

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

8:06 a.m./~~p.m.~~ on March 22, 1989 in room 423-S of the Capitol.

All members were present except: quorum was present.

Committee staff present:

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

Conferees appearing before the committee:

Jerry Kempf, Sunflower Electric Cooperative, Inc.
Chris Wilson, Kansas Fertilizer and Chemical Association
Rick Kready, KPL Gas Services
Jerry Coonrod, Kansas Gas and Electric Company
Wilbur G. Leonard, Kansas Farm Organizations
Randy Burleson, Empire District Electric Company
Bob Meinen, Secretary, Wildlife and Parks

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 Jerry Kempf.

Mr. Kempf's written testimony opposes the method of funding of the water plan as provided for in H.B. 2008 (Attachment I).

Chris Wilson presented written testimony opposing the new fees as proposed in H.B. 2008 (Attachment II).

Rick Kready offered the attached amendment (Attachment III). He responded to questions.

Jerry Coonrod presented written testimony urging the committee to exempt water users who already pay the state substantial amounts for water through long-term contracts (Attachment IV).

Wilbur Leonard presented written testimony questioning whether improvement of wildlife, parks and recreation should be included in the water plan. And supporting funding of the water plan from the general fund (Attachment V).

Randy Burleson appeared in opposition to H.B. 2008 (Attachment VI).

Chairman Doyen closed the hearing on H.B. 2008.

The Chairman referred to H.B. 2005.

A conceptual motion was made by Senator Martin to amend the section of the bill that includes fee charges back to the point were they were a year ago. The motion was seconded by Senator Thiessen. Secretary Meinen presented an amendment that would increase the fees for hunting and fishing licenses (Attachment VII). Secretary Meinen responded to questions. The motion failed. Senator Langworthy moved that H.B. 2005 be passed. Senator Frahm seconded the motion. The motion carried.

The minutes of March 14, 15 and 16 were adopted. The meeting adjourned. The next meeting will be held on March 23, 1989.

1989 SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

Date March 22, 1989

PLEASE PRINT GUEST LIST

NAME

REPRESENTING

Joe Lieber	KS Co-op Council
Alan Steppat	Pete McBill & Associates
Ken Bahr	NACA
Link Bradley	DuPont
Wayne Feyereisen	DuPont / Conoco Inc
DARRELL MONTEI	KDWEP
Bob Meinen	KDW+P.
John K. Strickler	Governor's Office
Leland E. Rolf	DWR-KS B A
Dan Stevens	Texaco Inc.
Robert C. Kersner	Mid Cont Oil & Gas
TERRY LEATHERMAN	KCCI
Mary Ann Bradford	League of Women Voters
Mike Miller	KCC
Tom Day	KCC
DONIKA HUYMAN	KCC
Connie McGinness	KS Electric Coop.
JERRY C. KEMPF	SUNFLOWER Elec.
ED SCHAUB	WASTE Mgmt
Chris Wilson	KS Fertilizer & Chemical Ass'n
Rich McKee	KS Livestock Assoc.
Jim Jummel	Kansas Train & Feed Association -
Ben Bradley	KS Association of Counties

1989 SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

Date March 22, 1989

PLEASE PRINT GUEST LIST

NAME

REPRESENTING

Spencer Tomb

Kansas Wildlife Fed.

WRITTEN STATEMENT OF SUNFLOWER ELECTRIC COOPERATIVE, INC.

HOUSE BILL No. 2008

Presented to the

SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

SENATOR ROSS O. DOYEN

By

JERRY C. KEMPF

DIRECTOR OF EXTERNAL AFFAIRS

MARCH 16, 1989

*SENR
3/22/89
Attachment I*

Mr. Chairman and members of the committee, my name is Jerry C. Kempf. I am Director of External Affairs for Sunflower Electric Cooperative, Inc. (Sunflower). Sunflower is a generation and transmission cooperative headquartered in Hays, Kansas. We serve the western one-third of the state. I have made available to each of you, a brochure to more fully inform you about Sunflower.

I am here today to testify in opposition to House Bill 2008. HB 2008 imposes various charges to provide for the financing of a state water plan. Sunflower does not oppose a state water plan. In fact, we are very supportive of such a plan. However, we do believe the manner in which the plan will be funded is critical.

Based on some concepts for the plan which have been discussed thus far in the session, Sunflower and its rural consumers could be burdened with added charges amounting to as much as \$165,000 per year. Ironically, less than \$14,000 of this charge would be for water usage. Over \$150,000 could come from fees levied on the disposal, on our own property, of fly-ash and other materials which are unavoidable by-products of coal power plant operations. Sunflower's disposal of these materials is carefully accomplished in an environmentally sensitive and controlled manner. This would represent a little more than \$3.00 per year per customer.

