

MINUTES OF THE HOUSE AGRICULTURE AND NATURAL RESOURCES COMMITTEE

The meeting was called to order by Chairman John Faber at 3:30 P.M. on March 8, 2007, in Room 241-N of the Capitol.

All members were present except:

Representative Holmes - excused
Representative Flora - excused
Representative Gatewood - excused
Representative Powell - excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department
Jason Thompson, Revisor of Statutes Office
Florence Deeter, Committee Assistant

Conferees appearing before the committee:

Dr. Fred Cholick, Dean of Agriculture, Director of Cooperative Extension, Kansas State University Research and Extension
Senator Mark Taddiken, District 21
David Pope, Chief Engineer, Division of Water Resources, Kansas Department of Agriculture
Earl Lewis, Kansas Water Office
Tom Meek, District Manager and Water Quality Coordinator, Clay County Conservation District
Steve Swaffar, Kansas Farm Bureau
Mary Jane Stankeiwicz, Vice President and General Counsel, Kansas Feed and Grain Association, and Kansas Agribusiness Retailers Association
Leslie Kaufman, Executive Director, Kansas Cooperative Council

Others attending:

See attached list.

The Chairman welcomed Judy Willingham, coordinator of the Kansas State Leadership in Local Communities Environmental Issues, who introduced a group of individuals in attendance from across Kansas.

Dr. Fred Cholick, Dean of Agriculture, Director of Cooperative Extension, Kansas State University, brought the annual agricultural report to committee members (Attachment 1). His presentation included an informal report of K-State Research and Extension activities and accomplishments of the various programs (Annual Report Booklet on file in Kansas Legislative Research Department). With the combined partnership of federal, state and local government entities for funding and programs, the research and extension divisions are able to provide pertinent information to farmers and ranchers. Participation in the Water Restoration and Protection Strategies program addresses issues in watershed areas that affect not only individual farmers and ranchers, but also communities. Once assessments are made, the local government sets priorities for the usage of water resources. Dr. Cholick said that when the individual watershed groups have their goals established, then a plan of implementation is constructed. He gave examples of the accomplishments of two areas in Kansas, one at Cheney Lake and the second among the agricultural producers along the Little Arkansas River.

Hearing on Sub SB 89 - Republican River disposition of litigation moneys

Raney Gilliland, Kansas Legislative Research Department, briefed members on the components of Sub SB 89, giving background and history of the agreements with other states regarding water usage. He said that the State has entered into compacts in relation to the Arkansas and Republican Rivers. Litigation with the state of Colorado in conjunction with contracts on the Arkansas River have resulted in money being paid to the State. Mr. Gilliland said that Nebraska has not come into compliance with the prescribed terms.

Senator Mark Taddiken, District #21, speaking on the amended Sub SB 89, affirmed the benefits of the supplemental note (Attachment 2). There are moneys available in the Attorney General's office for the purpose of funding water conservation projects. Distribution of funds will be based on pre-determined percentages.

CONTINUATION SHEET

MINUTES OF THE House Agriculture and Natural Resources Committee at 3:30 P.M. on March 8, 2007, in Room 241-N of the Capitol.

David Pope, Chief Engineer, Division of Water Resources, Kansas Department of Agriculture, spoke in support of **Sub SB 89**, stating that the bill is similar to the legislation passed in 1996 (Attachment 3). He said that passage of the bill would give credence to supporting the compact surrounding the Republican River.

Earl Lewis, Kansas Water Office, speaking as a proponent of **Sub SB 89**, reiterated the same points as Mr. Pope, giving explanation of the percentage of funds designated to be paid to the Republican River Basin project and the State Water Plan Fund (Attachment 4).

Tom Meek, District Manager and Water Quality Coordinator, Clay County Conservation District, spoke as a proponent of **Sub SB 89** (Attachment 5). He said that in addition to various organizations in support of the bill, a concerned number of stakeholders have issues with the flow of water in the Republican River and want to be assured of the equitable distribution of the money available.

Steve Swaffar, Kansas Farm Bureau (KFB), stated that the members of the KFB who hold water rights in the Upper Republican have been in compliance with water regulation in their agricultural areas (Attachment 6). Members following the guidelines have enabled Nebraska to receive the amount of water required by the compact. He stated that those members in the Lower Republican valley have not been compensated because of Nebraska's non-compliance with the compact agreement. Mr. Swaffar said that passage of **Sub SB 89** could alleviate some of the losses members of KFB have experienced.

