

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:35 a.m. on March 7, 2003, in Room 123-S of the Capitol.

All members were present except: Senator David Adkins - excused
Senator Paul Feleciano, Jr. - excused
Senator Jean Schodorf - excused

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Nicoletta Buonasera, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Michael Corrigan, Assistant Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2003 and FY 2004 were distributed to the committee.

Subcommittee reports on:

Kansas Department of Wildlife and Parks (Attachment 1)

Subcommittee Chairman Bunten reported that the Subcommittee concurs with the recommendation of the Governor with adjustment for FY 2003.

Subcommittee Chairman Bunten reported that the Subcommittee concurs with the recommendation of the Governor with adjustments and comments for FY 2004.

Senator Jackson moved, with a second by Senator Salmans, to amend the subcommittee report in FY 2004, page 5, Item 3, last line, regarding establishing a task force to study the future of Cedar Bluff Reservoir and presenting its findings, to delete the word "after" and replace with the word "before" January 12, 2004. Motion carried on a voice vote.

Senator Bunten moved, with a second by Senator Jackson, to adopt the subcommittee budget report on the Kansas Department of Wildlife and Parks for the FY 2003 and FY 2004 budget as amended. Motion carried on a voice vote.

State Conversation Commission (Attachment 2)

Subcommittee Chairman Bunten reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Bunten reported that the Subcommittee concurs with the recommendation of the Governor with notations for FY 2004.

Senator Bunten moved, with a second by Senator Jackson, to adopt the subcommittee budget report on the State Conversation Commission for the FY 2003 and FY 2004 budget. Motion carried on a voice vote.

CONTINUATION SHEET

Kansas Water Office (Attachment 3)

Subcommittee Chairman Bunten reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Bunten reported that the Subcommittee concurs with the recommendation of the Governor with recommendations and notations for FY 2004.

Senator Jackson moved, with a second by Senator Downey, to amend the subcommittee report in FY 2004 regarding Item number 6, and replace it with the language in Item number 3 from the FY 2004 Kansas Department of Wildlife and Parks subcommittee budget report. Motion carried on a voice vote.

Senator Bunten moved, with a second by Senator Jackson, to adopt the subcommittee budget report on the Kansas Water Office for the FY 2003 and FY 2004 budget as amended. Motion carried on a voice vote.

Department of Agriculture (Attachment 4)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with adjustment and notations for FY 2004.

The subcommittee added letter from the Secretary of Agriculture, Adrian Polansky, regarding his vision for agriculture and rural Kansas and the Kansas Department of Agriculture Role in Preventing Biological and Agriculture Threats in the two categories of plant and animal which is included in the subcommittee budget report.

Senator Downey moved, with a second by Senator Jackson, to adopt the subcommittee budget report on the Department of Agriculture for the FY 2003 and FY 2004 budget. Motion carried on a voice vote.

Animal Health Department (Attachment 5)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with notations for FY 2004.

Subcommittee Chairman Morris explained that there is an amendment requested by the Animal Health Department with earlier evaluation of their budget and there is concern that it will be very difficult with current resources for the Department next year and the Department is requesting allowing up to a 50 percent increase in fees. Senator Downey moved, with a second by Senator Bunten, to introduce a bill to discuss fees in regard to the Animal Health Department. Motion carried on a voice vote.

Senator Downey moved, with a second by Senator Jackson, to adopt the subcommittee budget report on the Animal Health Department for the FY 2003 and FY 2004 budget as amended. Motion carried on a voice vote.

Kansas State Fair (Attachment 6)

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor for FY 2003.

Subcommittee Chairman Morris reported that the Subcommittee concurs with the recommendation of the Governor with notations for FY 2004.

CONTINUATION SHEET

Senator Salmans moved, with a second by Senator Downey, to adopt the subcommittee budget report on the Kansas State Fair for the FY 2003 and FY 2004 budget. Motion carried on a voice vote.

Senator Jackson, with a second by Senator Jordan, to approve the minutes of the February 3, February 3 (meeting at the rail), February 5, February 6, February 10, February 11, February 12, February 13, February 14, February 17, February 19, 2003 meetings. Motion carried on a voice vote.

The meeting adjourned at 11:50 a.m.. The next meeting is scheduled for March 10, 2003.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE March 7, 2003

NAME	REPRESENTING
Troy Foster	Dept of Agriculture
Greg A. Poluney	"
Adrian J. Polansky	" " "
Chris Cluskey	Ks Water Office
Joe Ford	KWO
Debra Duncan	Kansas Animal Health
George Teagarden	" "
Mark Heim	Conservation Comm.
Mary Ann Sattelman	KFA/KARA
Tracy Stetter	Conservation Comm
Julia Thomas	DOB
Teresa Dupont	DOB

Senate Subcommittee Report

Kansas Department of Wildlife and Parks

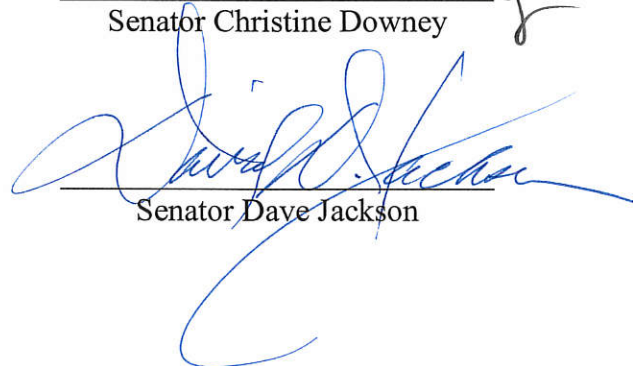
FY 2003 and FY 2004



Senator Bill Bunten, Chairperson



Senator Christine Downey



Senator Dave Jackson

House Budget Report

Agency: Kansas Department of Wildlife and Parks

Bill No.

Bill Sec.

Analyst: Efirid

Analysis Pg. No. 86

Budget Page No. 451

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY03	Budget Adjustments
State Operations	\$ 35,814,301	\$ 35,714,560	\$ 0
Aid to Local Units	1,435,000	1,435,000	0
Other Assistance	0	0	0
Subtotal--Operating	\$ 37,249,601	\$ 37,149,560	\$ 0
Capital Improvements	12,042,216	12,042,216	0
TOTAL	<u>\$ 49,291,817</u>	<u>\$ 49,191,776</u>	<u>\$ 0</u>
State General Fund	\$ 3,320,835	\$ 3,190,794	\$ 0
All Other Funds	45,970,982	46,000,982	0
TOTAL	<u>\$ 49,291,817</u>	<u>\$ 49,191,776</u>	<u>\$ 0</u>
FTE Positions	406.5	406.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>406.5</u>	<u>406.5</u>	<u>0.0</u>

Agency Est./Governor's Recommendation

The agency's revised FY 2003 budget includes State General Fund (SGF) financing of \$3,285,963, a net reduction of \$47,420 from the approved amount. The Kansas Saving Incentive Program (KSIP) money reduces the effect of the allotment on operating expenditures by adding back \$23,148 after a reduction of \$70,568 in the August allotment, producing a net reduction of \$47,420 in operating SGF financing. (excluding SGF capital improvement project funding of \$34,872 reappropriated for the Crawford State Lake project that was previously approved). For all other funds, the agency revised budget reflects a reduction of \$459,763 from the approved amount of \$34,375,401 for operating expenditures.

The Governor's FY 2003 recommended budget includes the agency's adjustments (incorporating the August allotment of \$70,568) and also includes the November allotment of \$130,041 that further reduces SGF financing for operating expenditures by a net of \$177,461. The Governor's recommendation allows SGF reductions of \$30,000 for operating expenses to be offset by increased spending of \$30,000 from the Wildlife Fee Fund in FY 2003 and of \$23,148 in the KSIP account. The remaining \$100,041 SGF is reduced without allowance for offsetting increases in fee funds, with a \$25,000 reduction for temporary employees, \$45,041 for shrinkage, and \$30,000 for capital outlay. For all other funds, the Governor's recommended budget includes a net reduction of \$381,763 in operating expenditures.

Budget Committee Recommendation

The Budget Committee concurs with the Governor's FY 2003 recommendations and adds the following adjustment:

1. Modify an FY 2003 proviso regarding land acquisition on the Kansas River in order to exempt the municipality of St. George from a requirement for the Secretary of Wildlife and Parks to obtain permission of area landowners before acquiring property for river access.

House Committee Recommendation

The House Committee concurs.

Senate Subcommittee Report

Agency: Kansas Department of Wildlife and Parks

Bill No.

Bill Sec.

Analyst: Efird

Analysis Pg. No. 86

Budget Page No. 451

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Program (KSIP) money reduces the effect of the allotment on operating expenditures by adding back \$23,148 after a reduction of \$70,568 in the August allotment, producing a net reduction of \$47,420 in operating SGF financing. (excluding SGF capital improvement project funding of \$34,872 reappropriated for the Crawford State Lake project that was previously approved). For all other funds, the agency revised budget reflects a reduction of \$459,763 from the approved amount of \$34,375,401 for operating expenditures.

The Governor's FY 2003 recommended budget includes the agency's adjustments (incorporating the August allotment of \$70,568) and also includes the November allotment of \$130,041 that further reduces SGF financing for operating expenditures by a net of \$177,461. The Governor's recommendation allows SGF reductions of \$30,000 for operating expenses to be offset by increased spending of \$30,000 from the Wildlife Fee Fund in FY 2003 and of \$23,148 in the KSIP account. The remaining \$100,041 SGF is reduced without allowance for offsetting increases in fee funds, with a \$25,000 reduction for temporary employees, \$45,041 for shrinkage, and \$30,000 for capital outlay. For all other funds, the Governor's recommended budget includes a net reduction of \$381,763 in operating expenditures.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 2003 recommendations and concurs with the following adjustment recommended the House Budget Committee Report, with a further adjustment to make the exception universal in FY 2003:

1. Delete a modification of a FY 2003 proviso recommended by the House Budget Committee regarding land acquisition on the Kansas River to exempt the municipality of St. George from a requirement for the Secretary of Wildlife and Parks to obtain permission of area landowners before acquiring property for river access. The Senate Subcommittee believes that all municipalities should be treated in the same manner, and that the Secretary of Wildlife and Parks should secure any municipality's permission before acquiring river access lands. The Subcommittee would note that the proviso does not adversely impact St. George since the land already has been acquired by the municipality and the agency only plans to provide a grant of money to help complete this project. As a result, neither the proviso nor the specific exemption are relevant in this case. However, the Subcommittee is concerned with the apparent inconsistency between the House Budget Committee Report in this item of including an exemption in the appropriations bill for FY 2003, and in FY 2004, when it recommends a separate bill to exempt four other different municipalities.

The Subcommittee recommends that the FY 2004 budget reflect its belief that if the Secretary is acquiring property within the municipality, it is the municipality that must give permission regarding land purchases for river access, not the individual landowners within the incorporated area of the city.

However, it is further recognized by the Subcommittee that any proposed access to the Kansas River that would intercept land controlled by a drainage district established for flood control purposes under KSA 12-638, must be authorized by that drainage district board.

House Budget Report

Agency: Kansas Department of Wildlife and Parks

Bill No.

Bill Sec.

Analyst: Efirid

Analysis Pg. No. 86

Budget Page No. 451

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY04	Budget Adjustments
State Operations	\$ 35,063,860	\$ 35,042,632	\$ 0
Aid to Local Units	1,585,000	1,585,000	0
Other Assistance	0	0	0
Subtotal--Operating	\$ 36,648,860	\$ 36,627,632	\$ 0
Capital Improvements	6,894,710	6,554,710	0
TOTAL	<u>\$ 43,543,570</u>	<u>\$ 43,182,342</u>	<u>\$ 0</u>
State General Fund	\$ 3,340,819	\$ 3,159,583	\$ 0
All Other Funds	40,202,751	40,022,759	0
TOTAL	<u>\$ 43,543,570</u>	<u>\$ 43,182,342</u>	<u>\$ 0</u>
FTE Positions	406.5	406.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>406.5</u>	<u>406.5</u>	<u>0.0</u>

Agency Req./Governor's Recommendation

The agency's FY 2004 operating budget request includes a net reduction of \$600,741 in operations expenditures from the revised current fiscal year. SGF financing would increase \$54,856 and all other funds would decrease \$655,597. Reductions occur in all divisions except State Parks, with other operating expenses targeted for reductions. Salaries and wages reflect increased expenditures, with no staff reductions anticipated among full-time personnel or FTE positions. The agency also submitted a reduced resources package that includes an increase in shrinkage to reduce SGF salaries and benefits by 5.0 percent that would be offset by a corresponding \$166,480 increase in spending from the Parks Fee Fund in FY 2004.

The Governor concurs with the general reductions proposed by the agency and recommends a net reduce of \$521,928 in expenditures for operating expenses. The Governor's recommendations also include a reduction of \$170,008 SGF for shrinkage associated with the reduced resources package, and recommends a corresponding increase in expenditures from the Parks Fee Fund in FY 2004 to restore funding for staff salaries. In addition, the Governor adds back net operations funding of \$130,008 by reducing capital improvements financed from the Parks Fee Fund in order to fund most operating expenditures as requested in the agency's base budget. A net increase of \$3,661 is reflected in the FY 2004 SGF financing.

Under the Governor's FY 2004 **statutory budget recommendation** for this agency, the Governor's recommendation for the agency's SGF budget would have to be reduced by an additional \$665,149.

Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations and makes the following adjustments:

1. Add a proviso regarding property acquisition on the Kansas River: During the fiscal year ending June 30, 2004, no expenditures shall be made from any moneys appropriated for the Department of Wildlife and Parks from the State General Fund or any special revenue fund for construction of any new river access on the Kansas River, unless (1) the Secretary of Wildlife and Parks has obtained the prior written permission for the proposed river access from each owner of each parcel of real property on the river which is immediately adjacent to the real property upon which the proposed river access project is to be constructed, and (2) if a parcel of any such immediately adjacent real property is being leased, then the Secretary also has obtained the prior written permission for the proposed new river access project from the lessor of such immediately adjacent real property. Projects in the municipalities of St. George, Edwardsville, Wamego and Topeka shall not be subject to this provision which should be introduced as a bill. Recommend Omnibus review of this issue.
2. Recommend that the Secretary limit playa lakes and other wetlands purchases to property within 1.1 miles of state-owned property and to prohibit the pumping of groundwater into the playa lakes.
3. Add a proviso regarding Cedar Bluff Reservoir, That water in Cedar Bluff Reservoir under the control of the state of Kansas shall not be released for environmental, domestic, municipal, industrial, or irrigation purposes, except for operation of the Kansas Department of Wildlife and Parks facilities below the dam; Provided further, that the Kansas Water Office and the Kansas Department of Wildlife and Parks shall explore the possibility of transferring ownership and operation of all storage capacity in Cedar Bluff Reservoir currently held by the Kansas Water Office to the Kansas Department of Wildlife and Parks; Provided, however, that funds budgeted to the Kansas Water Office and the Department of Wildlife and Parks shall be used to pay for operation and maintenance of its storage capacity during the fiscal year ending June 30, 2004; and Further provided, that no transfer of land or water capacity at Cedar Bluff Reservoir shall take place during the fiscal year ending June 30, 2004, in order to allow a proposed Governor's task force to study the future of Cedar Bluff Reservoir and to present its study findings to the Legislature on or after January 12, 2004.
4. Recommend that the Governor consider sending a budget amendment on the proposed visitor center at the Cheyenne Bottoms Wildlife Area since no financing or expenditures were included in the Governor's FY 2004 *Budget Report*. The estimated cost of this project is \$1,999,264 and the announced source of financing would be from the Kansas Department of Transportation. An application was submitted for funding as a Transportation Enhancement Project,

and Governor Graves announced the award of financing on January 3, 2003. Suggest that any future awards follow established procedures by KDOT and that a copy of this report be sent to KDOT.

5. After hearing the agency report on cell phone and motor vehicle use, accept the explanation of corrective measures undertaken.
6. Recommend introduction of a bill to prescribe a procedure to be followed when acquiring new land by purchase. The process would include the conduct of an economic impact study, provision to assure control of noxious weeds in conjunction with county weed offices and state law on acquired property, guarantee of a protest petition and public hearings on proposed land acquisitions, approval by the Legislature for all lands to be acquire by purchase, and payments in lieu of taxes for amounts comparable to surrounding lands tax payments.
7. Recommend that the Secretary explore leasing rather than purchasing lands for public use and to report on the costs/benefits of each method of securing public access to hunting, fishing and other recreational areas after January 12, 2004.
8. Recommend that the Secretary increase efforts to control noxious weeds on property owned by the agency, and that sufficient financial resources be dedicated to the efforts.

House Committee Recommendation

The House Committee concurs.

Senate Subcommittee Report

Agency: Kansas Department of Wildlife and Parks

Bill No.

Bill Sec.

Analyst: Efird

Analysis Pg. No. 86

Budget Page No. 451

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Agency Req./Governor's Recommendation

The agency's FY 2004 operating budget request includes a net reduction of \$600,741 in operations expenditures from the revised current fiscal year. SGF financing would increase \$54,856 and all other funds would decrease \$655,597. Reductions occur in all divisions except State Parks, with other operating expenses targeted for reductions. Salaries and wages reflect increased expenditures, with no staff reductions anticipated among full-time personnel or FTE positions. The agency also submitted a reduced resources package that includes an increase in shrinkage to reduce SGF salaries and benefits by 5.0 percent that would be offset by a corresponding \$166,480 increase in spending from the Parks Fee Fund in FY 2004.

The Governor concurs with the general reductions proposed by the agency and recommends a net reduce of \$521,928 in expenditures for operating expenses. The Governor's recommendations also include a reduction of \$170,008 SGF for shrinkage associated with the reduced resources package, and recommends a corresponding increase in expenditures from the Parks Fee Fund in FY 2004 to restore funding for staff salaries. In addition, the Governor adds back net operations funding of \$130,008 by reducing capital improvements financed from the Parks Fee Fund in order to fund most operating expenditures as requested in the agency's base budget. A net increase of \$3,661 is reflected in the FY 2004 SGF financing.

Under the Governor's FY 2004 **statutory budget recommendation** for this agency, the Governor's recommendation for the agency's SGF budget would have to be reduced by an additional \$665,149.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 2004 recommendations and makes the following adjustments or comments to the House Budget Committee Report recommendations:

1. Concur with House Budget Committee Report to add a proviso regarding property acquisition on the Kansas River, but modify (as shown in italics) the language as follows: During the fiscal year ending June 30, 2004, no expenditures shall be made from any moneys appropriated for the Department of Wildlife and Parks from the State General Fund or any special revenue fund for construction of any new river access on the Kansas River, unless (1) the Secretary of Wildlife and Parks has obtained the prior written permission for the proposed river access from each owner of each parcel of real property on the river which is immediately adjacent to the real property upon which the proposed river access project is to be constructed, *except that in the case of property within a municipality the Secretary shall obtain the written permission of the governing body*, and (2) if a parcel of any such immediately adjacent real property is being leased, then the Secretary also has obtained the prior written permission for the proposed new river access project from the lessor of such immediately adjacent real property, *except that in the case of property within a municipality the Secretary shall obtain the written permission of the governing body*. The Subcommittee does not agree with the House Budget Committee that a separate bill should be introduced in order to exempt certain municipalities, and recommends that the Secretary obtain the permission of the governing bodies rather than individual property owners within municipalities.
2. Delete the item in the House Budget Committee Report that recommends the Secretary consider limiting playa lakes and other wetlands purchases to property within 1.1 miles of state-owned property and to prohibit the pumping of groundwater into the playa lakes. The Subcommittee disagrees with the House Budget Committee recommendation, and believes that when the state acquires water rights as part of the property acquisition, then the Secretary (on behalf of the public) has a right to use that water. As trustee for the public, the state has a legal right to the water allotments for property where it owns the water rights.
3. Delete a proviso regarding Cedar Bluff Reservoir recommended by the House Budget Committee, and add only a portion of the language as follows: Recommend that the Governor should issue an executive order establishing a task force to study the future of Cedar Bluff Reservoir and to present its study findings to the Legislature on or after January 12, 2004.
4. Concur with the House Budget Committee Report that the Governor consider sending a budget amendment on the proposed visitor center at the Cheyenne Bottoms Wildlife Area since no financing or expenditures were included in the Governor's FY 2004 *Budget Report*. The estimated cost of this project is \$1,999,264 and the announced source of financing would be from the Kansas

Department of Transportation. An application was submitted for funding as a Transportation Enhancement Project, and Governor Graves announced the award of financing on January 3, 2003, for an estimated \$2.4 million.

5. Concur with the House Budget Committee Report that after hearing the agency report on cell phone and motor vehicle use, the Subcommittee accepts the explanation of corrective measures undertaken.
6. Delete a provision in the House Budget Committee Report that recommends introduction of a bill to prescribe a procedure to be followed when acquiring new land by purchase. The Subcommittee heard the Secretary's explanation about the need to acquire public lands for public use, and how Kansas ranks low in public lands compared with other states. (See attached information.)
7. Delete a provision in the House Budget Committee Report that recommends the Secretary explore leasing rather than purchasing lands for public use and to report on the costs/benefits of each method of securing public access to hunting, fishing and other recreational areas after January 12, 2004. The Subcommittee heard about the current leasing used by the agency to provide public access to lands, and how the problem with leasing appears to be almost no lands available in eastern Kansas for leasing where the greatest number of people reside, and an abundance of land available for leasing in western Kansas that is not close to the population centers where demand for access continues to grow. The Kansas Department of Wildlife and Parks Commission Working Group on Land Acquisition noted that as the state become an urbanized society, demand for additional public recreation areas will continue to increase. The report was presented in August of 2002 and an executive summary is attached for reference.
8. Concur with the House Budget Committee Report that recommends the Secretary increase efforts to control noxious weeds on property owned by the agency, and that sufficient financial resources be dedicated to the efforts.

KANSAS WILDLIFE & PARKS COMMISSION WORKING GROUP ON LAND ACQUISITION REPORT SUMMARY

Kansas is second to none in the diversity of our fish and wildlife resources. Unfortunately, we are near the bottom of the 50 states in available public lands. As we continue to become an urbanized society, demand for additional public recreation areas will continue to increase.

In August 2002, the Kansas Wildlife and Parks Commission established a Commission Working Group to study needs and strategies for public recreation land acquisition.

RECREATION LANDS STATUS

The group compared total acres of public land owned or leased in Kansas with the adjacent states of Oklahoma, Missouri and Nebraska. The four states, ranked in order of total acres comprising wildlife areas, are as follows:

- Oklahoma – 1,643,342 acres (.48 acres per capita)
- Missouri – 972,658 acres (.17 acres per capita)
- Kansas – 331,805 acres (.12 acres per capita)
- Nebraska – 134,015 acres (.08 acres per capita)

The group reported that, of a total of 445,000 acres of impounded and flowing water in Kansas, less than half is open for public fishing access. That total includes the following:

- Reservoirs – 180,000 acres (100% open to public)
- Community/county/state fishing lakes – 50,000 acres (67% open to public)
- Private impoundments – 150,000 acres (10% open to public)
- Streams – 9,806 miles totaling about 65,000 water acres (10% open to public)

The group also compared total acres managed as state parks. Among their findings are the following:

- Kansas has 24 operating parks, compared with the national average of 92 parks per state.
- Kansas ranks 45th in the number of acres managed as state parks (32,000 acres vs. the national average of 210,000 acres)
- Kansas hosts 250 visits per acre. The national average is 60 visits per acre.
- Kansas state parks total .01 acres per capita, compared with .08 acres per capita in Nebraska, .02 acres per capita in Missouri, and .02 acres per capita in Oklahoma.

RECREATION LANDS/WATERS NEEDS

The group identified the following objectives for land and water acquisition:
Wildlife Lands Resources

- Region 1 – 56,000 additional acres
- Region 2 – 120,000 additional acres
- Region 3 – 28,000 additional acres
- Region 4 – 100,000 additional acres
- Region 5 – 96,000 additional acres

Fisheries Resources

- 4,000 additional acres of impoundments
- 1,000 miles acquisition and long-term easements for streams
- 10,000 acres long-term easements for private impoundments
- Water rights purchase in federal irrigation reservoir from willing sellers
- Renovation and habitat improvements on existing public impoundments
- Hatchery improvements to meet increasing demand for fish stocking

State Parks Resources

- 3,000 additional acres along Missouri River in northeast Kansas
- 3,000 additional acres in central Kansas for Off-Road Vehicle use
- 3,000 additional acres in western Kansas
- 3,000 additional acres in the central Flint Hills
- 3,000 additional acres in southcentral Kansas

RECOMMENDATIONS

Among recommendations of the group are the following:

- KDWP should develop a long-term land acquisition strategy. While the department has acquired some acreage over the years, it has not actively pursued adding lands across programmatic areas. Annual WIHA and FISH lease programs accommodate some of the demand for public recreation access, but do not allow for long-range land management needed to provide stable fish and wildlife populations. The department has not had an active land acquisition program in the past for two primary reasons: (1) Kansas residents have, until recently had ready access to privately owned land. However, through urbanization, many Kansans have lost contact with private landowners. Further, landowners are relying more on private leasing to offset low prices for farm products. (2) The sentiment of the Kansas Legislature has inhibited agency ownership of land, even under willing seller conditions and with local taxes being paid when land title is shifted to the state agency.
- Funding for additional wildlife lands and waters could come from the sale of conservation stamps. The group recommended requiring hunters, trappers, anglers, and non-consumptive users of wildlife areas to purchase a conservation stamp, with 90 percent of the proceeds dedicated to acquisition of lands and waters through long-term easement and outright purchase, and 10 percent dedicated to operations and maintenance costs of additional public lands and waters. The recommended conservation stamp cost, applied to both resident and nonresident license purchasers and nonconsumptive users, is \$10. Once the conservation stamp program is implemented, the state waterfowl stamp should be eliminated to avoid double payment by waterfowl hunters. Oklahoma and Nebraska currently have successful conservation stamp

programs. Nebraska's program, started in 1977, has raised more than \$31 million and added almost 49,000 acres to their state's wildlife areas.

- KDWP should increase efforts to solicit land donations. The department should promote awareness and use of the Wildtrust program among landowners interested in donating property, or funds to purchase property.
- Parks funding could come from the state's portion of the federal Land and Water Conservation Fund.

FY 2003 and FY 2004

SENATE WAYS AND MEANS SUBCOMMITTEE REPORT

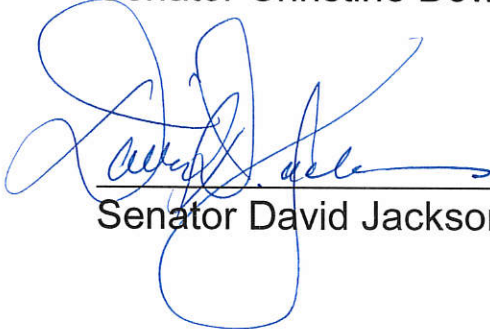
**State Conservation Commission
Kansas Water Office**



Senator Bill Bunten, Chair



Senator Christine Downey



Senator David Jackson

Senate Ways and Means
3-7-03
Attachment 2

House Budget Committee Report

Agency: State Conservation Commission **Bill No.** 2026

Bill Sec. 35

Analyst: VanHouse

Analysis Pg. No. 54

Budget Page No. 105

Expenditure Summary	Agency Estimate FY 2003	Governor's Recommendation FY 2003	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 2,128,802	\$ 2,105,967	\$ 0
Aid to Local Units	1,719,851	1,719,851	0
Other Assistance	7,532,901	7,180,170	0
Subtotal – Operating	\$ 11,381,554	\$ 11,005,988	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 11,381,554	\$ 11,005,988	\$ 0
 State General Fund:			
State Operations	\$ 583,130	\$ 560,295	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 583,130	\$ 560,295	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 583,130	\$ 560,295	\$ 0
 FTE Positions			
FTE Positions	15.5	15.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	16.5	16.5	0.0

Agency Estimate/Governor's Recommendation

The State Conservation Commission estimates \$11,381,554 for FY 2003 operating expenditures which is an increase of \$1,406,110 (14.1 percent) from the amount approved by the 2002 Legislature. The amount includes \$583,130 from the State General Fund, which is a decrease of \$12,996 (2.2 percent) from the approved amount and \$10,798,424 from all other funds, which is an increase of \$1,419,106 (15.1 percent) from the approved amount. The estimate includes \$712,289 for salaries and wages to fund 15.5 FTE positions. The estimate also includes \$1367,803 in contractual services, \$48,710 in commodities, \$3,160,448 in aid to local units, and \$7,222,127 in other assistance. The agency estimate includes expenditure increases for adjustments in federal funding. The estimate also includes the Governor's August 15, 2002 allotment (reduction) of \$12,996 from the State General Fund.