Sunflower serves some of the most rural areas in Kansas. One of our cooperative member-owners has a customer density of 1.2 per mile of line. It costs between \$16,000 and \$20,000 dollars to build a mile of single-phase distribution line such as would be needed to serve a typical farmstead. You can readily see the co-op's cost of service is high. This figure does not include substations or any other electrical equipment that is needed to provide electric service. All of these facilities are taxable, and our cooperative owners and their rural members are already paying all of the normal taxes any taxable business entity would be expected to pay.

My first point is that it is already expensive to live in rural Kansas. We must drive long distances for necessary goods and services and, we pay premium prices for much of what we get.

The February 26th Sunday edition of the Wichita Eagle-Beacon devoted four sections to economic development. Articles discussed the healthy manufacturing environment and the hope that Kansas would begin to share in the national economic revitalization. Also discussed were a number of studies that looked at the problems of rural Kansas and the lack of clear solutions. No definitive recommendations have been found to help solve the pressing and ominous problems of rapid out-migration, loss of our doctors, closure of our hospitals and businesses, and the erosion of our quality of life.

The past five years have been five economically lean years in rural Kansas. More importantly, the agriculturalist has been fighting increased operating costs while his product value has stayed almost stationary. Last week's Wednesday edition of the Eagle-Beacon points out that from 1982 to 1987 over 5,100 Kansas farms went out of

business. It further reported on the continued demise of the family farm. The March 14th edition of the *Wall Street Journal* featured a front-page story on Western Kansas and our wheat crop. A local businessman is quoted as saying that "'farmers aren't buying anything but crop insurance.'" "'There's no building going on, no expansion' of any kind."

My second point is that Kansas farmers and ranchers who appropriate water pay the same taxes that other businesses in the state pay. We do not believe that this particular segment of our economy is sufficiently healthy to afford to pay for 45% of the direct costs of a state water plan. We are not talking about a large number of people, and there are a lot fewer of them now than there were in 1982.

Sunflower and our 150,000 consumers need a healthy and resilient rural economy. Increased taxes and fees are not going to help us achieve this goal. We are attempting to find ways to add value to agricultural products in rural Kansas. Every increase in cost makes us just that much less competitive. Rural Kansas needs a different kind of help. And if we succeed in rural Kansas the entire state will be much better off.

I am not going to call the proposed funding plan unfair (though it well may be), but I am going to say the plan, as presently structured, would be unwise at this time.

Senators, if agriculture's obligation would be satisfied in full by the payment of 45% of the cost of the state water plan, this funding scheme might have merit but no one has attempted to quantify the amount that will be paid in indirect costs. I urge you to vote against HB 2008. It taxes an already ailing economy.

Mr. Chairman and members of the committee, I thank you so much for your time and attention.

STATEMENT OF THE KANSAS FERTILIZER AND CHEMICAL ASSOCIATION
AND THE KANSAS GRAIN AND FEED ASSOCIATION
TO THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE
SENATOR ROSS DOYEN, CHAIRMAN
REGARDING H.B. 2008

MARCH 21, 1989

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM CHRIS WILSON, DIRECTOR OF GOVERNMENTAL RELATIONS OF THE KANSAS FERTILIZER AND CHEMICAL ASSOCIATION (KFCA) AND THE KANSAS GRAIN AND FEED ASSOCIATION (KGFA). KFCA IS THE VOLUNTARY PROFESSIONAL ORGANIZATION OF KANSAS' AGRICHEMICAL INDUSTRY, WITH OVER 500 MEMBERS. KGFA IS THE ASSOCIATION OF KANSAS' GRAIN HANDLING, PROCESSING AND MERCHANDISING INDUSTRY, WITH OVER 1300 MEMBER FIRMS. THE TWO ASSOCIATIONS HAVE SOME COMMON AND SOME SEPARATE INTERESTS. ALL OF OUR MEMBERS HAVE CONCERN AND RESPONSIBILITY FOR WATER PROTECTION, AND THEREFORE SHARE INTERESTS IN THE FUNDING OF THE STATE WATER PLAN. WE APPRECIATE THE OPPORTUNITY TO COMMENT ON H.B. 2008, WHICH SETS FORTH A SERIES OF FEES FOR FUNDING OF THE STATE WATER PLAN.