Mary Jane Stankeiwicz, Vice President and General Counsel, Kansas Feed and Grain Association, and Kansas Agribusiness Retailers Association, speaking as a proponent of **Sub SB 89**, said that maintaining a fund for future litigation costs is important to adequately defend the industry of farming (Attachment 7). She said it is wise to anticipate and plan for an equitable distribution of moneys such as was outlined in the dispute settlement with Colorado.

Leslie Kaufman, Executive Director, Kansas Cooperative Council, said that **Sub SB 89**, as it is amended, gives parameters for protecting water interests in the rural areas (Attachment 8). She said that allotment of moneys from a Republican River settlement with Nebraska could benefit members by including a provision for dryland farming.

The Chairman closed the hearing on **Sub SB 89**. He announced a meeting of those members involved in the discussion of waste tire management.

The meeting adjourned at 4:55 p.m. The next meeting is scheduled for March 12, 2007.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: March 8, 2007

| NAME | REPRESENTING |
|-----------------------|---------------------|
| Joe Fjord | KWO |
| Earl Lewis | KWO |
| CV Cotsoyadis | KDA |
| David Coltrane | KELP |
| Bruce Frost | KELP |
| Shelley Briley | KELP |
| Karen Schmidt | KELP |
| Les Baint | KELP |
| RICK NIX | KELP |
| Maurice Terrebonne | KELP |
| Morgan Powell | KELP |
| DOUG HELMKE | KELP |
| Ann Cottin | Ks. Livestock Assn. |
| Mark Taddiker | Senate |
| Mary Jane Stankiewicz | KARA |
| Leslie Kaufman | Ks Co-op Council |
| Pat Lehman | GMD-4 |
| | |
| | |




January 16, 2007

**Dean of the College of Agriculture
Director of K-State Research and
Extension**

113 Waters Hall
Manhattan, KS 66506-4008
785-532-6147
Fax: 785-532-6563
<http://www.oznet.ksu.edu>

TO: Kansas Legislators

FR: Dr. Fred A. Cholick 
Dean, College of Agriculture
Director, K-State Research and Extension
Kansas State University

RE: Kansas Center for Sustainable Agriculture and Alternative Crops Annual Report

The Kansas Center for Sustainable Agriculture and Alternative Crops (KCSAAC) was established by Senate Bill 534 and passed by the 2000 Kansas Legislature out of concern for the future survival of family farms in Kansas. KCSAAC, a center within Kansas State University Research and Extension, works in partnership with state and federal agencies, nonprofit organizations and agricultural organizations to assist family farmers and ranchers to boost farm profitability, protect natural resources and enhance rural communities.

The Center is required to provide an annual report to the Senate and House Agriculture Committees. The 2006 annual KCSAAC report is enclosed and we will stand for any questions during our regular agriculture briefing. We have been able to leverage considerably more federal dollars with the Center's small state investment (about \$65,000/yr). I believe you will see that this Center is very successful in addressing sustainable agriculture issues and problems of Kansas family farms.

KCSAAC has established its reputation as a resource for producers, professionals and organizations with interest in diversifying agricultural production, increasing farm income through value added products, resource enhancement, and conserving natural resources.

As a result of partnerships and collaborations with state agencies such as the Kansas Department of Agriculture, Kansas Department of Commerce, non profit organizations such as the Kansas Rural Center, and agricultural organizations such as the Kansas Graziers Association and the Kansas Organic Producers, the center and its partners have identified needs, designed programs, and sought outside resources to benefit the citizens of Kansas.

Contact me or the KCSAAC Director or Coordinator if you have questions regarding the Kansas Center for Sustainable Agriculture and Alternative Crops.

KCSAAC Director, Pat Murphy, 785-532-5838 or jmurphy@ksu.edu

KCSAAC Coordinator, Jana Beckman, 785-532-1440 or beckman@ksu.edu

cc: Sue Peterson, Steven Graham

**Kansas State University
Agricultural Experiment
Station and Cooperative
Extension Service**

K-State Research and
Extension is an equal
opportunity provider and

**HS AGRICULTURE AND NATURAL
RESOURCES COMMITTEE**

3-8-2007

ATTACHMENT 1

2006 Annual Report



Impacts of Community-Based Food System Efforts



- Thirty-five Kansas producers who participated in the small scale value added processing project have served as a resource or mentor for an additional 280 producers.
- Eight individuals that were mentored through the Growing Growers project are pursuing a career in production agriculture.
- Three new institutional organizations purchase locally grown food from producers local to their area.
- KSU Kramer Dining Hall sponsored a local foods event. At the event, students could choose a meal that was made with as many Kansas foods as were seasonably available.

Demarkus Coleman, a K-State freshman, prepares a fajita salad made with locally grown corn, tomatoes, peppers and watermelon at the K-State Kramer Dining Hall local foods event, August 2006.

