an accountant, but I counted 127 tax incentives on these pages.

Twelve of them had to do directly with agriculture and I'm sure some of the others would pertain also to agriculture. But after reading this, I think you will agree that the State's number one industry does not get any more preferential treatment than other industries.

FACT # 8 - Agriculture is already helping to pay its own way.
Turn to the green colored sheet in my testimony and you can see that agriculture is paying its fair share. These figures show that 2/3 of the money the State spends on agriculture is paid by agriculture. I challenge any other part of state government to do as well.

Remember this is a conservative estimate. It does not include the \$200,000 the Grain Inspection Department pays into the General Fund each year. It does not include the total of \$100,000 the Wheat, Soybean, Corn and Sorghum Commission pays each year.

FACT #9 - Agriculture uses a lot of water. What do they use it for? Drinking, bathing, washing their pickups, watering the stock and irrigating their crops. Who benefits from this use? We all do. That water the farmer uses

- * feeds 93 other people; 75 in this country and 18 in other countries

- * creates 9 off-the-farm jobs

- * decreased our unfavorable balance of trade by \$7 billion in 1987 and \$14 billion in 1988.

- * Provides us with the least expensive food in the world. See gold sheet in my testimony. This percent is getting smaller but the farmer's percent is also getting smaller.

In 1950, the farmer's split was 41 percent

In 1960, the farmer's split was 33 percent

In 1987, the farmer's split was 25 percent

These figures show that just because the cost of agriculture goes up, it doesn't mean that these costs can be passed to the consumers. We have an inexpensive food source. Let's keep that way.

FACT #10 - The Kansas Cooperative Council supports a well-defined water plan supported by all of us through the use of General Funds. This is why the Council is opposed to HB 2008.

Thank you for your time, and I will attempt to answer any questions.



PUBLIC POLICY STATEMENT

SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

RE: H.B. 2008 -- Imposing fees to finance the State Water Plan

March 21, 1989
Topeka, Kansas

Presented by:
Bill R. Fuller, Assistant Director
Public Affairs Division

Chairman Doyen and Members of the Committee:

My name is Bill Fuller. I am the Assistant Director of the Public Affairs Division for Kansas Farm Bureau. We certainly appreciate this opportunity to express our views on H.B. 2008.

The 438 Voting Delegates, representing the 105 County Farm Bureaus, adopted policy at the 70th Annual Meeting of Kansas Farm Bureau in Topeka on December 6, 1988. In fact, policy concerning funding the State Water Plan appear in two Farm Bureau resolutions:

State Water Plan

"The State Water Plan, developing and evolving under the direction of the Kansas Water Authority and the Kansas Water Office, is a blueprint for planning, managing, conserving and utilizing the waters of the state. The Water Plan has sections relating to Management, Conservation, Quality, Fish, Wildlife and Recreation, and Basins. The Water Plan is for the benefit of all Kansans and should be funded by all Kansans through the State General Fund. New, additional taxes for fees are not needed to fund the State Water Plan."

SE&NR
3/21/89
Attachment IV

State and Local Governmental Budgeting, Spending and Taxation

"One of the most important investments and most appropriate uses for State General Fund (SGF) revenues is to fully fund the State Water Plan for Fiscal Year 1990. We strongly support an appropriation from the SGF to fund the State Water Plan."

Based upon adopted policy, we must emphasize two important points at the beginning:

- (1) Farm Bureau members support funding the State Water Plan.**
- (2) Farm Bureau members oppose the establishment of new taxes for this purpose.**

Few issues have created the amount of discussion and the level of concern across Kansas as have the funding components proposed in H.B. 2008. We must relate to you several reasons why we believe the funding proposal should be modified:

- (1) Kansas adopted the "Appropriation Doctrine" concerning water rights in 1945. That policy dedicates the waters of the state to the people of the state. Since water is vital to all Kansans, and the water belongs to all Kansans, we believe the Water Plan should be funded by all Kansans.**
- (2) The establishment of new "fees" on water bills, fertilizers, pesticides, landfills, industry, feedlots and irrigators are considered tax increases.** Taxpayers are asking why create new taxes when the state balances are very high, revenues are increasing, collection of the windfall is being halted and state spending is increasing.
- (3) The tax treatment of "ingredient or component parts" must continue to be equitable for all businesses.** The justification some are using in their support for establishing "fees" on fertilizers and pesticides because these items are exempt from sales tax is extremely troubling. We must point out the fact that "ingredient or component parts," KSA 79-3602(1), used to create a product in agriculture, processing and manufacturing have not been subject to tax since the Kansas Retailers Sales Tax was enacted in 1937. The manufacturer that purchases the metal, paint, chemicals, etc. used to produce