The Governor recommends \$11,005,988 for FY 2003 operating expenditures which is an increase of \$1,030,544 (10.3 percent) from the amount approved by the 2002 Legislature. The

amount includes \$560,295 from the State General Fund, which is a decrease of \$35,831 (6.0 percent) from the approved amount and \$10,445,693 from all other funds, which is an increase of \$1,066,375 (11.4 percent) from the approved amount. The recommendation includes \$689,454 for salaries and wages to fund 15.5 FTE positions. The recommendation also includes \$1,367,803 in contractual services, \$48,710 in commodities, \$1,719,851 in aid to local units, and \$7,180,170 in other assistance. The Governor's recommendation includes expenditure increases for adjustments in federal funding. The recommendation also includes the Governor's allotments (reductions) totaling \$35,831 including \$12,996 from August and \$22,835 from November.

House Committee Recommendation

The House Committee concurs with the Governor's recommendation.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: State Conservation Commission **Bill No.** 62

Bill Sec. 33

Analyst: VanHouse

Analysis Pg. No. 54

Budget Page No. 105

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2003</u>	<u>Governor's Recommendation FY 2003</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,128,802	\$ 2,105,967	\$ 0
Aid to Local Units	1,719,851	1,719,851	0
Other Assistance	7,532,901	7,180,170	0
Subtotal – Operating	\$ 11,381,554	\$ 11,005,988	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 11,381,554	\$ 11,005,988	\$ 0
State General Fund:			
State Operations	\$ 583,130	\$ 560,295	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 583,130	\$ 560,295	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 583,130	\$ 560,295	\$ 0
FTE Positions	15.5	15.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	16.5	16.5	0.0

Agency Estimate/Governor's Recommendation

The State Conservation Commission estimates \$11,381,554 for FY 2003 operating expenditures which is an increase of \$1,406,110 (14.1 percent) from the amount approved by the 2002 Legislature. The amount includes \$583,130 from the State General Fund, which is a decrease of \$12,996 (2.2 percent) from the approved amount and \$10,798,424 from all other funds, which is an increase of \$1,419,106 (15.1 percent) from the approved amount. The estimate includes \$712,289 for salaries and wages to fund 15.5 FTE positions. The estimate also includes \$1367,803 in contractual services, \$48,710 in commodities, \$3,160,448 in aid to local units, and \$7,222,127 in other assistance. The agency estimate includes expenditure increases for adjustments in federal funding. The estimate also includes the Governor's August 15, 2002 allotment (reduction) of \$12,996 from the State General Fund.

The Governor recommends \$11,005,988 for FY 2003 operating expenditures which is an increase of \$1,030,544 (10.3 percent) from the amount approved by the 2002 Legislature. The amount includes \$560,295 from the State General Fund, which is a decrease of \$35,831 (6.0 percent) from the approved amount and \$10,445,693 from all other funds, which is an increase of \$1,066,375 (11.4 percent) from the approved amount. The recommendation includes \$689,454 for salaries and wages to fund 15.5 FTE positions. The recommendation also includes \$1,367,803 in contractual services, \$48,710 in commodities, \$1,719,851 in aid to local units, and \$7,180,170 in other assistance. The Governor's recommendation includes expenditure increases for adjustments in federal funding. The recommendation also includes the Governor's allotments (reductions) totaling \$35,831 including \$12,996 from August and \$22,835 from November.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: State Conservation Commission **Bill No. --**

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. 54

Budget Page No. 105

Expenditure Summary	Agency Request FY 2004	Governor's Recommendation FY 2004	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 2,272,452	\$ 2,058,886	\$ 0
Aid to Local Units	3,160,448	1,395,400	0
Other Assistance	7,222,127	6,076,114	0
Subtotal – Operating	\$ 12,655,027	\$ 9,530,400	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 12,655,027	\$ 9,530,400	\$ 0
State General Fund:			
State Operations	\$ 619,370	\$ 562,295	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 619,370	\$ 562,295	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 619,370	\$ 562,295	\$ 0
FTE Positions	15.5	15.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	16.5	16.5	0.0

Agency Request/Governor's Recommendation

The State Conservation Commission requests \$12,655,027 for FY 2004 operating expenditures which is an increase of \$1,273,473 (11.2 percent) from the FY 2003 estimate. The request includes \$619,370 from the State General Fund, which is an increase of \$32,240 (6.2 percent), and \$12,035,657 from all other funds, which is an increase of \$1,237,233 (11.5 percent) from the FY 2003 estimate. The request includes \$746,433 for salaries and wages to fund 15.5 FTE positions. The request also includes \$1,477,675 in contractual services, \$48,344 in commodities, \$3,160,448 for aid to local units, and \$7,222,127 in other assistance. The request includes an enhancement package totaling \$2,455,554 from all funds with \$2,426,134 from the State Water Plan Fund and \$26,796 from the State General Fund.

The Governor recommends \$9,530,400 for FY 2004 operating expenditures which is a decrease of \$1,475,588 (13.4 percent) FY 2003 recommendation. The recommendation includes \$562,295 from the State General Fund, which is an increase of \$2,000 from the FY 2003 recommendation, and \$8,968,105 from all other funds, which is a decrease of \$1,477,588 (14.1 percent) from the FY 2003 recommendation. The recommendation includes \$686,734 for salaries and wages to 15.5 FTE positions. The recommendation also includes \$1,324,518 in contractual

services, \$47,634 in commodities, \$1,395,400 in aid to local units, and \$6,076,114 in other assistance. Included in the recommendation is a reduced resources package from the State General Fund of \$30,279. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$118,373.

House Committee Recommendation

The House Committee concurs with the Governor's recommendation with the following adjustments and notations:

1. The Committee recommends that any unencumbered balance in the any fund of the State Water Plan Fund be reappropriated to the agency to be used in State Water Plan funded activities at the discretion of the director.
2. The Committee heard testimony that HorseThief Reservoir (Pawnee Watershed site 4-10) qualifies for \$3,627,190 under the Multipurpose Small Lakes program. The agency requested \$1,412,548 for FY 2004. The Kansas Water Authority recommended \$200,000 for FY 2004.

The Committee also heard testimony that the project is ready for funding. Unlike previous projects in the Multipurpose Small Lakes Program, HorseThief Reservoir already has the water rights, land and numerous other technicalities taken care of that have impeded other projects and received funding.

The Committee recommends that any encumbrances released by the agency in an amount up to \$300,000 be directed to the Multipurpose Small Lakes program for the construction of HorseThief Reservoir.

3. The Committee notes that the Department of Agriculture (KDA) provides information technology support and staffing for the Kansas Water Office (KWO) and the State Conservation Commission (SCC). During FY 2000, \$20,100 from the State General Fund and \$6,700 from the SCC's Land Reclamation Fee Fund were added to KDA's budget for this service. The KDA included the elimination of this support in a reduced resources package for FY 2004 siting that the KWO and the SCC have not provided the KDA with continued funding for service. The Governor concurred with this package. Some disagreement regarding the funding for this agreement exists between the three agencies. The Committee recommends the three agencies work with the Division of the Budget to resolve the issue. The Committee also recommends the creation of a no-limit fund in the KDA to receipt funds if it is determined that a transfer from the KWO and the SCC to the KDA is necessary to maintain the IT support. The Committee directs the agencies to report to the Committee regarding progress or resolution of this issue during Omnibus.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation with the following adjustment:

1. Strike item one from the Budget Committee report and insert proviso language that any unencumbered balance in the specified State Water Plan Fund line item in excess of \$100 be reappropriated.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: State Conservation Commission **Bill No. --** **Bill Sec. --**

Analyst: VanHouse **Analysis Pg. No. 54** **Budget Page No. 105**

Expenditure Summary	Agency Request FY 2004	Governor's Recommendation FY 2004	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 2,272,452	\$ 2,058,886	\$ 0
Aid to Local Units	3,160,448	1,395,400	0
Other Assistance	7,222,127	6,076,114	0
Subtotal – Operating	12,655,027	9,530,400	0
Capital Improvements	0	0	0
TOTAL	\$ 12,655,027	\$ 9,530,400	\$ 0
State General Fund:			
State Operations	\$ 619,370	\$ 562,295	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 619,370	\$ 562,295	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 619,370	\$ 562,295	\$ 0
FTE Positions	15.5	15.5	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	16.5	16.5	0.0

Agency Request/Governor's Recommendation

The State Conservation Commission requests \$12,655,027 for FY 2004 operating expenditures which is an increase of \$1,273,473 (11.2 percent) from the FY 2003 estimate. The request includes \$619,370 from the State General Fund, which is an increase of \$32,240 (6.2 percent), and \$12,035,657 from all other funds, which is an increase of \$1,237,233 (11.5 percent) from the FY 2003 estimate. The request includes \$746,433 for salaries and wages to fund 15.5 FTE

positions. The request also includes \$1,477,675 in contractual services, \$48,344 in commodities, \$3,160,448 for aid to local units, and \$7,222,127 in other assistance. The request includes an enhancement package totaling \$2,455,554 from all funds with \$2,426,134 from the State Water Plan Fund and \$26,796 from the State General Fund.

The Governor recommends \$9,530,400 for FY 2004 operating expenditures which is a decrease of \$1,475,588 (13.4 percent) FY 2003 recommendation. The recommendation includes \$562,295 from the State General Fund, which is an increase of \$2,000 from the FY 2003 recommendation, and \$8,968,105 from all other funds, which is a decrease of \$1,477,588 (14.1 percent) from the FY 2003 recommendation. The recommendation includes \$686,734 for salaries and wages to 15.5 FTE positions. The recommendation also includes \$1,324,518 in contractual services, \$47,634 in commodities, \$1,395,400 in aid to local units, and \$6,076,114 in other assistance. Included in the recommendation is a reduced resources package from the State General Fund of \$30,279. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$118,373.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following notations:

1. The Subcommittee heard testimony that HorseThief Reservoir (Pawnee Watershed site 4-10) qualifies for \$3,627,190 under the Multipurpose Small Lakes program. The agency requested \$1,412,548 for FY 2004, and the Kansas Water Authority recommended \$200,000 for FY 2004.

The Subcommittee also heard testimony that the project is ready for funding. Unlike previous projects in the Multipurpose Small Lakes program, HorseThief Reservoir already has the water rights, land and numerous other technicalities taken care of that have impeded other projects and received funding. The Subcommittee, however, did not receive information regarding the source of the remainder of the \$10 million needed to complete this project. The agency reported that the receipt of that initial funding from the state would aid in securing funding from other sources.

The Subcommittee strongly encourages the Kansas Water Authority to evaluate the priorities of the State Water Plan and give serious consideration to fund the construction of HorseThief Reservoir.

2. The Subcommittee evaluated the revenue sources of the State Water Plan Fund and noted that the fees assessed for the fund have not be increased since the fund's inception in 1989. The Subcommittee encourages the Kansas Water Authority to study the current fees and funding structure of the State Water Plan Fund and advise the Legislature on the feasibility of increasing the fees assessed for the Fund.

House Budget Committee Report

Agency: Kansas Water Office

Bill No. 2026

Bill Sec. 36

Analyst: VanHouse

Analysis Pg. No. 70

Budget Page No. 447

Expenditure Summary	Agency Estimate FY 2003	Governor's Recommendation FY 2003	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 6,201,447	\$ 6,110,093	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 6,201,447	\$ 6,110,093	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 6,201,447	\$ 6,110,093	\$ 0
State General Fund:			
State Operations	\$ 1,375,246	\$ 1,283,892	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 1,375,246	\$ 1,283,892	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 1,375,246	\$ 1,283,892	\$ 0
FTE Positions	22.5	22.5	0.0
Non FTE Uncl. Perm. Pos.	5.0	0.5	0.0
TOTAL	23.0	23.0	0.0

Agency Estimate/Governor's Recommendation

The Kansas Water Office estimates \$6,201,447 for FY 2003 operating expenditures which is an increase of \$892,010 (16.8 percent) from the amount approved by the 2002 Legislature. The amount includes \$1,375,246 from the State General Fund, which is a decrease of \$7,476 (0.5 percent) from the approved amount and \$4,826,201 from all other funds, which is an increase of \$899,486 (22.9 percent) from the approved amount. The estimate includes \$1,435,742 for salaries and wages to fund 22.5 FTE positions. The estimate also includes \$4,708,888 in contractual services, \$19,225 in commodities, and \$37,592 in capital outlay. The agency estimate includes expenditure increases for adjustments in state and federal funds. The estimate also includes the Governor's August 15, 2002 allotment (reduction) of \$28,339 from the State General Fund.