Picture: Nancy Peterson [KSRE News]

Value Added Agriculture Resource Web Page Launched July 2006

Since July, 660 visitors have accessed the value added web page.

The url is <http://www.k-state.edu/valueadded>

History of the Center

KCSAAC was established by Senate Bill 534, passed by the 2000 Kansas Legislature out of concern for family farms in Kansas. KCSAAC, a center within K-State Research and Extension, works in partnership with state and federal agencies, nonprofit organizations and agricultural organizations to assist family farmers and ranchers to boost farm profitability, protect natural resources and enhance rural communities.

2006 Conferences and Workshops

- 2006 Healthy Foods, Healthy Farms Conference (approximately 300 people attended)
- Farmers Market Manager and Vendor Workshop (91 people attended)
- 2006 Kansas Graziers Association Winter Grazing Conference (103 people attended)
- Two Farmer/Rancher Grant Writing Workshops in November (38 people attended)
- Farm to School Interactive Television Workshop on June 22, 2006 (17 people attended)

2007 Conferences and Workshops

- Kansas Graziers Association Winter Grazing Conference - January 20, 2007
- The Well Being of Rural Kansas: Paths to Healthy People, Healthy Environment and Healthy Economies Conference - February 17-18, 2007
- Farmers Market Manager and Vendor Workshop on February 5, 2007

The Center collaborates and facilitates with partners to develop multidisciplinary projects and activities directed towards research and outreach needs expressed by Kansas producers and other stakeholders.

Pat Murphy, Director

Jana Beckman, Coordinator

3029 Throckmorton Hall, Manhattan KS, 66506

Phone: 785-532-1440 email: beckman@ksu.edu or jmurphy@ksu.edu

2006 Annual Report



Impacts of Organic Production System Efforts

- Conducted a needs survey. Organic growers identified *regionally specific* food source information related to organic production, processing and marketing.
- Kansas collaborated with Nebraska, South Dakota and North Dakota to submit a grant targeting organic production methods in the Great Plains region. The grant, "Training for Organic Farming and Ranching in the Great Plains" was awarded and will begin in 2007.



Outreach on alternative water sources, extended season grazing and multi-species grazing has been done collaboratively with the Kansas Rural Center and the Kansas Graziers Association.

Picture:

Clint Blaes [2006 Kansas SARE Intern]

Impacts of Grazing/Livestock Systems Efforts

- Thirty Kansas Graziers Association members implemented multi-species grazing, 52 members extended their grazing season, and 42 members developed alternative water sources for livestock water.
- Two producer surveys were administered. The top four meeting topics requested by producers included grazing schools, developing a forage usage plan, drought management decisions and low stress animal handling.
- Producers indicate they are implementing more complex grazing systems in efforts to manage drought, lower risk and increase profitability.
- In response to the requests made by producers, a low animal stress handling workshop is scheduled for January 20, 2007 and the agenda for the 2007 Range School has been modified to address producer needs.

During the first 5 years of the Center's operation, \$375,000 of state funding has resulted in \$3.2 million dollars of grant funds.*

The projects funded in 2006 include:
2006 Kansas Senior Farmers Market Nutrition Program
Training and Facilitation of Successful Farm Family Businesses and Markets
2006 Kansas SARE Professional Development Program
Training for Organic Farming and Ranching in the Great Plains

Role of the Center

The Center serves as a resource center for producers, organizations and agricultural professionals in search of information related to sustainable agriculture.

The Center receives an average of 50 to 60 requests for assistance each month.

50% of the calls are from extension, agency and non-profit organizations and educators, 40% of the calls are from producers or consumers and 10% of the calls are from businesses, educators, or the media

The most common requests involve farmers' market and labeling information, grant sources and grant writing resources, value-added processing, and livestock/grazing systems.

* approximate amounts

STATE OF KANSAS



TOPEKA

SENATE CHAMBER

MARK W. TADDIKEN
SENATOR, 21ST DISTRICT
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MARSHALL, NEMAHA, REPUBLIC, RILEY,
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COMMITTEE ASSIGNMENTS
CHAIR: AGRICULTURE
MEMBER: NATURAL RESOURCES
UTILITIES
WAYS & MEANS
JOINT COMMITTEE ON SPECIAL
CLAIMS AGAINST THE STATE
LEGISLATIVE EDUCATIONAL
PLANNING

TESTIMONY IN SUPPORT OF Sub SB 89

March 8, 2007

HOUSE AGRICULTURE AND NATURAL RESOURCES COMMITTEE

by Senator Mark Taddiken

Chairman Faber and Committee members:

Thank you for the opportunity to visit with you today regarding Substitute for SB 89. I would like to clarify that I stand before you today not on behalf of the Senate Ag Committee but rather as the Senator for the 21st district.