microwave ovens does not pay sales tax on those inputs, rather the sales tax is collected at the time of the retail sale. Likewise, the fertilizer used to produce corn is not taxed, but the sales tax is collected in the supermarket when the corn flakes are purchased. Creating a tax on fertilizer and pesticides will destroy the equity that now exists. Also disturbing is the likelihood farmers near the borders of Kansas will go across the stateline to adjacent states for their fertilizer and chemical purchases ... a financial loss to Kansas dealers.

H.B. 2008 merely dedicates funding for the Water Plan ... not a vote on whether there should be a Water Plan. The State Water Plan already exists and each project is being considered in various state agency budgets ... KDHE, KSBA, SCC, KWO, and etc. Establishing a permanent and dedicated funding plan is a goal many seem to agree upon. We believe those supporting the creation of a fee structure are overlooking the likelihood some components in the bill will not provide as stable funding as would dedicating existing sales tax or income tax revenues.

Our responsibility is to represent our farm and ranch members. Even though the amendments made to H.B. 2008 in the House somewhat reduced the burden on agriculture, we encourage you to also consider the increases in regulations, fees and penalties likely to be approved in pending legislation this session concerning chemigation, pesticide use and fertilizer storage tanks.

Some projects in the Water Plan do relate to agriculture. One of those is the cost-sharing assistance to landowners for conservation practices that prevent soil erosion, sedimentation and runoff. We must not overlook the fact that participating landowners must invest millions of dollars themselves to build structures such as terraces and waterways. The maintenance and

the additional expense of farming terraces is borne by the farmer. We believe this state incentive allows farmers to invest in projects that preserve our natural resources for the benefit of all citizens.

Yes, agriculture uses large amounts of water. The question that must be asked is, who benefits? The answer is simple! The public benefits because of the abundance of high-quality food at a relatively low cost. Responsible use of water, pesticides and commercial fertilizers are responsible for the fact that individuals spend a **lower** percent of personal spending on food in this country than any other nation:

<u>Country</u>	<u>Spending on Food</u>
U.S.	12.7%
China	60.0%
Brazil	41.0%
Mexico	40.0%
U.S.S.R.	33.7%
Italy	29.2%
Japan	21.5%
France	18.5%
United Kingdom	17.3%
Australia	17.1%
Canada	14.5%

In closing we emphasize our beliefs:

- 1) The State Water Plan is important to **all Kansans**;
- 2) It is time to establish implementation of the State Water Plan as a **high priority**;
- 3) The Water Plan should be **adequately funded**; and
- 4) Funding should come from the **State General Fund** ... agriculture will contribute because farmers do pay income taxes and sales taxes.

Thank you for this opportunity to testify. We will attempt to respond to any questions.

KANSAS ELECTRIC COOPERATIVES, INC.

Testimony Before the Senate
Energy and Natural Resources Committee

House Bill No. 2008

Thursday, March 16, 1989

by

Conni L. McGinness
Director, Legislative Relations

SENR
3/21/89
Attachment V

TESTIMONY

May it please the Committee, my name is Conni McGinness, and I am Director of Legislative Relations for Kansas Electric Cooperatives, Inc. (KEC). KEC is the statewide service organization representing 34 rural electric cooperatives in the state, who in turn have a membership of over 170,000 consumers. I am speaking here today on behalf of KEC and its member systems in opposition to House Bill 2008.

First, let me say up front that we, the rural electric cooperatives of Kansas, strongly support a state water plan and financing of a state water plan; however, we certainly oppose this particular plan that has been proposed in House Bill 2008. We strongly support the concept of financing the state water plan through general funds. General funds are fair and equitable. We certainly don't mind paying our fair share, but we certainly do mind paying someone else's fair share in addition to our own.

As I stated earlier, I represent 170,000 member-consumer ratepayers. Our members would not only be paying the additional costs that we would have to bear from the plan, but also would be hit by several other aspects of this plan. This seems unjust.