The Governor recommends \$6,110,093 for FY 2003 operating expenditures which is an increase of \$800,656 (16.8 percent) from the amount approved by the 2002 Legislature. The amount includes \$1,283,892 from the State General Fund, which is a decrease of \$98,830 (7.1 percent) from the approved amount and \$4,826,201 from all other funds, which is an increase of \$899,486 (22.9

*Senate Ways and Means
3-7-03
Attachment 3*

percent) from the approved amount. The recommendation includes \$1,335,388 for salaries and wages to fund 22.5 FTE positions. The recommendation also includes \$4,708,888 in contractual services, \$19,225 in commodities, and \$46,592 in capital outlay. The Governor's recommendation includes adjustments in state and federal funds consistent with the agency estimate. The recommendation also includes the Governor's allotments (reductions) totaling \$82,192 with \$28,339 from August and \$53,853 from November.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: Kansas Water Office

Bill No. 62

Bill Sec. 34

Analyst: VanHouse

Analysis Pg. No. 70

Budget Page No. 447

Expenditure Summary	Agency Estimate FY 2003	Governor's Recommendation FY 2003	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 6,201,447	\$ 6,110,093	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 6,201,447	\$ 6,110,093	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 6,201,447	\$ 6,110,093	\$ 0
State General Fund:			
State Operations	\$ 1,375,246	\$ 1,283,892	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 1,375,246	\$ 1,283,892	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 1,375,246	\$ 1,283,892	\$ 0
FTE Positions	22.5	22.5	0.0
Non FTE Uncl. Perm. Pos.	5.0	0.5	0.0
TOTAL	23.0	23.0	0.0

Agency Estimate/Governor's Recommendation

The Kansas Water Office estimates \$6,201,447 for FY 2003 operating expenditures which is an increase of \$892,010 (16.8 percent) from the amount approved by the 2002 Legislature. The amount includes \$1,375,246 from the State General Fund, which is a decrease of \$7,476 (0.5 percent) from the approved amount and \$4,826,201 from all other funds, which is an increase of \$899,486 (22.9 percent) from the approved amount. The estimate includes \$1,435,742 for salaries and wages to fund 22.5 FTE positions. The estimate also includes \$4,708,888 in contractual services, \$19,225 in commodities, and \$37,592 in capital outlay. The agency estimate includes expenditure increases for adjustments in state and federal funds. The estimate also includes the Governor's August 15, 2002 allotment (reduction) of \$28,339 from the State General Fund.

The Governor recommends \$6,110,093 for FY 2003 operating expenditures which is an increase of \$800,656 (16.8 percent) from the amount approved by the 2002 Legislature. The amount includes \$1,283,892 from the State General Fund, which is a decrease of \$98,830 (7.1 percent) from the approved amount and \$4,826,201 from all other funds, which is an increase of \$899,486 (22.9 percent) from the approved amount. The recommendation includes \$1,335,388 for salaries and wages to fund 22.5 FTE positions. The recommendation also includes \$4,708,888 in contractual services, \$19,225 in commodities, and \$46,592 in capital outlay. The Governor's recommendation includes adjustments in state and federal funds consistent with the agency estimate. The recommendation also includes the Governor's allotments (reductions) totaling \$82,192 with \$28,339 from August and \$53,853 from November.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Kansas Water Office

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1-70

Budget Page No. 447

Expenditure Summary	Agency Request FY 2004	Governor's Recommendation FY 2004	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 5,878,401	\$ 5,626,960	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 5,878,401	\$ 5,626,960	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 5,878,401	\$ 5,626,960	\$ 0
State General Fund:			
State Operations	\$ 1,372,998	\$ 1,251,448	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 1,372,998	\$ 1,251,448	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 1,372,998	\$ 1,251,448	\$ 0
FTE Positions	22.5	22.5	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	23.0	23.0	0.0

Agency Request/Governor's Recommendation

The Kansas Water Office requests \$5,878,401 for FY 2004 operating expenditures which is a decrease of \$323,046 (5.2 percent) from the FY 2003 estimate. The request includes \$1,372,998 from the State General Fund, which is a decrease of \$2,248 (0.2 percent), and \$4,505,403 from all other funds, which is a decrease of \$320,798 (6.6 percent) from the FY 2003 estimate. The request includes \$1,380,750 for salaries and wages to fund 22.5 FTE positions. The request also includes \$4,462,132 in contractual services, \$17,719 in commodities, and \$17,800 in capital outlay.

The Governor recommends \$5,626,960 for FY 2004 operating expenditures which is a decrease of \$483,133 (7.9 percent) FY 2003 recommendation. The recommendation includes \$1,251,448 from the State General Fund, which is a decrease of \$32,444 (2.5 percent) from the FY 2003 recommendation, and \$4,375,512 from all other funds, which is a decrease of \$450,689 (9.3 percent) from the FY 2003 recommendation. The recommendation includes \$1,259,200 for salaries

and wages to 22.5 FTE positions. The recommendation also includes \$4,332,241 in contractual services, \$17,719 in commodities, and \$17,800 in capital outlay. Included in the recommendation is a reduced resources package from the State General Fund of \$70,067. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$263,452.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following requests and notations:

1. The Committee notes that the State Water Plan Fund (SWPF) was originally created for the establishment and implementation of water-related projects including related technical assistance (KSA 82a-951). In recent years, a portion of SWPF monies have been shifted to support administrative and operational activities of agencies expending the funds. For example, a portion of the SWPF monies are allocated to the Kansas Department of Agriculture, part of which is utilized for administration of Interstate Water Issues. The Committee notes that in order to keep with the intent of the law, these administrative and operational activities may be more appropriately funded through the State General Fund.
2. The Committee recommends a proviso that prohibits purchasing more water storage space in the Milford, Perry, and Tuttle Creek Lakes. The Corps of Engineers contends that it could use a maximum of six feet of water from these lakes for navigational purposes so long as the State of Kansas, through the Kansas Water Office, has not called the remaining storage space into service. Neither the Kansas Water Authority nor the Governor has recommended funding for this water storage space. The Committee wishes to state that should the Corps notify the Kansas Water Office of its intent to use water for navigational purposes on the Missouri River, the agency should take steps to protect the State's interests and, if necessary, notify the Legislature of the need for appropriate action.
3. The Committee requests the introduction of a bill and the inclusion of a proviso creating the Water Supply Storage Assurance District Fund and the authority to make expenditures from the fund. Each year the agency receives money from the Water Assurance Districts, which must be used to pay: (1) the federal government, for the annual capital cost of water supply storage space in reservoirs under the Water Assurance Act; (2) the Pooled Money Investment Board, for repayment of costs associated with the purchase of storage space in federal reservoirs for use by Assurance Districts; (3) the Water Marketing Fund, for water supply storage space previously paid for with revenue from Water Marketing Fund, when such storage has been transferred to the Water Assurance Program; (4) the federal government, for annual operational, maintenance, and repair costs associated with the water supply storage space dedicated for the use of Water Assurance Districts, and; (5) the Water Marketing Fund and the State General Fund, for costs incurred by the state for the administration and enforcement of applicable laws governing the operations and management of the Water Assurance Program, as provided in contracts with the Assurance Districts. The Committee notes that the agency has routinely made these transactions

since the inception of the Water Assurance Program. However, in 1998, the statute that established the Water Supply Storage Assurance District Fund was inadvertently abolished. The Committee believes that this proviso is necessary for the agency to receive and expend monies in accordance with the Water Assurance Act.

4. The Committee request the introduction of a bill and the inclusion of a proviso authorizing the agency to borrow money with interest from the Pooled Money Investment Board (PMIB), for up to five years, to stabilize the Water Marketing rate charged to customers, due to unusual operational maintenance and repair costs, and for an interest-free loan of less than one year in those years when there are short-term cash flow shortages. The Subcommittee notes that KSA 82a-1315(c)(b)(5) was enacted in 1991 to allow the Water Office to maintain a reserve account within the Kansas Water Marketing Fund to meet any shortfalls in revenue or unusual expenses, thus stabilizing the annual rate charged to water customers. This proviso would allow the agency to accomplish this objective through a short-term loan rather than by a "reserve account."
5. The Committee requests the introduction of a bill and the inclusion of a proviso creating a fund for receiving and passing through local match funds for federal cost-share programs. These are federal programs which provide planning assistance to states and other entities and technical assistance to state, tribes, and other entities. A one-to-one match of state to federal dollars is required.
6. The Committee recommends a proviso stating that water in Cedar Bluff Reservoir under the control of the State of Kansas not be released for environmental, domestic, municipal, industrial, or irrigation purposes except for operation of Kansas Department of Wildlife and Parks facilities below the Dam. The proviso also states that the Kansas Water Office and the Kansas Department of Wildlife and Parks explore the possibility of transferring ownership and operation of all of the storage in Cedar Bluff Reservoir currently held by the Kansas Water Office to the Department of Wildlife and Parks. The funds budgeted to the Kansas Water Office to pay for operation and maintenance of this storage shall be used for such purposes for FY 2004.
7. The Committee recommends a proviso allowing the director of the Kansas Water Office to transfer any part of any item of appropriations for FY 2004 from the State Water Plan Fund for the KWO to another other item of appropriation for FY 2004 from the SWPF for the KWO. The director shall certify each transfer to the Director of Accounts and Reports and shall transmit a copy of the certification to the Director of the Budget, the Director of the Legislative Research Department, and the appropriate House Budget Committee and Senate Ways and Means Subcommittee.
8. The Committee recommends that the Kansas Water Office work with other state agencies to evaluate the cost of dredging of multipurpose small lakes using information from previous dredging projects within Kansas. The Kansas Water Office should also work with the State Conservation Commission to identify potential candidate lakes for dredging which meet criteria established in the Multipurpose Small Lakes Program Act in accordance with the provisions of KSA 82a-1601 *et seq.*

9. The Committee notes that the Department of Agriculture (KDA) provides information technology support and staffing for the Kansas Water Office (KWO) and the State Conservation Commission (SCC). During FY 2000, \$20,100 from the State General Fund and \$6,700 from the SCC's Land Reclamation Fee Fund were added to KDA's budget for this service. The KDA included the elimination of this support in a reduced resources package for FY 2004 citing that the KWO and the SCC have not provided the KDA with continued funding for service. The Governor concurred with this package. Some disagreement regarding the funding for this agreement exists between the three agencies. The Committee recommends the three agencies work with the Division of the Budget to resolve the issue. The Committee also recommends the creation of a no-limit fund in the KDA to receipt funds if it is determined that a transfer from the KWO and the SCC to the KDA is necessary to maintain the IT support. The Committee directs the agencies to report to the Committee regarding progress or resolution of this issue during Omnibus.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

Senate Subcommittee Report

Agency: Kansas Water Office

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1-70

Budget Page No. 447

Expenditure Summary	Agency Request FY 2004	Governor's Recommendation FY 2004	Senate Subcommittee Adjustments
All Funds:	\$ 5,878,401	\$ 5,626,960	\$ 0
State Operations	0	0	0
Aid to Local Units	0	0	0
Other Assistance	\$ 5,878,401	\$ 5,626,960	\$ 0
Subtotal – Operating	0	0	0
Capital Improvements	\$ 5,878,401	\$ 5,626,960	\$ 0
TOTAL	\$ 5,878,401	\$ 5,626,960	\$ 0
State General Fund:			
State Operations	\$ 1,372,998	\$ 1,251,448	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 1,372,998	\$ 1,251,448	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 1,372,998	\$ 1,251,448	\$ 0
FTE Positions	22.5	22.5	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	23.0	23.0	0.0

Agency Request/Governor's Recommendation

The Kansas Water Office requests \$5,878,401 for FY 2004 operating expenditures which is a decrease of \$323,046 (5.2 percent) from the FY 2003 estimate. The request includes \$1,372,998 from the State General Fund, which is a decrease of \$2,248 (0.2 percent), and \$4,505,403 from all other funds, which is a decrease of \$320,798 (6.6 percent) from the FY 2003 estimate. The request includes \$1,380,750 for salaries and wages to fund 22.5 FTE positions. The request also includes \$4,462,132 in contractual services, \$17,719 in commodities, and \$17,800 in capital outlay.

The Governor recommends \$5,626,960 for FY 2004 operating expenditures which is a decrease of \$483,133 (7.9 percent) FY 2003 recommendation. The recommendation includes \$1,251,448 from the State General Fund, which is a decrease of \$32,444 (2.5 percent) from the FY

2003 recommendation, and \$4,375,512 from all other funds, which is a decrease of \$450,689 (9.3 percent) from the FY 2003 recommendation. The recommendation includes \$1,259,200 for salaries and wages to 22.5 FTE positions. The recommendation also includes \$4,332,241 in contractual services, \$17,719 in commodities, and \$17,800 in capital outlay. Included in the recommendation is a reduced resources package from the State General Fund of \$70,067. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$263,452.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following recommendations and notations.

1. The Subcommittee notes that the State Water Plan Fund (SWPF) was originally created for the establishment and implementation of water-related projects including related technical assistance (KSA 82a-951). In recent years, a portion of SWPF monies have been shifted to support administrative and operational activities of agencies expending the funds. For example, a portion of the SWPF monies are allocated to the Kansas Department of Agriculture, part of which is utilized for administration of Interstate Water Issues. The Subcommittee notes that in order to keep with the intent of the law, these administrative and operational activities may be more appropriately funded through the State General Fund.
2. The Subcommittee recommends a proviso that prohibits purchasing more water storage space in the Milford, Perry, and Tuttle Creek Lakes. The Corps of Engineers contends that it could use a maximum of six feet of water from these lakes for navigational purposes so long as the State of Kansas, through the Kansas Water Office, has not called the remaining storage space into service. Neither the Kansas Water Authority nor the Governor has recommended funding for this water storage space. The Subcommittee wishes to state that should the Corps notify the Kansas Water Office of its intent to use water for navigational purposes on the Missouri River, the agency should take steps to protect the State's interests and, if necessary, notify the Legislature of the need for appropriate action.
3. The Subcommittee recommends the inclusion of a proviso creating the Water Supply Storage Assurance District Fund and the authority to make expenditures from the fund. Each year the agency receives money from the Water Assurance Districts, which must be used to pay: (1) the federal government, for the annual capital cost of water supply storage space in reservoirs under the Water Assurance Act; (2) the Pooled Money Investment Board, for repayment of costs associated with the purchase of storage space in federal reservoirs for use by Assurance Districts; (3) the Water Marketing Fund, for water supply storage space previously paid for with revenue from Water Marketing Fund, when such storage has been transferred to the Water Assurance Program; (4) the federal government, for annual operational, maintenance, and repair costs associated with the water supply storage space dedicated for the use of Water Assurance Districts, and; (5) the Water Marketing Fund and the State General Fund, for costs incurred by the state for the administration and enforcement of applicable

laws governing the operations and management of the Water Assurance Program, as provided in contracts with the Assurance Districts. The Subcommittee notes that the agency has routinely made these transactions since the inception of the Water Assurance Program. However, in 1998, the statute that established the Water Supply Storage Assurance District Fund was inadvertently abolished. The Subcommittee believes that this proviso is necessary for the agency to receive and expend moneys in accordance with the Water Assurance Act. The Subcommittee notes that the House Appropriations Committee introduced a bill (HB 2397) with the language from the proviso and encourages a hearing on this bill.