WE OPPOSE THE ESTABLISHMENT OF NEW FEES FOR THE PURPOSE OF FUNDING OF THE STATE WATER PLAN, BUT WOULD SUPPORT THE USE OF STATE GENERAL FUND REVENUES. WE BELIEVE IT IS CLEAR THAT THE FEES WHICH WOULD BE ASSESSED H.B. 2008, DO NOT ACCURATELY REFLECT WATER USE AND/OR MISUSE OR WATER PLAN BENEFITS. THE STRUGGLE OF THE HOUSE COMMITTEE TO PASS A RECOMMENDED SET OF FEES ILLUSTRATES

THE DIFFICULTY, IF NOT IMPOSSIBILITY, OF DEVELOPING AN EQUITABLE SYSTEM. WE THEREFORE AGREE WITH THE MANY CONFEREES, BOTH FROM RURAL AND URBAN INTERESTS GROUPS, THAT THE MOST EQUITABLE DISTRIBUTION OF PAYMENT FOR THE STATE WATER PLAN IS THROUGH THE STATE GENERAL FUND. WE ALSO RECOGNIZE THAT THE GENERAL FUND IS A QUITE STABLE SOURCE OF FUNDING, SINCE KANSAS DOES NOT OPERATE ON A ZERO-BASED BUDGETING SYSTEM. IN OTHER WORDS, ONCE AN ITEM IS PART OF THE BUDGET AT A CERTAIN LEVEL, BUDGETING BEGINS FOR THE FOLLOWING FISCAL YEAR FROM THAT LEVEL, NOT FROM ZERO. THUS, PRIORITIES FOR THE STATE ARE ESTABLISHED BY THE LEGISLATURE AND CARRIED FORWARD UNLESS A MAJOR CHANGE IN PRIORITY OCCURS.

OTHER CONFEREES HAVE DISCUSSED THE IMPROPRIETY OF TAXING INPUTS USED BY AN INDUSTRY, WHICH WOULD BE DONE BY H.B. 2008, AND THE RELATIVELY MINOR ROLE AGRICULTURE HAS PLAYED IN GROUNDWATER CONTAMINATION IN KANSAS. WE WILL NOT ELABORATE FURTHER ON THOSE POINTS, BUT CERTAINLY CONCUR.

IN FACT, THE ARCHITECTS OF H.B. 2008'S FEE SYSTEM, STATED DURING COMMITTEE DISCUSSION THAT FERTILIZER AND PESTICIDE FEES WERE INCLUDED, NOT BECAUSE THESE PRODUCTS ARE SIGNIFICANT POLLUTERS, BUT BECAUSE THEY ARE EASY TARGETS TO GENERATE FUNDING. WHATEVER THE REASON FOR INCLUDING A ONE PERCENT TAX ON FERTILIZERS AND INCREASING PESTICIDE PRODUCT REGISTRATION FEES FROM \$30 TO \$130 PER PRODUCT, THEIR INCLUSION WOULD GIVE THE PERCEPTION THAT FERTILIZERS AND PESTICIDES ADVERSELY AFFECT WATER QUALITY.

FOR THAT REASON, I WILL FOCUS MY STATEMENTS ON AGRICULTURE'S EFFECTS ON AND EFFORTS TO PROTECT BOTH SURFACE AND GROUNDWATER. YOU HAVE HEARD THE REPORT OF RELATIVELY MINOR ROLE OF