As many of you are aware, the state of Nebraska is having difficulty in supplying the state of Kansas the amount of water both states have agreed to under the 1942 compact. If Nebraska continues to be out of compliance with the compact, there is the possibility that Nebraska might be paying Kansas for that non-compliance.

The concept for SB 89 came about from the work of the Interim Agriculture Committee. The interim committee asked the Department of Agriculture to draft a bill that would speak to the distribution of potential funds that might be received from Nebraska. The Committee further directed that the bill be tailored after the statute we currently have regarding the distribution of funds received from Colorado regarding the Arkansas River settlement.

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ATTACHMENT 2**

Thus, SB 89 was introduced into the Senate Agriculture Committee. It did generally follow the method used to distribute the Colorado settlement with one notable exception. In the Colorado settlement, the cost of litigation was paid before any funds were distributed. Currently there is about \$20 million dollars in a lock box in the Attorney General's office to be used for future litigation. The bill presented to the Agriculture Committee did not have a provision in it to set aside funds for litigation.

The Senate Agriculture Committee added a provision to set aside the first 5% of any money received into a fund to be used by the Division of Water Resources for the purpose of monitoring, enforcement and litigation against Colorado and Nebraska. While there were no opponents to this bill, the Committee made a few changes to reflect the suggestions offered by conferees. There was enough new language added that the Committee put the bill into substitute form for easier reading.

The supplemental note does a good job of outlining the provisions of the bill. Basically, after the first 5% is deducted, one third of the remaining funds is to be used for water conservation projects statewide, with the remaining two thirds to be used for water conservation projects in the affected areas, those being the upper and lower Republican River basins, which follows the format used to distribute the Colorado settlement money. It is also worthy to note that any project approved under this legislation that costs more than \$10,000 would need to be approved by the legislature in the budget process.

Thank you for this opportunity to visit with you and I am willing to try to answer your questions at the appropriate time.

**Testimony on Substitute for SB 89: Republican River Water Conservation Projects Fund
to
the House Agriculture and Natural Resources Committee**

**By David L. Pope
Chief Engineer
Kansas Department of Agriculture's Division of Water Resources**

March 8, 2007

Mr. Chairman and members of the committee, I am David Pope, chief engineer of the Kansas Department of Agriculture's division of water resources. I am here in support of Substitute for Senate Bill 89, which was drafted and introduced on the recommendation of the 2006 Special Committee on Agriculture and Natural Resources.

This bill is similar to legislation passed in 1996 to address the receipt and expenditure of money from Colorado for their violations of the Arkansas River Compact. As you know, we ultimately received damages from that litigation, and that statute has served us well.

Substitute for SB 89 would establish a mechanism to direct where funds would be credited, should Kansas recover damages from a settlement, judgment or decree from the Republican River Compact litigation. Five percent would be credited to a new Republican River Compact compliance and enforcement fund. Two-thirds of what remains would go to a new Republican River water conservation projects fund, which would be expended only for water management, conservation, administration and delivery projects in the Republican River basin, which is defined in the bill. The Kansas Water Office would administer the fund, and each project would be approved by the chief engineer. The remaining one-third would go to the State Water Plan fund for water conservation projects in any area of the state.

In recent years, the lower Republican River basin has not received the water it is entitled to and the area continues to suffer shortages, primarily due to excessive use upstream in Nebraska and Colorado. The upper Republican River basin also has important needs for projects, and it is this area of Kansas that is restricted by the compact. Kansas currently is in compliance with the compact, but we must be diligent to ensure we continue to comply in the future.

Section 2 of the bill subdivides the new Republican River water conservation projects fund so the upper and lower Republican River basins each receive one-third of the money from this fund. The remaining one-third would fund other worthy water projects according to the priorities set forth in Section 3 of the bill. All projects would be of the type outlined in Section 2 (e). This is a fairly extensive list of potential projects related primarily to water use efficiency,

water conservation, acquisition of new or expanded reservoir storage, and maintenance of the Republican River or reservoirs in the basin.

Some projects that could be funded by this bill will help ensure that Kansas continues to comply with the compact. Others would help improve the use and management of the limited water that we do receive. For example, we currently are working with the Bureau of Reclamation to study the feasibility of storing additional water during the wet periods for later use during periods of shortage. We also are working with them on a pilot project to remotely collect water use data from water meters to better understand the potential use of new technology for the benefit of water users and to save our staff time.