4. The Subcommittee recommends the inclusion of a proviso authorizing the agency to borrow money with interest from the Pooled Money Investment Board (PMIB), for up to five years, to stabilize the Water Marketing rate charged to customers, due to unusual operational maintenance and repair costs, and for an interest-free loan of less than one year in those years when there are short-term cash flow shortages. The Subcommittee notes that KSA 82a-1315(c)(b)(5) was enacted in 1991 to allow the Water Office to maintain a reserve account within the Kansas Water Marketing Fund to meet any shortfalls in revenue or unusual expenses, thus stabilizing the annual rate charged to water customers. This proviso would allow the agency to accomplish this objective through a short-term loan rather than by a "reserve account." The Subcommittee notes that the House Appropriations Committee introduced a bill (HB 2399) with the language from the proviso and encourages a hearing on this bill.
5. The Subcommittee recommends the inclusion of a proviso creating a fund for receiving and passing through local match funds for federal cost-share programs. These are federal programs which provide planning assistance to states and other entities and technical assistance to state, tribes, and other entities. A one-to-one match of state to federal dollars is required. The Subcommittee notes that the House Appropriations Committee introduced a bill (HB 2400) with the language from the proviso and encourages a hearing on this bill.
6. The Subcommittee recommends a proviso stating that water in Cedar Bluff Reservoir under the control of the State of Kansas not be released for environmental, domestic, municipal, industrial, or irrigation purposes except for operation of Kansas Department of Wildlife and Parks facilities below the Dam. The proviso also states that the Kansas Water Office and the Kansas Department of Wildlife and Parks explore the possibility of transferring ownership and operation of all of the storage in Cedar Bluff Reservoir currently held by the Kansas Water Office to the Department of Wildlife and Parks. The funds budgeted to the Kansas Water Office to pay for operation and maintenance of this storage shall be used for such purposes for FY 2004. The Subcommittee notes that a proviso recommending a task force on this issue is included in the recommendations for the Department of Wildlife and Parks.
7. The Subcommittee recommends a proviso allowing the director of the Kansas Water Office, with the approval of the Kansas Water Authority, to transfer any part of any item of appropriation from the State Water Plan Fund for the KWO to another other item of appropriation from the SWPF for the KWO. The director shall certify each transfer to the Director of Accounts and Reports and shall

transmit a copy of the certification to the Director of the Budget, the Director of the Legislative Research Department, and the appropriate House Budget Committee and Senate Ways and Means Subcommittee.

8. The Subcommittee recommends that the Kansas Water Office work with other state agencies to evaluate the cost of dredging of multipurpose small lakes using information from previous dredging projects within Kansas. The Kansas Water Office should also work with the State Conservation Commission to identify potential candidate lakes for dredging which meet criteria established in the Multipurpose Small Lakes Program Act in accordance with the provisions of K.S.A. 82a-1601 et seq.

9. The Subcommittee notes that the Department of Agriculture (KDA) provides information technology support and staffing for the Kansas Water Office (KWO) and the State Conservation Commission (SCC). During FY 2000, \$20,100 from the State General Fund and \$6,700 from the SCC's Land Reclamation Fee Fund were added to KDA's budget for this service. The KDA included the elimination of this support in a reduced resources package for FY 2004 citing that the KWO and the SCC have not provided the KDA with continued funding for service. The Governor concurred with this package. Some disagreement regarding the funding for this agreement exists between the three agencies. The Subcommittee recommends the three agencies work with the Division of the Budget to resolve the issue. The Subcommittee also recommends the creation of a no-limit fund in the KDA to receipt funds if it is determined that a transfer from the KWO and the SCC to the KDA is necessary to maintain the IT support.

FY 2003 and FY 2004

SENATE WAYS AND MEANS SUBCOMMITTEE REPORT

**Department of Agriculture
Animal Health Department
State Fair**



Senator Steve Morris, Chair



Senator Christine Downey

House Budget Committee Report

Agency: Department of Agriculture

Bill No. 2026

Bill Sec. 33

Analyst: VanHouse

Analysis Pg. No. Vol. I-3

Budget Page No. 45

Expenditure Summary	Agency Estimate FY 2003	Governor's Recommendation FY 2003	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 21,700,480	\$ 21,602,226	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 21,700,480	\$ 21,602,226	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 21,700,480</u>	<u>\$ 21,602,226</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 9,767,802	\$ 9,385,304	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 9,767,802	\$ 9,385,304	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 9,767,802</u>	<u>\$ 9,385,304</u>	<u>\$ 0</u>
FTE Positions	300.5	300.5	(4.0)
Non FTE Uncl. Perm. Pos.	18.0	17.0	0.0
TOTAL	<u>318.5</u>	<u>317.5</u>	<u>(4.0)</u>

Agency Estimate/Governor's Recommendation

The Department of Agriculture estimates \$21,700,480 for FY 2003 operating expenditures which is an increase of \$249,779 (1.2 percent) from the amount approved by the 2002 Legislature. The amount includes \$9,767,802 from the State General Fund, which is a decrease of \$206,353 (2.1 percent) from the approved amount and \$11,932,678 from all other funds, which is an increase of \$456,132 (4.0 percent) from the approved amount. The estimate includes \$14,159,436 for salaries and wages to fund 300.5 FTE positions. The estimate also includes \$9,050,601 in contractual services, \$325,887 in commodities, and \$164,556 in capital outlay. The agency estimate includes an expenditure increase for the USDA Speciality Crop Grant received by the agency in FY 2002 and fee fund reductions totaling \$297,113. The estimate also includes the Governor's August 15, 2002 allotment (reduction) of \$206,353 from the State General Fund.

The Governor recommends \$21,602,226 for FY 2003 operating expenditures which is an increase of \$151,525 (0.7 percent) from the amount approved by the 2002 Legislature. The amount includes \$9,385,304 from the State General Fund, which is a decrease of \$588,851 (5.9 percent)

from the approved amount and \$12,216,922 from all other funds, which is an increase of \$740,376 (6.5 percent) from the approved amount. The recommendation includes \$14,094,967 for salaries and wages to fund 300.5 FTE positions. The recommendation also includes \$7,016,816 in contractual services, \$325,887 in commodities, and \$164,556 in capital outlay. The recommendation includes the Governor's allotments (reductions) totaling \$588,851 with \$206,353 from August and \$382,498 from November. Of the November allotment, \$220,707 was offset by expenditure increases in agency fee funds and \$161,791 was deducted from the agency's operating budget.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following adjustment:

1. The agency reported that 4.0 FTE positions are currently being left unfunded to meet the Governor's 3.9 percent reduction in FY 2003. The average days these positions have been vacant is 370 days. The Committee recommends that the FTE count for this agency be reduced by 4.0 positions.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: Department of Agriculture

Bill No. 2026

Bill Sec. 33

Analyst: VanHouse

Analysis Pg. No. Vol. I-3

Budget Page No. 45

Expenditure Summary	Agency Estimate FY 2003	Governor's Recommendation FY 2003	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 21,700,480	\$ 21,602,226	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 21,700,480	\$ 21,602,226	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 21,700,480</u>	<u>\$ 21,602,226</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 9,767,802	\$ 9,385,304	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 9,767,802	\$ 9,385,304	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 9,767,802</u>	<u>\$ 9,385,304</u>	<u>\$ 0</u>
FTE Positions	300.5	300.5	0.0
Non FTE Uncl. Perm. Pos.	18.0	17.0	0.0
TOTAL	<u>318.5</u>	<u>317.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The Department of Agriculture estimates \$21,700,480 for FY 2003 operating expenditures which is an increase of \$249,779 (1.2 percent) from the amount approved by the 2002 Legislature. The amount includes \$9,767,802 from the State General Fund, which is a decrease of \$206,353 (2.1 percent) from the approved amount and \$11,932,678 from all other funds, which is an increase of \$456,132 (4.0 percent) from the approved amount. The estimate includes \$14,159,436 for salaries and wages to fund 300.5 FTE positions. The estimate also includes \$9,050,601 in contractual services, \$325,887 in commodities, and \$164,556 in capital outlay. The agency estimate includes an expenditure increase for the USDA Speciality Crop Grant received by the agency in FY 2002 and fee fund reductions totaling \$297,113. The estimate also includes the Governor's August 15, 2002 allotment (reduction) of \$206,353 from the State General Fund.

The Governor recommends \$21,602,226 for FY 2003 operating expenditures which is an increase of \$151,525 (0.7 percent) from the amount approved by the 2002 Legislature. The amount

includes \$9,385,304 from the State General Fund, which is a decrease of \$588,851 (5.9 percent) from the approved amount and \$12,216,922 from all other funds, which is an increase of \$740,376 (6.5 percent) from the approved amount. The recommendation includes \$14,094,967 for salaries and wages to fund 300.5 FTE positions. The recommendation also includes \$7,016,816 in contractual services, \$325,887 in commodities, and \$164,556 in capital outlay. The recommendation includes the Governor's allotments (reductions) totaling \$588,851 with \$206,353 from August and \$382,498 from November. Of the November allotment, \$220,707 was offset by expenditure increases in agency fee funds and \$161,791 was deducted from the agency's operating budget.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Department of Agriculture

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. I-3

Budget Page No. 45

Expenditure Summary	Agency Request FY 2004	Governor's Recommendation FY 2004	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 20,405,178	\$ 19,782,736	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 20,405,178	\$ 19,782,736	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 20,405,178	\$ 19,782,736	\$ 0
State General Fund:			
State Operations	\$ 9,385,304	\$ 9,406,284	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 9,385,304	\$ 9,406,284	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 9,385,304	\$ 9,406,284	\$ 0
FTE Positions	301.5	300.5	(4.0)
Non FTE Uncl. Perm. Pos.	17.0	16.0	0.0
TOTAL	318.5	316.5	(4.0)

Agency Request/Governor's Recommendation

The Department of Agriculture requests \$20,405,078 for FY2004 operating expenditures which is a decrease of \$1,295,302 (6.0 percent) from the FY 2003 estimate. The request includes \$9,912,212 from the State General Fund, which is an increase of \$144,410 (1.5 percent), and \$10,492,866 from all other funds, which is a decrease of \$1,439,812 (12.1 percent) from the FY 2003 estimate. The request includes \$14,436,294 for salaries and wages to fund 300.5 FTE positions. The request also includes \$5,523,451 in contractual services, \$291,584 in commodities, and \$153,849 in capital outlay. The request includes an enhancement package totaling \$221,953 from all funds including \$170,023 from the State Water Plan Fund.

The Governor recommends \$19,782,736 for FY 2004 operating expenditures which is a decrease of \$1,819,490 (8.4 percent) FY 2003 recommendation. The recommendation includes \$9,406,284 from the State General Fund, which is an increase of \$20,980 (0.2 percent) from the FY 2003 recommendation, and \$10,376,452 from all other funds, which is a decrease of \$1,840,470

(15.1 percent) from the FY 2003 recommendation. The recommendation includes \$14,246,129 for salaries and wages to 300.5 FTE positions. The recommendation also includes \$5,101,449 in contractual services, \$290,309 in commodities, and \$144,849 in capital outlay. Included in the recommendation is a reduced resources package from the State General Fund of \$107,295. The Governor recommends the enhancement request of \$50,000 from the State Water Plan Fund for water use follow-up and quality control. This is a contract that is being shifted from the Kansas Water Office to the Department of Agriculture. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$1,980,192.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following adjustment and notations:

1. The Committee notes the 2002 Legislature's charge to the agency to provide technical and marketing assistance to small meat locker owners. The Committee commends the agency for successfully completing this task, and encourages the agency to continue this effort, including periodic updates to the marketing assistance manual as developed through this initiative. The Committee recommends the inclusion of a proviso to continue this effort.
2. The Committee notes that the Department of Agriculture (KDA) provides information technology support and staffing for the Kansas Water Office (KWO) and the State Conservation Commission (SCC). During FY 2000, \$20,100 from the State General Fund and \$6,700 from the SCC's Land Reclamation Fee Fund were added to KDA's budget for this service. The KDA included the elimination of this support in a reduced resources package for FY 2004 citing that the KWO and the SCC have not provided the KDA with continued funding for service. The Governor concurred with this package. Some disagreement regarding the funding for this agreement exists between the three agencies. The Committee recommends the three agencies work with the Division of the Budget to resolve the issue. The Committee also recommends the creation of a no-limit fund in the KDA to receipt funds if it is determined that a transfer from the KWO and the SCC to the KDA is necessary to maintain the IT support. The Committee directs the agencies to report to the Committee regarding progress or resolution on this issue during Omnibus.
3. The Committee notes the agency began the Wholesale Meter Testing program July 1, 2002 and began initial testing in September 2002. The agency anticipates testing all wholesale meters by the end of the fiscal year and plans to do bi-annual testing in the future. As of February 3, 2003, approximately one-third of the state's wholesale meters have been tested with 9.5 percent out of tolerance. Errors range from zero to -1.02 percent (over three times the allowed tolerance). The errors in the meters tested were ten times smaller when adjustments were made after the initial testing. The average negative error (retailer being shorted) was -0.12 percent when first inspected and after adjustments by the facility, the average error was reduced to -0.012 percent. After initial equipment purchases, the cost for this program is about \$55,0000 annually is funded through the petroleum inspection fee fund. One and one-half cents per barrel of fuel is

assessed on fuel sold by wholesalers and is used to fund the wholesale meter testing program, the retail fuel meter program, and the fuel quality program. The wholesale facilities welcomed the testing and promptly made any necessary adjustments.