PESTICIDES, OR PLANT MEDICINES, IN GROUNDWATER CONTAMINATION SITES. ALTHOUGH GROUNDWATER SEEMS TO BE EVERYONE'S FOCUS THESE DAYS, PESTICIDES HAVE ALSO BEEN DETECTED INFREQUENTLY AT LOW LEVELS IN SURFACE WATERS. TIM AMSDEN, DIRECTOR OF EPA REGION VII'S GROUNDWATER OFFICE, EXPLAINS THE EMPHASIS ON GROUNDWATER, BECAUSE SURFACE WATER QUALITY IS QUICKLY RESTORED. PESTICIDES IN SURFACE WATER WILL PHOTODECOMPOSE AND DEGRADE QUICKLY. GROUNDWATER CONTAMINATION IS LESS EASILY RESOLVED, ALTHOUGH PESTICIDES ARE ONE OF THESE EASIEST CONTAMINANTS TO REMEDY, SINCE CONTAMINATED GROUNDWATER MAY BE PUMPED, THE PESTICIDES ALLOWED TO BIODEGRADE AND THE GROUNDWATER RECHARGED. IN ALMOST EVERY CASE WHERE A PESTICIDE IS DETECTED IN GROUNDWATER, IT IS AT A LEVEL BELOW EPA STANDARDS AND CAN BE ATTRIBUTED TO A POINT SOURCE, SUCH AS A LEAK OR SPILL, AN ABANDONED WELL, OR A SPECIFIC GEOLOGIC CONDITION SUCH AS A SINK HOLE. WHEN FERTILIZERS, CROP NUTRIENTS, ARE SPOKEN OF IN RELATION TO WATER QUALITY, IT IS NITRATE-NITROGEN WHICH IS OF CONCERN. ONLY 60% OF FERTILIZER USED IS NITROGEN, ALTHOUGH IT SEEMS MANY ASSUME THAT ALL FERTILIZER IS NITROGEN. KANSAS IS ONE OF THE STATES WITH THE HIGHEST NATURALLY OCCURRING LEVELS OF NITROGEN IN THE SOIL. THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT HAS DATA AND REPORTS SHOWING THAT ABOUT 20% OF THE WELLS SURVEYED PRIOR TO THE USE OF COMMERCIAL NITROGEN FERTILIZERS IN THE STATE, HAD NITRATE CONCENTRATIONS EXCEEDING THE 10 PPM STANDARD. LEVELS OF NITROGEN ABOVE THE STANDARD, CANNOT NECESSARILY BE ATTRIBUTED TO THE USE OF FERTILIZERS, AS NATURE AND MANY OTHER SOURCES ARE INVOLVED. ALL NITROGEN IS THE SAME IN THE SOIL, SYNTHETIC OR NOT. FOR THIS

REASON, KANSAS FERTILIZER APPLICATORS AND RETAILERS CONTINUALLY STRESS TO PRODUCERS THE IMPORTANCE OF SOIL TESTS AND CAREFULLY FOLLOWING RESEARCH-BASED NITROGEN RECOMMENDATIONS, TAKING FULL CREDIT FOR SOIL NITROGEN AND OTHER SOURCES SUCH AS LEGUMES AND ANIMAL MANURES, SO AS TO NOT OVERFERTILIZE. OUR MEMBERS ARE QUITE AWARE THAT OVERFERTILIZATION IS NOT IN THE BEST INTERESTS OF OUR INDUSTRY.

I WILL NOW FOCUS ON AGRICULTURE'S EFFORTS TO PROTECT WATER QUALITY. MENTION HAS BEEN MADE BY OTHER CONFEREES OF AGRICULTURE'S SIGNIFICANT SOIL AND WATER CONSERVATION WORK. KANSAS FARMERS SPEND MILLIONS OF DOLLARS EACH YEAR ON SOIL AND WATER CONSERVATION PROJECTS. EROSION, AGRICULTURE'S MOST SIGNIFICANT ADVERSE AFFECT ON WATER QUALITY, HAS BEEN GREATLY ABATED THROUGH THE PARTNERSHIP OF FARMERS, LOCAL CONSERVATION DISTRICTS, AND STATE AND FEDERAL AGENCIES. THE CONSERVATION RESERVE AND CONSERVATION COMPLIANCE PROGRAMS ARE FURTHER SPEEDING THE PROCESS.

AGRICULTURE IS WORKING TO PREVENT WATER PROBLEMS BEFORE THEY OCCUR, AS EVIDENCED BY TWO BILLS BEFORE THE LEGISLATURE THIS YEAR. S.B. 3, PASSED 40-0, ESTABLISHES A MECHANISM FOR MANAGEMENT OF SPECIFIC PESTICIDES WHICH ARE IDENTIFIED AS HAVING THE ABILITY TO LEACH TO GROUNDWATER. THESE CHEMICALS WILL BE MANAGED IN SUCH A WAY AS TO PREVENT THEM FROM REACHING GROUNDWATER OR THEIR USE WILL NOT BE PERMITTED IN SUSCEPTIBLE AREAS. H.B. 2422, BEFORE THE SENATE AGRICULTURE COMMITTEE, WAS REQUESTED BY KFCA TO REQUIRE CONTAINMENT OF STORAGE AND LOADING/RINSING SITES FOR FERTILIZERS. THIS BILL WILL COST OUR INDUSTRY AN ESTIMATED \$10 - 50 MILLION DOLLARS. THIS IS IN

ADDITION TO ALREADY IMPLEMENTED REQUIREMENTS FOR CONTAINMENT OF PESTICIDE STORAGE AREAS.