First and foremost, we object to the tipping fee. Sunflower Electric Cooperatives and its members would be hardest hit in our situation. Fly ash from the Holcomb generating plant would come under the tipping fee. The \$1 per ton, and eventually \$2 per ton tipping fee in a "disposal area" would be passed on to the eventual consumer-member ratepayer, who in our case is generally a farmer. It is my understanding that the tipping fee is aimed at those who use the landfills when it is not known what

is dumped into those landfills, and it is not known who is the primary responsible party. In our situation however, if there was the unfortunate situation where pollution had occurred from the fly ash, since we do not dispose of it at public landfills, the government would know exactly who to look to to pay for the cleanup operations. It would not be a situation where you would have no idea where the pollution came from. At a minimum, we would strongly support an amendment that would change the wording from "disposal area" to a "sanitary landfill."

Secondly, we oppose the 2¢ per thousand gallons of water used for industrial use. My understanding of the reasoning behind this fee was to make those who use and pollute the water to pay for it. Yes, we use a substantial amount of water, but no, we are not polluters of water. And thus, Sunflower Electric Cooperative serving western Kansas, as well as Kansas Electric Power Cooperative (KEPCo), would also be charged this additional tax of 2¢ per thousand gallons for industrial use when they are not polluters.

Thirdly, we are also concerned about the definitions being provided by the rules and regulations of the Chief Engineer of the Division of Water Resources, as reflected on the top of page 2, lines 50-56. In our opinion, this would leave too much authority with the Chief Engineer and could be easily changed by the Chief Engineer. Please note we are not saying that the current Chief Engineer would do such a thing, but we cannot predict what would be the situation in years down the road. For this reason, we think the actual definitions should be a part of the act.

As you can see, our member-consumers would be paying more

than their fair share of the state water plan. Our members, being rural, could be paying on several of these fees: through their rural water district; if they use water for stock watering; if they irrigate; if they use electricity, they will be paying the fees through the industrial use and the tipping fee; and if they use fertilizers and pesticides. Therefore, it is possible that a farmer, particularly one in western Kansas, could be paying every single one of these fees. Now, is that fair?

Thank you for the opportunity to testify today. I would be happy to answer any questions you may have.

WATER DISTRICT NO. 1 OF JOHNSON COUNTY



5930 Beverly — Mission, Kansas 66202
Mailing Address: P.O. Box 2921, Mission, Kansas 66201

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TESTIMONY ON HB 2008
BEFORE THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
MARCH 21, 1989

Good morning Mr. Chairman, Members of the Committee:

My name is James Meitl and I represent Water District No. 1 of Johnson County. For the benefit of those of you that might not be familiar with our District, we are the second largest water utility in the greater Kansas City metropolitan area and the State of Kansas. We serve approximately 250,000 individuals throughout fifteen cities in Johnson County.

My comments to you this morning will be brief. We, like many others who have provided testimony on HB 2008, support a dedicated source of funding for state water plan projects. We believe the State Water Plan is necessary to ensure clean, adequate water supplies for current customers, and for future generations of customers.