4. The agency reported that 4.0 FTE positions are currently being left unfunded to meet the Governor's 3.9 percent reduction in FY 2003. The average days these positions have been vacant is 370 days. The Committee recommends that the FTE count for this agency be reduced by 4.0 positions.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: Department of Agriculture

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. I-3

Budget Page No. 45

<u>Expenditure Summary</u>	<u>Agency Request FY 2004</u>	<u>Governor's Recommendation FY 2004</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 20,405,178	\$ 19,782,736	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 20,405,178</u>	<u>\$ 19,782,736</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 20,405,178</u></u>	<u><u>\$ 19,782,736</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 9,385,304	\$ 9,406,284	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 9,385,304</u>	<u>\$ 9,406,284</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 9,385,304</u></u>	<u><u>\$ 9,406,284</u></u>	<u><u>\$ 0</u></u>
FTE Positions	301.5	300.5	0.0
Non FTE Uncl. Perm. Pos.	<u>17.0</u>	<u>16.0</u>	<u>0.0</u>
TOTAL	<u><u>318.5</u></u>	<u><u>316.5</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

The Department of Agriculture requests \$20,405,078 for FY2004 operating expenditures which is a decrease of \$1,295,302 (6.0 percent) from the FY 2003 estimate. The request includes \$9,912,212 from the State General Fund, which is an increase of \$144,410 (1.5 percent), and \$10,492,866 from all other funds, which is a decrease of \$1,439,812 (12.1 percent) from the FY 2003 estimate. The request includes \$14,436,294 for salaries and wages to fund 300.5 FTE positions. The request also includes \$5,523,451 in contractual services, \$291,584 in commodities, and \$153,849 in capital outlay. The request includes an enhancement package totaling \$221,953 from all funds including \$170,023 from the State Water Plan Fund.

The Governor recommends \$19,782,736 for FY 2004 operating expenditures which is a decrease of \$1,819,490 (8.4 percent) FY 2003 recommendation. The recommendation includes

\$9,406,284 from the State General Fund, which is an increase of \$20,980 (0.2 percent) from the FY 2003 recommendation, and \$10,376,452 from all other funds, which is a decrease of \$1,840,470 (15.1 percent) from the FY 2003 recommendation. The recommendation includes \$14,246,129 for salaries and wages to 300.5 FTE positions. The recommendation also includes \$5,101,449 in contractual services, \$290,309 in commodities, and \$144,849 in capital outlay. Included in the recommendation is a reduced resources package from the State General Fund of \$107,295. The Governor recommends the enhancement request of \$50,000 from the State Water Plan Fund for water use follow-up and quality control. This is a contract that is being shifted from the Kansas Water Office to the Department of Agriculture. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$1,980,192.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following notations.

1. The Committee notes the agency began the Wholesale Meter Testing program July 1, 2002 and began initial testing in September 2002. The agency anticipates testing all wholesale meters by the end of the fiscal year and plans to do bi-annual testing in the future. As of February 3, 2003, approximately one-third of the state's wholesale meters have been tested with 9.5 percent out of tolerance. Errors range from zero to -1.02 percent (over three times the allowed tolerance). The errors in the meters tested were ten times smaller when adjustments were made after the initial testing. The average negative error (retailer being shorted) was -0.12 percent when first inspected and after adjustments by the facility, the average error was reduced to -0.012 percent. The monthly throughput at the facility with the largest error is approximately 670,000 gallons per month. The monthly shortage to retailers equaled approximately 6,800 gallons of diesel fuel per month, or nearly 82,000 gallons per year. Other meters at that facility had similarly large errors. The wholesale facilities welcomed the testing and promptly made any necessary adjustments.
2. The Subcommittee heard testimony on the status of processing permits in the Division of Water Resources. From February 2002 to February 2003, the number of new applications pending has dropped from 600 to 420, which is a reduction of 180 permits. In the time period the number of pending change applications dropped from 320 to 250, which is a reduction of 70 permits. The 2002 Legislature placed a 150 day time limit on processing applications, with overdue permit applicants being eligible for a refund of the application fee. During FY 2002, 75 percent of the approved new permit applications were processed in under 150 days, and about 80 percent of those dismissed or denied were processed in less than one year. Ninety percent of approved change applications were processed in under 90 days, and about 60 percent of those dismissed or denied were processed in less than one year. A small percentage of applications take over two years to process due to uncommon challenges or situations with no short-term solutions.
3. The Subcommittee heard testimony regarding the agency's role in preventing and detecting biological and agricultural threats. The agency works closely with the

US Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) and Food Safety Inspection Service (FSIS) on issues related to the detection and prevention of plant diseases and the prevention and preparation for animal disease threats. On the state level, the KDA coordinates with the Animal Health Department and the Department of Health and Environment to insure that Kansas plants and animals are protected from biological threats. The attached document from the agency highlights these activities.

4. The Subcommittee notes that the Department of Agriculture is primarily a regulatory agency, but due to its close working relationship with the agricultural community an advocacy function of the agency is also beneficial to the industry. The agency is committed to partnering with the Department of Commerce and Housing and the Department of Aging to help add value to the state's agricultural products and to help senior farmers. The agency also has an interest in rural development issues and the impact drought and declining farm incomes have on the agricultural industry and the state's economy. The attached document submitted by the Secretary of Agriculture further details this commitment to the agricultural industry.
5. The Subcommittee notes SB 131, which supports the usage of ethanol and biodiesel in state-owned vehicles. The Subcommittee encourages the Department of Administration to be innovative in fuel purchasing to support the ethanol and biodiesel market while at the same time make efficient use of state monies. The promotion of the ethanol and biodiesel markets have the potential to provide long term benefits to the Kansas agricultural economy and the environment.

KANSAS

DEPARTMENT OF AGRICULTURE
ADRIAN J. POLANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

Senate Ways and Means Committee

February 26, 2003

Secretary of Agriculture Adrian Polansky

The committee has asked about my vision for agriculture and rural Kansas, and how I will be an advocate for agriculture.

I will take a broad view of the varied segments of the agricultural industry and rural communities, seeking a variety of opportunities and partnerships for their benefit. At the same time, we will maintain efficient and effective regulatory programs in the Department of Agriculture—consumer confidence and consumer protection are necessary for a successful agriculture. A safe, reliable food supply and a healthy agriculture provide the original Homeland defense.

Economic development is necessary for agriculture and rural Kansas. The Secretary of Agriculture is an important part of the state's economic development team. We must work together to be alert to every opportunity and partnership which can help add value to our products and our communities. Cooperation between the Department of Agriculture and the Kansas Department of Commerce will be vital to our success, and this administration is committed to that cooperation.

Numerous entities have a stake and an interest in rural development. I believe it is important for all those groups—state, federal and private—to work together in creative and serious ways to enrich our farms and rural communities. We need coalitions and cooperation to improve rural life. A healthier rural Kansas means a healthier Kansas. That's the bottom line.

Last year's drought cost Kansas farmers and ranchers at least \$1.1 billion in crop losses. KSU economists also tell us it seriously cut farm income. The average net income for our family farmers in Kansas was \$10,000. That's \$35,000 less than needed to cover family living expenses and income taxes. That kind of financial stress doesn't stay out on the farm. It has a direct effect on Kansas businesses from border to border, small town to metropolis. Current conditions make the Secretary of Agriculture's involvement and advocacy, and the need for partnerships, more vital than ever.

We must address not only the effects of what may be an ongoing drought, but also long-term population, income and employment losses in rural Kansas, as well as resource and environmental challenges. We will need an organized and focused effort to meet our challenges. I am committed to a greater involvement in that battle for the future of rural Kansas.

Let me just briefly mention a couple of projects the department is involved in right now.

- We are partners in a team that applied for a USDA senior farmers market grant, with the Department of Aging in the lead. That grant application was successful, and this summer many low income senior citizens will be able to exchange coupons for locally grown fruits and vegetables in several farmers markets.
- We have worked with our state's organic producers to apply for a USDA grant to help with certification costs under the new National Organic Program. We will administer a program which will provide cost-share of 75 percent, up to \$500, for producers' costs of certification this year.
- One of our meat and poultry inspectors is receiving training to become accredited in organic meat processing certification. We then will provide no-cost certification for meat processing plants that wish to process organic meat products.
- We are actively involved in several projects to keep damaging animal and plant diseases out of the state of Kansas.

Kansas Department of Agriculture Role in Preventing Biological and Agricultural Threats

Divided Primarily into 2 categories:

PLANT

ANIMAL

PLANT- KDA Plant Protection Program works closely with USDA/APHIS(Animal and Plant Health) on all issues related to detection, prevention and eradication of plant diseases, prohibited plant materials, and preventing the introduction of plant pathogens and insects in any other materials. KDA provides the personnel resources for the immediate response necessary when a threat has been identified in concert with APHIS which has a limited number of staff in state. The KDA personnel provide the link to potentially affected producers or businesses, are able to identify and assess the threat. KDA and APHIS also work closely to facilitate the appropriate response that may include Federal enforcement measures or quarantines, KDA enforcement action or a combination of both. A recent example of this interaction involved the potential presence of *Southern Bacterial Wilt* in geraniums that originated in Kenya. APHIS contacted KDA of the potential threat and identified the Kansas producers that required an additional level of precaution related to the threat based on the APHIS information regarding the supplier. KDA staff made the contacts to assure preventative measures were in place and obtained samples for analysis performed by Kansas State University. APHIS maintains the primary control of the situation with KDA providing support as required.

ANIMAL-

Several agencies are involved in regulatory activities that impact animals and meat products that need to be actively involved in the prevention and preparation for animal disease threats. On the federal level USDA/APHIS and FSIS (Food Safety Inspection), on the state level, KDA, Kansas Animal Health Department, and Kansas Department of Health and Environment.

KDA has organized meetings in an attempt to bring together the agencies involved for a cooperative and concerted effort. The meetings have brought to light concerns due to the lack of communication and information sharing, in some instances between branches of the same agency. The presence of meat products in Kansas that present a foreign animal disease threat due to their country of origin is an example of a serious gap in our present network of prevention and are not adequately addressed in the Kansas Emergency Plan for Foreign Animal Disease Outbreaks. APHIS has a specific unit dedicated to smuggling interdiction that seizes products illegally imported into this country. Unfortunately when the seizure of illegal meat products have occurred previously in Kansas, the information was not conveyed to the state agencies that are responsible for foreign animal disease prevention. In some instances, the smuggling interdiction APHIS unit failed to inform the Kansas APHIS official that an identified threat had been found in Kansas. FSIS is the USDA meat inspection division, that does inspection of meat products.

FSIS and APHIS do not share information related to prohibited products or product that illegally enters the country from countries whose meat imports are banned due animal disease problems. FSIS conducts investigations to determine compliance with label standards in grocery stores and markets, many of the same markets the illegally imported products end up in. The FSIS officers do not determine if products have been illegally imported and in cases where a label violation was found on an illegal product, they required that it be removed and hauled to the landfill, compounding the threat of spreading any disease present.

The problem identified with the illegally imported meat products has been confined for the most part to ethnic food markets. A major part of the problem involved with successfully handling the situation is hindered by language barriers. The inability to communicate prevents the education of the market operator who in most instances has no real comprehension of the threat created by their stocking and sale of the product or why it is seized when it is discovered. The threat is enhanced in many instances since the clientele of the ethnic markets are either employed by or near livestock or meat processing facilities. A multi-lingual education and compliance effort is badly needed.

KDA has an excellent working relationship with both APHIS and FSIS and has found itself in the position of a facilitator for the effort of closing the gaps that have been identified between the federal and state agencies. Further meetings are planned to address the problems, assure rapid communication, provide additional training if required and cooperatively make sure that the investigative and enforcement effort required is where it needs to be.

House Budget Committee Report

Agency: Animal Health Department

Bill No. 2026

Bill Sec.

Analyst: VanHouse

Analysis Pg. No. Vol. 1-23

Budget Page No. 57

Expenditure Summary	Agency Estimate FY 2003	Governor's Recommendation FY 2003	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 2,679,733	\$ 2,575,379	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 2,679,733	\$ 2,575,379	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 2,679,733	\$ 2,575,379	\$ 0
State General Fund:			
State Operations	\$ 888,875	\$ 572,318	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 888,875	\$ 572,318	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 888,875	\$ 572,318	\$ 0
FTE Positions	31.0	31.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	31.0	31.0	0.0

Agency Estimate/Governor's Recommendation

The Animal Health Department estimates \$2,679,733 for FY 2003 operating expenditures which is an increase of \$597,379 (28.7 percent) from the amount approved by the 2002 Legislature. The amount includes \$888,875 from the State General Fund, which is an increase of \$279,540 (45.9 percent) from the approved amount and \$1,790,858 from all other funds, which is an increase of \$317,849 (21.6 percent) from the approved amount. The estimate includes \$1,361,871 for salaries and wages to fund 31.0 FTE positions. The estimate also includes \$1,066,996 in contractual services, \$77,846 in commodities, and \$173,020 in capital outlay. The agency estimate includes expenditure increases for a federal homeland defense grant, health care adjustments, funding for a third veterinarian position, and fee fund adjustments. The estimate also includes the Governor's August 15, 2002 allotment (reduction) of \$13,692 from the State General Fund.