IT IS NOT EXAGGERATION TO SAY THAT KANSAS IS A LEADING STATE IN GROUNDWATER PROTECTION. SPEAKING AT THE NATIONAL GRAIN AND FEED ASSOCIATION CONVENTION LAST WEEK, EPA'S TIM AMSDEN STATED THAT KANSAS IS THE LEADING STATE IN FERTILIZER AND PESTICIDE INDUSTRY SELF-REGULATION. WE ARE PROUD OF OUR INDUSTRY'S RECORD IN THIS AREA.

PESTICIDES AND FERTILIZERS PROTECT CROPS FROM INSECTS AND DISEASE AND PROVIDE THE SOIL NUTRIENTS NECESSARY FOR PRODUCTION. ACCORDING TO KANSAS STATE UNIVERSITY, WITHOUT AGRICULTURAL CHEMICALS, U.S. FOOD PRODUCTION WOULD DECLINE 50% AND FOOD PRICES WOULD CLIMB 50 TO 75%. WITH A 50% DECLINE IN PRODUCTION, OF COURSE THERE WOULD ALSO BE GREAT LOSSES OF EXPORTS AND JOBS AND INCOME THROUGHOUT THE ECONOMY.

IN ADDITION TO BOOSTING YIELDS, PROTECTING CROPS FROM DISEASE AND PEST LOSSES, AND HELPING TO PRODUCE AN ABUNDANCE OF AFFORDABLE, NUTRITIOUS FOOD, AGRICULTURAL CHEMICALS HAVE ALSO BENEFITTED THE ENVIRONMENT. PESTICIDES HAVE ALLOWED FARMERS TO IMPLEMENT CONSERVATION TILLAGE METHODS, RETAINING PLANT RESIDUES, THUS PREVENTING RUNOFF OF SOIL AND WATER AND RETURNING NUTRIENTS FROM THE PLANT TISSUES TO THE SOIL. FERTILIZER APPLICATION IMPROVES SOIL FERTILITY AND ALLOWS CROPS TO EFFECTIVELY USE RAINFALL. THIS RESULTS IN HIGHER YIELDS, PRODUCING MORE RESIDUES AND GROUND COVER. THIS ALSO IMPROVES WATER INFILTRATION AND PREVENTS WATER RUNOFF AND SOIL EROSION. LONG TERM SOIL PRODUCTIVITY DEPENDS ON RETAINING WATER AS OPPOSED TO WATER

RUNOFF. OBVIOUSLY, WHEN WATER RUNS OFF THE FIELD, THIS LOWERS THE WATER USE EFFICIENCY OF THE CROP--AND THE WATER CARRIES WITH IT TOPSOIL AND NUTRIENTS. IN THESE WAYS, PESTICIDES AND FERTILIZERS PROTECT WATER QUALITY.

ALSO, THE PESTICIDE TECHNOLOGY OF TODAY IS DRAMATICALLY DIFFERENT THAN WHAT MANY PEOPLE REALIZE. LARGELY THROUGH DISCOVERIES IN BIOTECHNOLOGY OVER THE PAST FEW YEARS, ALLOWING CHEMICAL SCIENTISTS TO SPLIT DNA, AND THE INVESTMENT OF BILLIONS OF DOLLARS IN RESEARCH BY THE AGRICULTURAL CHEMICAL INDUSTRY, NEW PRODUCTS HAVE BEEN AND ARE BEING DEVELOPED WHICH REQUIRE VERY LOW APPLICATION RATES (A FEW GRAMS PER ACRE), AND WHICH ARE NONTOXIC AND TOTALLY BIODEGRADE VERY RAPIDLY. ONE EXAMPLE OF NEW PRODUCTS IS BIOPESTICIDES, NATURALLY OCCURRING SUBSTANCES SUCH AS BACTERIA THAT CAN BE BIOLOGICALLY ENGINEERED INTO NEW FORMS TO DO BATTLE WITH CROP INSECTS AND WEEDS.

EFFICIENT, PROFITABLE, SUSTAINABLE AGRICULTURE AND A CLEAN ENVIRONMENT ARE NECESSARY AND COMPATIBLE. TECHNOLOGIES TO BETTER ACCOMPLISH BOTH ARE AVAILABLE TODAY AND WILL BE IMPROVED TOMORROW. AMERICAN AGRICULTURE IS MEETING THE CHALLENGE OF ADAPTING TO A FRAGILE ENVIRONMENT WHILE PRODUCING HIGH QUALITY FOOD AND FIBER FOR OUR COUNTRY AND THE WORLD AT REASONABLE PRICES. FERTILIZERS AND PESTICIDES ARE VITAL TOOLS TO MEET THIS CHALLENGE. WE CONTINUALLY DEVELOP NEW AND BETTER, PRO-ENVIRONMENT, TOOLS.