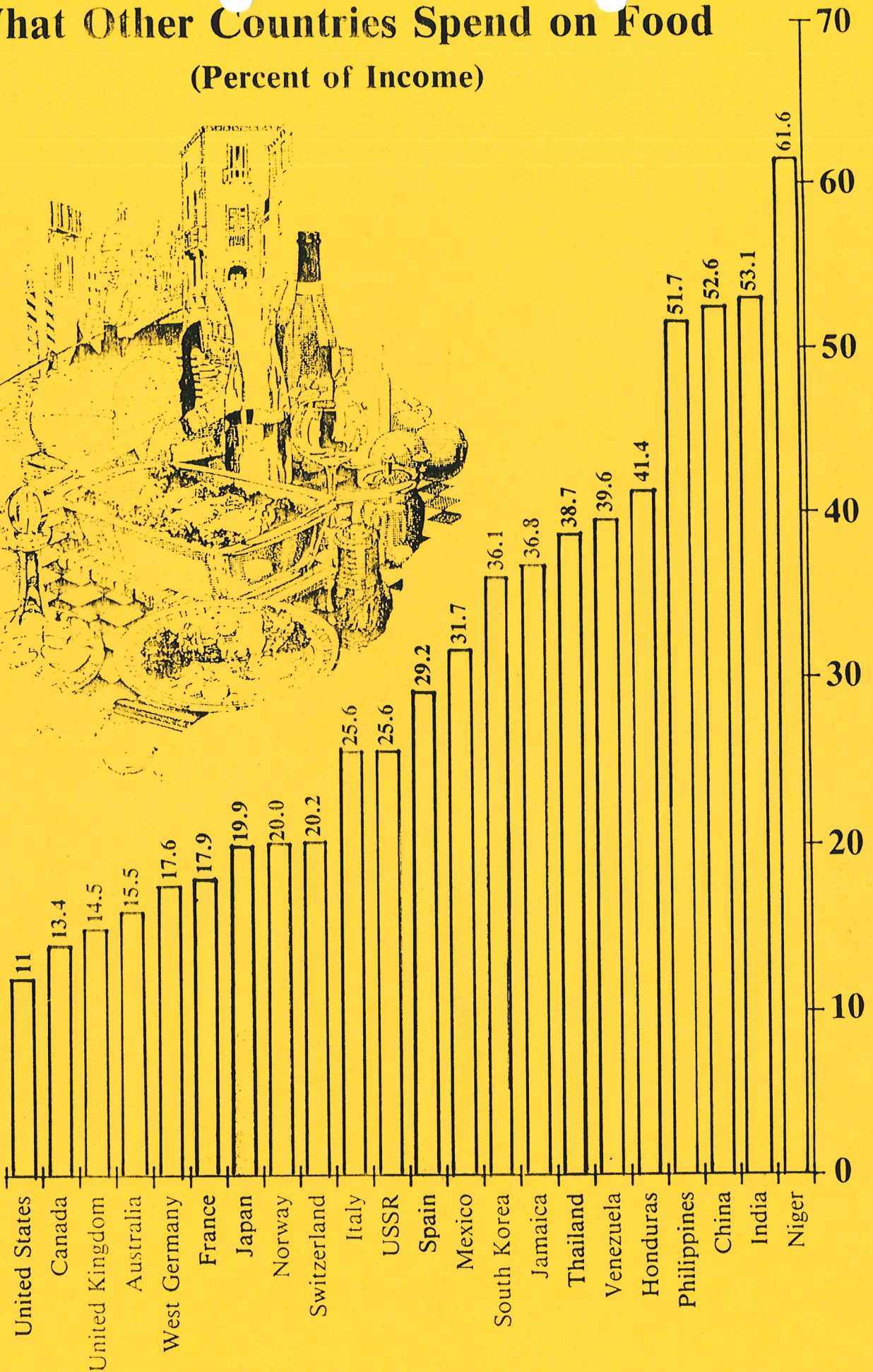
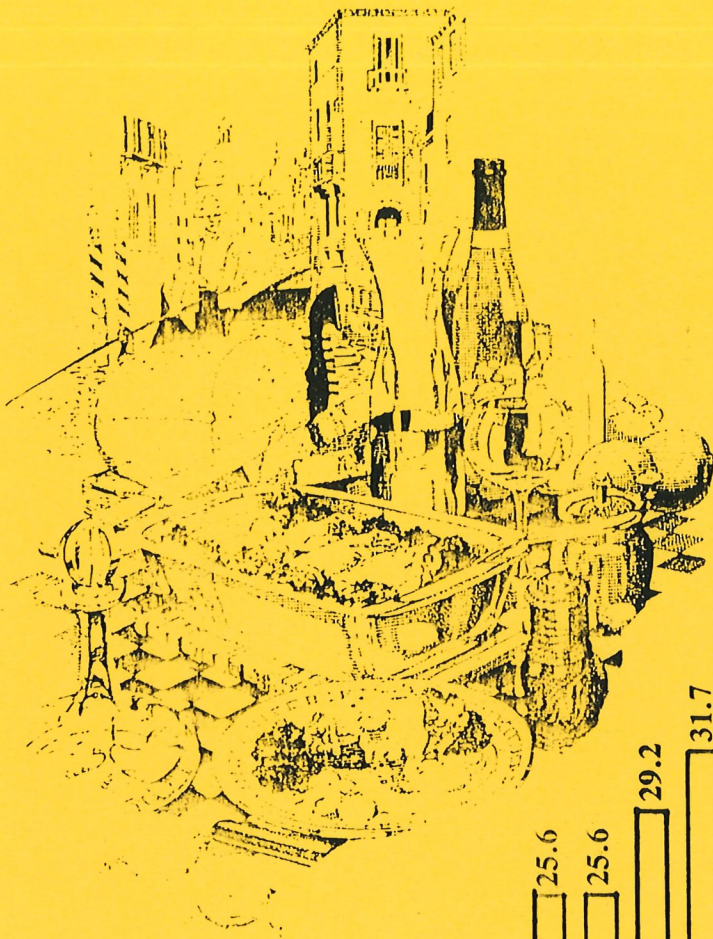
Our concern with HB 2008 is not with the projects that have currently been identified for funding, but rest with the projects still to be identified in future years, and the unknown cost of those projects.