The Governor recommends \$2,575,379 for FY 2003 operating expenditures which is an increase of \$493,035 (28.7 percent) from the amount approved by the 2002 Legislature. The amount

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includes \$872,318 from the State General Fund, which is a decrease of \$37,017 (6.1 percent) from the approved amount and \$2,003,061 from all other funds, which is an increase of \$530,052 (21.6 percent) from the approved amount. The recommendation includes \$1,338,546 for salaries and wages to fund 31.0 FTE positions. The recommendation also includes \$985,967 in contractual services, \$77,846 in commodities, and \$173,020 in capital outlay. The Governor's recommendation includes adjustments to agency fee funds and expenditures based on the receipt of a federal home land defense grant. The recommendation also includes the Governor's allotments (reductions) totaling \$37,017 including \$13,692 from August and \$23,325 from November.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

Senate Subcommittee Report

Agency: Animal Health Department

Bill No. 62

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. 1-23

Budget Page No. 57

Expenditure Summary	Agency Estimate FY 2003	Governor's Recommendation FY 2003	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 2,679,733	\$ 2,575,379	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 2,679,733	\$ 2,575,379	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 2,679,733	\$ 2,575,379	\$ 0
State General Fund:			
State Operations	\$ 888,875	\$ 572,318	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 888,875	\$ 572,318	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 888,875	\$ 572,318	\$ 0
FTE Positions	31.0	31.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	31.0	31.0	0.0

Agency Estimate/Governor's Recommendation

The Animal Health Department estimates \$2,679,733 for FY 2003 operating expenditures which is an increase of \$597,379 (28.7 percent) from the amount approved by the 2002 Legislature. The amount includes \$888,875 from the State General Fund, which is an increase of \$279,540 (45.9 percent) from the approved amount and \$1,790,858 from all other funds, which is an increase of \$317,849 (21.6 percent) from the approved amount. The estimate includes \$1,361,871 for salaries and wages to fund 31.0 FTE positions. The estimate also includes \$1,066,996 in contractual services, \$77,846 in commodities, and \$173,020 in capital outlay. The agency estimate includes expenditure increases for a federal homeland defense grant, health care adjustments, funding for a third veterinarian position, and fee fund adjustments. The estimate also includes the Governor's August 15, 2002 allotment (reduction) of \$13,692 from the State General Fund.

The Governor recommends \$2,575,379 for FY 2003 operating expenditures which is an increase of \$493,035 (28.7 percent) from the amount approved by the 2002 Legislature. The amount includes \$872,318 from the State General Fund, which is a decrease of \$37,017 (6.1 percent) from the approved amount and \$2,003,061 from all other funds, which is an increase of \$530,052 (21.6 percent) from the approved amount. The recommendation includes \$1,338,546 for salaries and wages to fund 31.0 FTE positions. The recommendation also includes \$985,967 in contractual services, \$77,846 in commodities, and \$173,020 in capital outlay. The Governor's recommendation includes adjustments to agency fee funds and expenditures based on the receipt of a federal home land defense grant. The recommendation also includes the Governor's allotments (reductions) totaling \$37,017 including \$13,692 from August and \$23,325 from November.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Animal Health Department

Bill No. --

Bill Sec. --

Analyst: VanHouse

Analysis Pg. No. Vol. I-23 **Budget Page No.** 57

Expenditure Summary	Agency Request FY 2004	Governor's Recommendation FY 2004	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 2,477,917	\$ 2,362,165	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 2,477,917	\$ 2,362,165	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 2,477,917</u>	<u>\$ 2,362,165</u>	<u>\$ 0</u>
State General Funds:			
State Operations	\$ 949,586	\$ 574,087	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 949,586	\$ 574,087	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 949,586</u>	<u>\$ 574,087</u>	<u>\$ 0</u>
FTE Positions	33.0	31.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>33.0</u>	<u>31.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The Animal Health Department requests \$2,477,917 for FY 2004 operating expenditures which is a decrease of \$201,816 (7.5 percent) from the FY 2003 estimate. The request includes \$949,586 from the State General Fund, which is an increase of \$60,711 (6.8 percent), and \$1,788,078 from all other funds, which is a decrease of \$214,983 (10.7 percent) from the FY 2003 estimate. The request includes \$1,453,167 for salaries and wages to fund 33.0 FTE positions. The request also includes \$984,655 in contractual services, \$39,095 in commodities, and \$1,000 in capital outlay. The request includes an enhancement package totaling \$571,124 from all funds and \$635,735 from the State General Fund.

The Governor recommends \$2,362,165 for FY 2004 operating expenditures which is a decrease of \$213,214 (8.3 percent) FY 2003 recommendation. The recommendation includes \$574,087 from the State General Fund, which is an increase of \$1,769 (0.3 percent) from the FY

2003 recommendation, and \$1,788,078 from all other funds, which is a decrease of \$214,983 (10.7 percent) from the FY 2003 recommendation. The recommendation includes \$1,352,367 for salaries and wages to 31.0 FTE positions. The recommendation also includes \$969,703 in contractual services, \$39,095 in commodities, and \$1,000 in capital outlay. Included in the recommendation is a reduced resources package from the State General Fund of \$44,628. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$120,856.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following adjustments and notations:

1. The Committee commends the agency on following through with the proposal to make appointments with kennel owners for initial inspections. The agency advised that this has given them the opportunity to educate new licensees.
2. The Livestock Commissioner reported on \$702,398 Homeland Defense Grant received by the agency to be used to develop an emergency planning and disease surveillance system. The Committee commends the agency on the work done to establish this system. The Commissioner also reported that public and secure websites were being developed as part of the project to provide rapid information to all concerned parties in the event of a Foreign Animal Disease outbreak. The Committee is concerned about the security of the two websites and requests the House Select Committee on Kansas Security review this issue.
3. The Committee requests introduction of a bill to require all dogs, cats, and ferrets in the state to be vaccinated for rabies and two dollar surcharge be assessed for the vaccination. The Committee further requests that this revenue be deposited in a newly created Animal Welfare Fund created in the Animal Health Department. This revenue would be used to offset State General Fund financing of the Animal Facilities Inspection Program. The Committee also recommends the reduction of the pound fee for municipalities be reduced from \$200 to \$150. The intent of this legislation is to make the Animal Facilities Inspection Program solely fee funded. Revenue from the new program is anticipated to replace the reduction in the municipal pound and shelter fee and to generate revenues sufficient to fund the currently vacant FTE position in the program. The position is currently vacant due to State General Fund reductions in the agency. The Committee also recommends review of this item during Omnibus.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: Animal Health Department

Bill No. --

Bill Sec. --

Analyst: VanHouse

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Budget Page No. 57

Expenditure Summary	Agency Request FY 2004	Governor's Recommendation FY 2004	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ 2,477,917	\$ 2,362,165	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 2,477,917	\$ 2,362,165	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 2,477,917</u>	<u>\$ 2,362,165</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 949,586	\$ 574,087	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 949,586	\$ 574,087	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 949,586</u>	<u>\$ 574,087</u>	<u>\$ 0</u>
FTE Positions	33.0	31.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>31.0</u>	<u>31.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The Animal Health Department requests \$2,477,917 for FY 2004 operating expenditures which is a decrease of \$201,816 (7.5 percent) from the FY 2003 estimate. The request includes \$949,586 from the State General Fund, which is an increase of \$60,711 (6.8 percent), and \$1,788,078 from all other funds, which is a decrease of \$214,983 (10.7 percent) from the FY 2003

estimate. The request includes \$1,453,167 for salaries and wages to fund 33.0 FTE positions. The request also includes \$984,655 in contractual services, \$39,095 in commodities, and \$1,000 in capital outlay. The request includes an enhancement package totaling \$571,124 from all funds and \$635,735 from the State General Fund.

The Governor recommends \$2,362,165 for FY 2004 operating expenditures which is a decrease of \$213,214 (8.3 percent) FY 2003 recommendation. The recommendation includes \$574,087 from the State General Fund, which is an increase of \$1,769 (0.3 percent) from the FY 2003 recommendation, and \$1,788,078 from all other funds, which is a decrease of \$214,983 (10.7 percent) from the FY 2003 recommendation. The recommendation includes \$1,352,367 for salaries and wages to 31.0 FTE positions. The recommendation also includes \$969,703 in contractual services, \$39,095 in commodities, and \$1,000 in capital outlay. Included in the recommendation is a reduced resources package from the State General Fund of \$44,628. Under the Governor's FY 2004 **statutory budget recommendation**, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$120,856.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following notations.

1. The Subcommittee notes that the agency is currently holding one animal facility inspector position open to meet funding reductions in the agency. According to the agency, inspectors in the program are already working overtime to handle workload. The agency does not have enough funding to pay overtime, so inspectors currently use their overtime hours as compensatory time. This allows them to take additional time off creating a further backlog of inspections and other work. In addition, when the agency is required to make an animal seizure, inspectors from across the state are sometimes required to help with the seizure, taking them from their regular work duties and requiring them to work additional overtime hours.

The Subcommittee notes two enhancement requests in the animal Facilities inspection program: \$65,124 and two FTE positions for kennel inspectors and \$5,000 to pay a relinquishment fee to humane societies for animals in state custody which are surrendered to the societies. The Subcommittee recommends that funding for the vacant FTE position and for the enhancement positions be flagged for omnibus consideration.

The Subcommittee also notes that the House Budget Committee introduced a bill placing a \$2 surcharge on rabies vaccinations on dogs, cats, and ferrets. The Subcommittee supports the efforts of the House on this measure and encourages the Committee to consider this bill.

Request for fee fund increase

The Kansas Animal Health Department regulates and enforces the provisions set out in the Kansas Pet Animal Act. (KPAA).

- For FY 2004, the inspection program is funded by fees from licensees (43%) and the State General Fund (57%).
- In addition to the inspection program the Animal Dealer Fee Fund also contributes \$62,117 to the Administration Program.
- During the past 2 fiscal years the Department has spent over \$65,000 (boarding & vet care) in unrecoverable expenditures associated with : seizures. These expenditures have damaged the fee fund which, at the end of FY 2004 will no longer be able to adequately support the insp program:

FUND/ACCOUNT NAME AND NUMBER		FY 2001 ACTUAL	FY 2002 ACTUAL	FY 2003 REVISED ESTIMATE	FY 2004	FY 2005
ANIMAL DEALER FEE FUND	2207-00					
ADD:						
Balance Forward	20	277,118	255,557	217,706	126,838	57,585
RECEIPTS NAME AND NUMBER						
charges - clerical issue certificates	2040	0	0	0	0	0
Licenses	2111	202,111	193,246	180,000	185,000	185,000
Small Animal Health Certificates	2220	3,642	3,144	3,000	3,000	3,000
misc.	6211	591	5,435	0	0	0
SUBTOTAL RECEIPTS		206,344	201,825	183,000	188,000	188,000
TOTAL AVAILABLE		483,462	457,382	400,706	314,838	245,585
SUBTRACT:						
Transfer Out	70	0	-396			
Balance Forward	90	255,467	217,706	126,838	57,585	(4,415)
Nonreportable Expenditures	100					
TOTAL EXPENDITURES		227,995	239,280	273,868	257,253	250,000

Due to budget cuts, we are currently holding open our Southeast inspector position. That inspector is normally responsible for inspecting 244 facilities in 16 counties (303 inspections).

Kansas Pet Animal Act Fee Structure:

The statute requires licensees to license for each activity they perform under the Pet Animal Act. They are only required to pay one fee, however. For example, if a Retail Breeder (\$300 fee) also boards animals (\$75 fee) the breeder may perform both activities for one \$300 fee.

- We have 38 individuals that have two or more licenses.

50% Fee Increase
Estimated receipts

Kansas Pet Animal Act
license fees

	current	50% increase	total fee	additional revenue	total revenue
346 animal breeders -\$150	51,900	75	225	25,950	77,850
19 in state distributors-\$150	2,850	75	225	1,425	4,275
200 hobby kennels-\$75	15,000	37.50	112.50	7,500	22,500
75 boarding kennels-\$75	5,625	37.50	112.50	2,813	8,438
8 out of state distributors-\$150	1,200	75	225	600	1,800
73 pet shops- \$300 fee	21,900	150	450	10,950	32,850
14 pet shops - \$150 fee	2,100	75*	225	1,050	3,150
198 pound/shelters -\$200	39,600	100**	300	19,800	59,400
7 research -\$150	1,050	75	225	525	1,575
99 retail breeders - \$300	29,700	150	450	14,850	44,550
50 retail breeders - \$150	7,500	75	225	3,750	11,250
	178,425			89,213	267,638

*USDA requires pet shops to be licensed to sell "pocket pets". The USDA, however, only inspects pet stores every 3 years or upon complaint - and then only the pocket pets. This causes a net loss of \$2,100 in income but does not alleviate the necessity of inspecting these shops. The statute should be changed to eliminate this deduction.

**120 of the licensed shelters are municipalities. A \$200 fee is difficult for these entities. We believe a large number of them will stop housing strays if the fee is increased to this magnitude.

A fee increase may result in an increase of facilities operating without a license

Fee Fund
50% Fee increase

5-11

Animal Dealers Fund	FY '03 Adjusted	FY'04 Gov Rec	FY '05 Est	FY '06 Est	FY '07 Est	FY '08 Est	FY '09 Est	FY '10 Est	FY '11 Est	FY'12 Est
Cash Forward	217,706	126,838	142,585	150,615	151,424	144,068	128,302	103,874	70,524	27,984
License Fees	180,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Recovery of Expenses	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total Available	400,706	399,838	415,585	423,615	424,424	417,068	401,302	376,874	343,524	300,984
Total Expenditures	273,868	257,253	264,970	272,191	280,356	288,766	297,428	306,350	315,540	325,006
Balance forward	126,838	142,585	150,615	151,424	144,068	128,302	103,874	70,524	27,984	-24,022

This document assumes a 50% increase in fees and a 3% growth rate in expenditures. This function is currently funded at 57% SGF. [REDACTED]
 If SGF appropriations do not increase at 3% per year, this table would show a negative balance in less than 1/2 the time because of the added burden that would be placed on the Animal Dealers Fund.

House Budget Committee Report

Agency: Kansas State Fair

Bill No. 2026

Bill Sec. 34

Analyst: VanHouse

Analysis Pg. No. 41

Budget Page No. 163

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2003</u>	<u>Governor's Recommendation FY 2003</u>	<u>House Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 4,544,474	\$ 4,344,474	\$ 0
Aid to Local Units	0	0	0
Other Assistance	291	291	0
Subtotal – Operating	<u>\$ 4,544,765</u>	<u>\$ 4,344,765</u>	<u>\$ 0</u>
Capital Improvements	176,500	170,500	0
TOTAL	<u><u>\$ 4,721,265</u></u>	<u><u>\$ 4,515,265</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Capital Improvements	6,000	0	0
TOTAL	<u><u>\$ 6,000</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
FTE Positions	23.0	23.0	0.0
Non FTE Uncl. Perm. Pos.	<u>1.0</u>	<u>1.0</u>	<u>0.0</u>
TOTAL	<u><u>24.0</u></u>	<u><u>24.0</u></u>	<u><u>0.0</u></u>

Agency Estimate/Governor's Recommendation

The Kansas State Fair estimates \$4,544,765 for FY 2003 operating expenditures which is a decrease of \$102,135 (2.2 percent) from the amount approved by the 2002 Legislature. The estimate includes \$1,381,336 in salaries and wages to fund 23.0 FTE positions. The estimate also \$2,223,180 in contractual services, \$280,383 in commodities \$100,000 in capital outlay, \$559,575 in debt services, and \$291 in other assistance. The estimate includes a supplemental request totaling \$203,743 and includes \$3,743 from the State Fair Fee Fund to convert a non-FTE administrative assistant to an FTE position and \$200,000 from the Economic Development Initiatives Fund for advertising and fair premiums.