AGRICULTURE HAS NOT SHIED AWAY FROM SPENDING MONEY TO PROTECT WATER QUALITY. WE HAVE INVESTED IN PRACTICES AND PROGRAMS WHICH HAVE DIRECT, MEANINGFUL IMPACT ON AGRICULTURE'S AFFECTS ON WATER QUALITY. WE ASK THAT YOU NOT DRAW OUR RESOURCES

AWAY FROM THESE EFFORTS AND THAT YOU ALLOW US TO SHARE IN FUNDING
OF THE STATE WATER PLAN THROUGH OUR CONTRIBUTIONS TO THE STATE
GENERAL FUND.

THANK YOU FOR THIS OPPORTUNITY TO PROVIDE YOU WITH OUR
ASSOCIATIONS' VIEWS.

AMENDMENT

RATIONALE

(b) As used in this section, "industrial use," "stockwatering," "point of diversion" and "irrigation use" have the meanings provided by rules and regulations of the chief engineer of the division of water resources of the state board of agriculture and the determination of gallons used and points of diversion shall be based upon figures supplied to the secretary of revenue by the division of water resources.

"Sales at retail by public water supply systems" shall include only sales of water to individuals households, businesses, industries and other ultimate customers and shall not include sales by one municipality, rural water district or other water district to another municipality, rural water district or other water district similar types of wholesale transactions.

Clarifies intent to only assess retail sales.

(c) the fee in subsection (a)(2) and (3) shall be based on the actual amount used for industrial or stockwater use during the preceding calendar year as reported to the chief engineer in accordance with the provisions of K.S.A. 1988 Supp. 82a-732; except that the amount of surface water used for flow through cooling purposes for electric power generating plants shall be based on an average consumptive factor as determined by the division of water resources. If a complete and accurate water use report is not filed prior to March 1 of the succeeding year, the fee shall be based on the amount authorized for industrial or stockwatering use per calendar year.

Clarifies intent to assess based on existing reporting requirements. K.S.A. 1988 82a-732 also provides for in files for failure to re If a report is not filed, alternative should be to a the fee based on the amount water authorized. The exc is to provide equity inten the printout as follows:

Any water user or supplier included in subsection (a) (1) and (2) which pays a fee or tax to the state for water taken under an appropriation right pursuant to a contract with the state shall receive credit for the total amount of such fee or tax against the fees imposed by subsection (a) (1) & (2).

	Now	With Amendmen
Board of Public Utilities	\$2,531,098	\$306
Empire District Electric	\$ 562,803	\$28,8

This addition to amended subsection (c) provides that cities and industries having water marketing contracts with a provision requiring payment for water taken under an appropriation right as if taken under the marketing contract will not pay twice for the water so taken.

SE4NK
3/22/89
Attachment III
4/20/22
A

SENATE ENERGY COMMITTEE
TESTIMONY REGARDING H.B. 2008
JERRY COONROD
KANSAS GAS AND ELECTRIC COMPANY
MARCH 20, 1989

Mr. Chairman and committee members, I am Jerry Coonrod, representing Kansas Gas and Electric Company. As one of the state's largest purchasers of raw water we would like to express our concern regarding HB 2008.

We believe the bill requires those who already are paying a considerable fee to the State for water to pay still more. For example, we and our ratepayers now pay the state 10 cents per thousand gallons for water we use from John Redmond Reservoir. Our contract requires us to pay almost one half million dollars per year for this water whether or not we actually use it. To add 2 cents per thousand gallons on top of the 10 cents per thousand gallons we already pay, as called for on Line 46, amounts to a 20% increase in cost. We feel this unfair and urge you to exempt water users who already pay the state substantial amounts for water through long-term contracts.

Fees for industrial use should be lowered and made to match more closely the rate for public water supply systems and other use. Failure to do so will result in a strong disincentive to industrial development.

The wording at lines 50-56 appears to grant the Chief Engineer of the Division of Water Resources broad power to define terms such that a fee may be levied for water which should be exempt (such as rainwater, which falls into or drains into ponds and lakes on private property). We do not believe this is intended, and urge you to make it very clear that a fee is not to be levied for rainwater.

SE&NR
3/22/89
Attachment IV

Section 2-a, starting on Line 69 of the bill, levies a very broad-based fee on solid waste disposal including waste produced as a consequence of maintaining air quality. To maintain clean air requires us to remove fly ash and sulfur dioxide from our power plant boiler discharges. This is a costly process which results in solid waste and slurries which must be disposed of in accordance with EPA discharge permits. These solids and slurries should not be taxed if they are disposed of in compliance with a discharge permit on non-public land.