We believe that, in its present form, HB 2008 will permit unchecked spending in future years on projects that are not truly needed. While we believe that funding should be available for water quality and supply projects that have been properly identified and have gone through a critical review process, we are opposed to unnecessary or excessive spending.

While we are willing to pay our share for financing the State Water Plan, we are concerned with HB 2008 in its present form in that it does not place parameters on the types of projects that will be funded with the \$18 million currently proposed in the bill.

We appreciate consideration of these concerns and for the opportunity to appear before you today.

What Other Countries Spend on Food (Percent of Income)



TWO-THIRDS THE COST OF AGRICULTURAL FUNCTIONS OF THE STATE ARE BORNE BY SPECIAL REVENUE SOURCES -- AGRICULTURE PAYING FOR GOVERNMENT.

FEES PAID BY AGRICULTURE FOR GOVERNMENT*

	Special Revenue	Total
State Board of Agriculture	\$6,698,026	\$15,757,626
Animal Health Department	1,288,602	1,614,506
Grain Inspection Department	5,971,423	5,971,423
Kansas Wheat Commission	1,786,765	1,786,765
Kansas State Fair	2,666,747	2,754,099
	\$18,411,563	\$27,884,419

\$18.4 million is Special Revenue for Agricultural government functions of the State Board of Agriculture, Animal Health Department, Kansas State Fair, Grain Inspection Department and Kansas Wheat Commission.

*Does not include any fees to Department of Health and Environment nor Kansas Water Office.



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Owns and Publishes The Kansas STOCKMAN magazine and KLA News & Market Report newsletter.

March 16, 1989

STATEMENT OF THE
KANSAS LIVESTOCK ASSOCIATION
TO THE COMMITTEE OF
ENERGY AND NATURAL RESOURCES
SENATOR ROSS DOYEN, CHAIRMAN
SENATOR DON SALLEE, VICE-CHAIRMAN
WITH RESPECT TO HOUSE BILL 2008

Presented by

Rich McKee

Executive Secretary, Feedlot Division

Mr. Chairman and members of the committee, I am Rich McKee, representing the Kansas Livestock Association. KLA speaks for a broad range of over 10,000 livestock and crop producers. Their operations can be found in virtually every geographic corner of the state.

The Kansas Livestock Association opposes House Bill 2008. Members of KLA have been sold on the idea that the State Water Plan is to benefit all Kansans. Therefore, all Kansans should help pay for its implementation. The Kansas Livestock Association believes funding for the State Water Plan should come from a broad revenue source, such as the state general fund.

SE&NR
3/21/89
Attachment VII

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Some have argued the water plan cannot successfully compete for general fund dollars and therefore must have it's own dedicated source of taxes. I ask: What state agency wouldn't want it's own guaranteed fund? Furthermore, I ask under which funding method do you think a water plan would be held more accountable: With a guaranteed check of several million dollars annually, or if the plan had to justify funding from the general fund? If the water plan cannot successfully compete for what is less than one percent of the state general fund revenues, at a time when state balances are at or near an all time high, then maybe it doesn't deserve funding?

Much has been said concerning the reliability of a revenue source. I seriously question whether a new tax on fertilizer, pesticide and water used for livestock can be considered a "reliable source". The weather, highly volatile grain prices, and of course, the always unpredictable government farm programs would indicate the opposite. For example, since 1986 2.3 million acres in Kansas have been taken out of production and placed into the Conservation Reserve Program.

Creating new taxes on fertilizers, pesticides and water used for livestock would be a major change in Kansas tax philosophy. Kansas statutes specifically exempt component parts from taxation. Is the Kansas legislature ready to set the precedent of implementing value added taxes? This merits deep consideration.

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Some proponents of this measure have stated polluters of water should be responsible for their actions. KLA couldn't agree more, but, let's deal with that issue face up! If there is a problem with livestock operations polluting water lets get it on the table. However, let's not accept general, broad-bushed accusations that feedlots are polluting water and therefore it's okay for this industry to pay for a evasive water plan.

Please keep in mind a vote against HB 2008 is not a vote against the water plan. The Governor has proposed in his budget \$10.4 million for water projects. If the public and therefore the legislature supports these projects it can and will be funded through the normal budgetary process.

Thank you for considering the position of the Kansas Livestock Association.