The Governor recommends \$4,344,765 for FY 2003 operating expenditures which is a decrease of \$302,135 (6.5 percent) from the amount approved by the 2002 Legislature. The recommendation includes \$1,381,336 to fund 23.0 FTE positions. The estimate also includes \$2,023,180 in contractual services, \$280,383 in commodities \$100,000 in capital outlay, \$559,575

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in debt services, and \$291 in other assistance. The Governor concurs with the agency's request of \$3,743 from the State Fair Fee Fund for the conversion of a non-FTE administrative assistant to an FTE position and does not concur with the agency's request of \$200,000 from the Economic development Initiatives Fund for advertising and fair premiums.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

House Recommendation

The House has not yet considered this budget.

Senate Subcommittee Report

Agency: Kansas State Fair

Bill No. 62

Bill Sec. 32

Analyst: VanHouse

Analysis Pg. No. 41

Budget Page No. 163

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2003</u>	<u>Governor's Recommendation FY 2003</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 4,544,474	\$ 4,344,474	\$ 0
Aid to Local Units	0	0	0
Other Assistance	291	291	0
Subtotal – Operating	<u>\$ 4,544,765</u>	<u>\$ 4,344,765</u>	<u>\$ 0</u>
Capital Improvements	176,500	170,500	0
TOTAL	<u><u>\$ 4,721,265</u></u>	<u><u>\$ 4,515,265</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Capital Improvements	6,000	0	0
TOTAL	<u><u>\$ 6,000</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
FTE Positions	23.0	23.0	0.0
Non FTE Uncl. Perm. Pos.	<u>1.0</u>	<u>1.0</u>	<u>0.0</u>
TOTAL	<u><u>24.0</u></u>	<u><u>24.0</u></u>	<u><u>0.0</u></u>

Agency Estimate/Governor's Recommendation

The Kansas State Fair estimates \$4,544,765 for FY 2003 operating expenditures which is a decrease of \$102,135 (2.2 percent) from the amount approved by the 2002 Legislature. The estimate includes \$1,381,336 in salaries and wages to fund 23.0 FTE positions. The estimate also \$2,223,180 in contractual services, \$280,383 in commodities \$100,000 in capital outlay, \$559,575 in debt services, and \$291 in other assistance. The estimate includes a supplemental request totaling \$203,743 and includes \$3,743 from the State Fair Fee Fund to convert a non-FTE administrative assistant to an FTE position and \$200,000 from the Economic Development Initiatives Fund for advertising and fair premiums.

The Governor recommends \$4,344,765 for FY 2003 operating expenditures which is a decrease of \$302,135 (6.5 percent) from the amount approved by the 2002 Legislature. The

recommendation includes \$1,381,336 to fund 23.0 FTE positions. The estimate also includes \$2,023,180 in contractual services, \$280,383 in commodities \$100,000 in capital outlay, \$559,575 in debt services, and \$291 in other assistance. The Governor concurs with the agency's request of \$3,743 from the State Fair Fee Fund for the conversion of a non-FTE administrative assistant to an FTE position and does not concur with the agency's request of \$200,000 from the Economic development Initiatives Fund for advertising and fair premiums.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Kansas State Fair

Bill No.

Bill Sec.

Analyst: VanHouse

Analysis Pg. No. Vol. 1-41

Budget Page No. 163

Expenditure Summary	Agency Request FY 2004	Governor's Recommendation FY 2004	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 4,692,783	\$ 4,492,783	\$ 0
Aid to Local Units	0	0	0
Other Assistance	291	291	0
Subtotal – Operating	\$ 4,693,074	\$ 4,493,074	\$ 0
Capital Improvements	737,500	731,500	0
TOTAL	\$ 5,430,574	\$ 5,224,574	\$ 0
State General Fund:			
State Operations	\$ 538,103	\$ 538,103	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal – Operating	\$ 538,103	\$ 538,103	\$ 0
Capital Improvements	6,000	0	0
TOTAL	\$ 544,103	\$ 538,103	\$ 0
FTE Positions	23.0	23.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	24.0	34.0	0.0

Agency Request/Governor's Recommendation

The Kansas State Fair requests \$4,693,074 for FY 2004 operating expenditures which is an increase of \$148,309 (3.3 percent) from the FY 2003 estimate. The request includes \$1,405,934 for salaries and wages to fund 23.0 FTE positions. The request also includes \$2,285,409 in contractual services, \$293,337 in commodities, \$100,000 in capital outlay, \$608,103 in debt service, and \$291 in other assistance. The request includes two enhancement packages totaling \$203,743. The enhancements includes \$3,743 from the State Fair Fee Fund for benefits for the administrative assistant converted to an FTE position in FY 2003 and \$200,000 from the Economic Development Initiatives Fund for advertising and fair premiums.

The Governor recommends \$4,493,074 for FY 2004 operating expenditures which is an increase of \$148,309 (3.4 percent) from the FY 2003 recommendation. The request includes \$1,405,934 for salaries and wages to fund 23.0 FTE positions. The recommendation also includes \$2,085,409 in contractual services, \$293,337 in commodities, \$100,000 in capital outlay, \$608,103 in debt service, and \$291 in other assistance. The Governor concurs with the agency's request of \$3,743 from the State Fair Fee Fund for benefits for the administrative assistant converted to an FTE

position in FY 2003 and does not concur with the agency's request of \$200,000 from the Economic development Initiatives Fund for advertising and fair premiums.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following notations:

1. The Committee notes that the agency is currently involved in a lawsuit regarding the Fair's compliance with the Americans with Disabilities Act(ADA). The lawsuit centers on fairgrounds issues including grandstand seating, parking, and restrooms.

The Committee notes that the State of Kansas ADA coordinator and Judge Franklein Theis of the District Court of Shawnee County, Kansas, agreed that the Fair's grandstand seating plan met the ADA requirements; however, the United States District Court in Wichita, Kansas, does not agree with this ruling, stating it does not meet the requirements of vertical dispersion. The U.S. District Court's ruling has been appealed by the State to the Tenth Circuit Court of Appeals in Denver.

Further renovation to the grandstand is on hold until the court's ruling. To satisfy the court's vertical dispersion ruling is estimated to cost the Fair at least an additional \$1.5 million in renovation expenses. This is in addition to \$1.5 million already committed to increase the number of wheelchair seats in the grandstand.

Demolition of the grandstand would be extremely expensive. The State Fair does not support demolition of the grandstand as it is a significant attraction to the fair. However, the Fair does not feel that the additional expenditure on the grandstand is efficient use of the Fair's capital improvement resources.

2. The Committee notes that the Fair has seen a significant increase in utility expenditures. This is mostly attributed to the construction of Sunflower North Building and air conditioning the Meadowlark Building. The Committee is concerned about further increases in utility expenditures and recommends the agency pursue efforts to reduce this cost. The Committee notes that Emporia State University has a successful energy conservation program in place, and recommend that State Fair officials contact ESU regarding this program.
3. The Committee notes that the agency's mission is, "To promote and showcase Kansas agriculture, industry, and culture . . ." The Committee has observed a decline in agriculture exhibits at the Fair in recent years, and is concerned that the agency is not fully completing it's mission. The agency reports that they work very hard to recruit and retain agriculture exhibitors. Preference is given to those agriculture exhibitors who apply for exhibit space. In addition, the Fair has a discounted exhibitor rate for those exhibiting agriculture equipment.

House Committee Recommendation

The House Committee concurs with the Budget Committee's recommendation.

House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

Senate Subcommittee Report

Agency: Kansas State Fair

Bill No.

Bill Sec.

Analyst: VanHouse

Analysis Pg. No. Vol. 1-41

Budget Page No. 163

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Agency Request/Governor's Recommendation

The Kansas State Fair requests \$4,693,074 for FY 2004 operating expenditures which is an increase of \$148,309 (3.3 percent) from the FY 2003 estimate. The request includes \$1,405,934 for salaries and wages to fund 23.0 FTE positions. The request also includes \$2,285,409 in contractual services, \$293,337 in commodities, \$100,000 in capital outlay, \$608,103 in debt service, and \$291 in other assistance. The request includes two enhancement packages totaling \$203,743. The enhancements includes \$3,743 from the State Fair Fee Fund for benefits for the administrative

assistant converted to an FTE position in FY 2003 and \$200,000 from the Economic Development Initiatives Fund for advertising and fair premiums.

The Governor recommends \$4,493,074 for FY 2004 operating expenditures which is an increase of \$148,309 (3.4 percent) from the FY 2003 recommendation. The request includes \$1,405,934 for salaries and wages to fund 23.0 FTE positions. The recommendation also includes \$2,085,409 in contractual services, \$293,337 in commodities, \$100,000 in capital outlay, \$608,103 in debt service, and \$291 in other assistance. The Governor concurs with the agency's request of \$3,743 from the State Fair Fee Fund for benefits for the administrative assistant converted to an FTE position in FY 2003 and does not concur with the agency's request of \$200,000 from the Economic development Initiatives Fund for advertising and fair premiums.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following notations:

1. The State Fair reported on the success of the Family Motor Coach Association (FMCA) convention in October. The Fair reported that 4,716 motor coaches were at the fairgrounds for the event. This was a major event for the State Fair and the Hutchinson and Reno County area. The State Fair received over \$200,000 in gross revenues from the event, and the city of Hutchinson directly attributes \$110,000 in increased city sales tax revenues to the event. As a result, Reno County and statewide sales taxes were also positively impacted by this event.

The community and the state were both very receptive to this event. The Department of Commerce and Housing, Travel and Tourism division set up community promotion booths at the fair for the FMCA which was very positively received by the attendees. In addition, the community was very willing to respond to a need posed by the attendees. The Hutchinson area received heavy rainfall during the event, and Pankratz Implement Company of Hutchinson devoted 8 employees and 4 tractors over 3 days to pull over 300 motorhomes out of the mud. The company did not ask for payment for this service, but did ask that FMCA members give a donation to the Cancer Council of Reno County or the Hospice of Reno County. The FMCA reports that \$2,000 was donated to these two charities as a result of the Company's help to the FMCA members.

The State Fair is pursuing further commitments from the FMCA to host future events at the Kansas State Fairgrounds. These future events includes a possible six-state rally in 2005 and to again host the national convention in 2008. As a result of the FMCA event, the State Fair is looking to host other larger events, including a regional horse show and another group similar to the FMCA. The State Fair reported that the air conditioning added to fair buildings has increased the attraction of these groups to the Fair.

2. The Subcommittee notes that the agency is currently involved in a lawsuit regarding the Fair's compliance with the Americans with Disabilities Act (ADA). The lawsuit centers on fairgrounds issues including grandstand seating, parking, and restrooms.

The State Fair reported that the State of Kansas ADA coordinator and Judge Franklein Theis of the District Court of Shawnee County, Kansas, agreed that the Fair's grandstand seating plan met the ADA requirements; however, the United States District Court in Wichita, Kansas, does not agree with this ruling, stating

it does not meet the requirements of vertical dispersion. The U.S. District Court's ruling has been appealed by the State to the Tenth Circuit Court of Appeals in Denver.

Further renovation to the grandstand is on hold until the court's ruling. To satisfy the court's vertical dispersion ruling is estimated to cost the Fair at least an additional \$1.5 million in renovation expenses. This is in addition to \$1.5 million already committed to increase the number of wheelchair seats in the grandstand.

Alternatives to renovation would be demolition or abandonment of the grandstand. Demolition of the grandstand would be extremely expensive. The State Fair does not support demolition of the grandstand as it is a significant attraction to the fair. However, the Fair does not feel that the additional expenditure on the grandstand is efficient use of the Fair's capital improvement resources. The Subcommittee notes that possible demolition or abandonment of the grandstand would result in possible loss of revenue and a possible decline in attendance at the State Fair.

3. The Subcommittee notes that the state 4-H program will be utilizing the State Fair less for demonstrations and contests. According to the agency, this may impact the use of the Encampment Building. The Subcommittee stated concerns that reductions in the Kansas State University Extension Service and Research Program have resulted in cuts in the state 4-H program. Unlike other programs within Kansas State University, the Extension and Research program cannot recover lost state revenue with increases in tuition. Reductions in 4-H exhibits at the Fair may result in lost Fair attendance, as many people attend the fair to see these exhibits and events. In addition, 4-H provides many children their first exposure to the Fair and results in many 4-H alumni bringing their own children to the Fair.
4. By statute, \$300,000 is transferred annually from the State General Fund to the State Fair Capital Improvements Fund. The Governor did not include this transfer in the FY 2004 budget recommendation. The intent of the transfer is to provide funding for rehabilitation and repair at the fairgrounds. These capital improvements activities are not addressed in the State Fair's current master plan renovation program. The Subcommittee expresses concern that the loss of this transfer may have a negative impact on regular facilities maintenance and would be counterproductive to the completion of the renovation project.
5. The Subcommittee commends the agency on the number of non-fair events held at the fairgrounds. The State Fair reported that 260 non-fair events were held at the fairgrounds encompassing 400 days.
6. The agency submitted an enhancement request of \$200,000 from the Economic Development Initiatives Fund with \$135,000 for an expanded advertising campaign and \$65,000 for fair premiums. The Subcommittee notes that it is difficult to increase the State Fair's advertising campaign without additional funding.