* * *

Committee of . . .

Kansas Farm Organizations

Wilbur G. Leonard
Legislative Agent
109 West 9th Street
Suite 304
Topeka, Kansas 66612
(913) 234-9016

TESTIMONY WITH RESPECT TO HOUSE BILL NO. 2008

BEFORE THE SENATE COMMITTEE ON ENERGY

AND NATURAL RESOURCES

March 21, 1989

Chairman Doyen and Members of the Committee:

I am Wilbur Leonard, appearing on behalf of the Committee of Kansas Farm Organizations.

Our members have the same interest as all Kansans in maintaining the high quality of our water and the abundance of it. Toward that end we support a state water plan. We do believe there are some components of the plan under consideration which do not bear directly upon the water issue. We do not oppose the programs for improvement of wild-life, parks and recreation, but we question whether they are a necessary part of the water program. It appears those projects should be addressed separately.

You have heard from a number of our members, some listed as proponents and some appearing as opponents, but all voicing a central theme of support for legislation which would assure continuing supplies of high quality water. As these hearings have progressed it has become increasingly apparent that agriculture has been remiss in documenting the various ways it has underwritten substantial programs impacting directly on the water supply and the environment generally. Various farm organizations are involved in ongoing projects. These are being accepted as every day sound farming and ranching practices, but in such acceptance the general public is not made aware of our continuing contributions to quality water and a more wholesome environment. You

SEWR
3/22/89
Attachment V

have heard from groundwater management districts, conservation districts, rural water districts and others, whose members are involved in statewide programs. Those and other related efforts will continue. Each person identified with the agricultural segment will continue to pay the same sales taxes, and hopefully the same income taxes, and all other statewide assessments as do others not living on farms and ranches.

Agriculture, in the past fiscal year, paid 18.4 million dollars in special revenues for agricultural government functions of the State Board of Agriculture, Animal Health Department, Kansas State Fair, Grain Inspection Department and the Kansas Wheat Commission. Additional payments were made to other state agencies such as the Kansas Water Office.

In this legislative session there are agricultural-supported measures to increase the fees for funding seed inspection, fertilizer storage, pesticide use, and others. We're not asking the general public to underwrite these programs, but, at the same time, we assume our proportionate share of the funding for the general state projects, be they education, welfare, prisons or water.

We join the many conferees who have stressed the need for broad and equitable funding of the state water plan. We believe that such funding most fairly is derived by appropriations from the state general fund, whether by the passage of House Bill No. 2008 or by direct appropriation measures.

Thank you for the consideration given to our views.

Statement of Randy Burleson

The Empire District Electric Company
On House Bill 2008
Before the Senate Committee on Energy & Natural Resources
March 21, 1989

Mr. Chairman and members of the Committee my name is Randy Burleson. I am here in opposition to HB2008 in it's current form.

Empire uses water from the Empire Lake in Riverton, Kansas for cooling purposes at the Riverton Power Plant. This water is not consumed but is surface flow which is returned back to the Spring River. HB2008 would charge us for every gallon of water being diverted, or held behind the dam, at Empire Lake. The amount would be \$562,803.00 based on 18,140,166,509 gallons diverted.

You have amendments before you which allows for calculation of Empire's water use based on a consumptive factor as determined by the division of water resources. Their method would calculate the amount of water evaporated from the Empire Lake created by our dam. Please consider their amendments.

Empire also supports changing the language in the bill from disposal area to sanitary landfill.

Thank you for allowing me to present our statement.

SE+NR
3/22/89
Attachment

VI

The issue of increasing the maximum (upper limits) of hunting or fishing licenses was addressed by S.B. 59 during the 1987 session. That bill increased the maximum from \$10 to \$15 and passed the Senate on 2/11/87. Several Senators explained their vote by noting that it might be premature to enact such legislation prior to the pending reorganization. The House apparently agreed and the issue was referred to a 1987 Interim Study Committee. The reorganization is nearly completed now and the fee structure issue was reviewed with the 1988 Interim Study Committee. They concurred with a need to increase maximums on various issues of the Department.

SE & NR
3/22/89
Attachment VII

As Amended by Senate Committee

Session of 1987

SENATE BILL No. 59

By Committee on Energy and Natural Resources

1-22

0018 AN ACT relating to fish and game; concerning hunting, fishing
0019 and furharvesting license and permit fees; amending K.S.A.
0020 32-164b and repealing the existing section.

0021 *Be it enacted by the Legislature of the State of Kansas:*

0022 Section 1. K.S.A. 32-164b is hereby amended to read as fol-
0023 lows: 32-164b. (a) Except as otherwise provided in this section,
0024 the Kansas fish and game commission is authorized to adopt
0025 rules and regulations fixing the amount of fees for the following
0026 items subject to the following limitations and subject to the
0027 requirement that no such rules and regulations shall be adopted
0028 as temporary rules and regulations:

0029 Resident hunting license — not less than \$5 nor more than . 10	\$15
0031 Nonresident hunting license — not less than \$25 nor more	
0032 than 50	75
0034 Resident fishing license — not less than \$5 nor more than . . . 10	15
0036 Nonresident fishing license — not less than \$15 nor more	
0037 than 30	35
0039 Twenty-four-hour fishing license — not to exceed 2	5
0041 Resident furharvester license — not less than \$10 nor more	
0042 than 15	25
0044 Nonresident furharvester license — not less than \$50 nor more	
0045 than 400 750	500
0047 Resident duplicate license or permit (hunting, fishing, furharvest- 0048 ing) — not to exceed 3	5
0050 Nonresident duplicate license or permit (hunting, fishing, furhar- 0051 vesting) — not to exceed 5	10
0053 Resident fur dealer license — not less than \$50 nor more than . .	200
0055 Combination resident hunting and fishing license — not less than 0056 \$10 nor more than 20	30
0058 Nonresident fur dealer license — not less than \$50 nor more	
0059 than 400 750	500
0061 Controlled shooting area hunting license — not less than \$5 nor 0062 more than (to be same as resident hunting license) 10	15
0064 Resident mussel fishing license — not less than \$25 nor more	
0065 than	200
0067 Nonresident mussel fishing license — not less than \$50 nor more	
0068 than	400
0070 Game breeders permit — not less than \$2 nor more than 15	25

0072	Live rabbit trapping permit — not to exceed	15	25
0074	Rabbit shipping permit — not less than \$25 nor		
0075	more than	300 400	300
0077	Collecting for scientific and exhibition permit — not to		
0078	exceed	10	25
0080	Disabled persons vehicle permit (lifetime) — not to exceed	5	15
0082	Resident big game hunting permit — not less than \$10 nor more		
0083	than		100
0085	<i>Provided, That the commission may establish different permit</i>		
0086	<i>fees for each class of big game animal within such limit.</i>		
0087	Nonresident big game hunting permit — not less than \$30 nor more		
0088	than		400
0090	<i>Provided, That the commission may establish different permit</i>		
0091	<i>fees for each class of big game animal within such limit.</i>		
0092	Field trial permits (game birds) — not less than \$10 nor more		
0093	than	25	50
0095	Field trial permits (fur-bearing animals) — not less than \$10 nor		
0096	more than	25	50
0098	Commercial dog training permit — not less than \$10 nor more		
0099	than	25	50
0101	Hound trainer-breeder running permit — not less than \$10 nor more		
0102	than	25	50
0104	Water event permit — not to exceed		50
0106	(b) From and after January 1, 1987, the fee for a landowner-		
0107	tenant resident big game hunting permit shall be the amount		
0108	equal to 1/2 of the fee prescribed by law or rule and regulation for		
0109	a general resident big game hunting permit.		
0110	(c) The fees prescribed for firearm permits shall be the same		
0111	as the fees for archery permits.		
0112	(d) For the calendar year 1986, the fee for a twenty-four hour		
0113	fishing license shall be \$2. The fee for a furharvester license for a		
0114	resident citizen under 16 years of age shall be the amount equal		
0115	to 1/2 of the fee prescribed by law or rule and regulation for a		
0116	resident furharvester license.		
0117	(e) For the calendar year 1987: The fee for a general resident		
0118	deer hunting permit shall be \$30; the fee for a general resident		
0119	antelope hunting permit shall be \$35; the fee for a general		
0120	resident elk hunting permit shall be \$75; the fee for a general		
0121	resident turkey hunting permit shall be \$20; the fee for a non-		
0122	resident turkey hunting permit shall be \$30; the fee for a non-		
0123	resident landowner deer hunting permit shall be \$50; the fee for		
0124	a nonresident landowner antelope hunting permit shall be \$60;		
0125	and the fee for a nonresident landowner elk hunting permit shall		
0126	be \$250.		
0127	Sec. 2. K.S.A. 32-164b is hereby repealed.		

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0128 Sec. 3. This act shall take effect and be in force from and
0129 after its publication in the statute book.