Section 4 of the bill establishes the Republican River Compact compliance and enforcement fund that is to receive 5 percent of the damage funds. It would be administered by the Kansas Department of Agriculture and used to pay costs related to resolving disputes before the compact administration, whether that is through arbitration or litigation. This would help cover our future costs related to compact enforcement and the assistance we will provide the Office of the Attorney General if litigation is needed.

Our support of this bill should not be construed to mean that we will stop pursuing the water to which Kansas is entitled. We will continue to work hard so that all states – Kansas, Colorado and Nebraska – comply with the compact and settlement terms. However, it appears that Nebraska, and possibly Colorado, may not achieve compliance by the deadlines established in the final settlement stipulation. Therefore, it is appropriate that we prepare to receive damages that could be recovered as a result of any future enforcement action.

By passing this bill, you are sending a strong message that Kansas is serious about enforcing the Republican River Compact. It also serves an important purpose if damages are recovered in the future.

I would be happy to answer questions at the appropriate time. Thank you.



K A N S A S

TRACY STREETER, DIRECTOR

KANSAS WATER OFFICE

KATHLEEN SEBELIUS, GOVERNOR

Substitute for Senate Bill 89 Republican River Water Conservation Projects Fund

**Earl Lewis
Kansas Water Office
March 8, 2007**

Mr. Chairman and members of the Committee, I am Earl Lewis, Operations Manager of the Kansas Water Office. I appear before you today in support of Substitute for Senate Bill 89. This legislation provides for the deposit and disbursement of monies that may be received as a result of violations to the Republican River Compact. As you know, the State of Kansas' first priority relative to compliance with this compact is the delivery of water. However, in the event that does not occur and financial damages are accrued, the creation of the appropriate accounts and guidance for the expenditure of funds prior to their receipt is advisable.

This bill is similar to legislation passed in 1996 relative to the Arkansas River litigation. That legislation has served the state well. In each of the past two years, Kansas has received funds from Colorado due to violations of the Arkansas River Compact. The statute established in 1996 has allowed the state to focus on which projects are most beneficial rather than how the money should be managed.

Substitute for SB 89 proposes that the first 5% of dollars received from a settlement, judgment or decree to be deposited in the Republican River Compact Compliance and Enforcement Fund to be used by the Kansas Department of Agriculture, Division of Water Resources for monitoring and possible future enforcement of the Republican River Compact.

Of the remaining funds, 33 $\frac{1}{3}$ % will be deposited in the State Water Plan Fund for water conservation projects (no geographic limitation) and 66 $\frac{2}{3}$ % to the Republican River Water Conservation Projects Fund.

Expenditures from the Republican River Water Conservation Projects Fund are to be distributed as follows:

- i. $\frac{1}{3}$ designated for upper Republican River basin in northwest Kansas;
- ii. $\frac{1}{3}$ designated for lower Republican River basin between the Kansas/Nebraska border and Milford dam; and
- iii. $\frac{1}{3}$ designated for projects in either the upper or lower Republican River basin.

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3-8-2007

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ATTACHMENT 4

Substitute for SB 89 provides for several types of projects which are eligible to be funded from the Republican River Water Conservation Projects Fund. The director of the Kansas water office and the chief engineer of the Kansas department of agriculture, division of water resources are required to review and approve each proposed project for which moneys in the fund will be expended. In reviewing projects the director and chief engineer shall give priority to: (1) Projects needed to achieve or maintain compliance with the Republican River compact; (2) projects that achieve greatest water conservation efficiency for the general good; and (3) projects that have been required by the division of water resources. In addition, Substitute for SB89 requires any expenditure from the Republican River water conservation projects fund to be made in accordance with appropriation acts approved by the Legislature.

Thank you for the opportunity to appear today in support of Substitute for SB 89. I will be happy respond to questions at the appropriate time.

**Testimony for House Agriculture and Natural Resources Committee Re: SB 89
March 8, 2007**

Esteemed members of the Agriculture and Natural Resources Committee:

Thank you for the opportunity to present this testimony. I am the District Manager and Water Quality Coordinator for the Clay County Conservation District. The Clay County Commission has asked me to express their support of Senate Bill 89, and I am pleased to do so.

In addition to my responsibilities with the Clay County Conservation District, I am Council President of the Kansas Crossroads Resource Conservation and Development Area, an organization serving six counties in north central Kansas which comprise most of the Lower Republican River watershed. All of these entities – the County Commission, the Conservation District, and the Kansas Crossroads Resource Conservation and Development Area – are concerned stakeholders with regard to the issue of water flow in the Republican River.

In Clay County, 18,781 acres are irrigated, most using water either directly or indirectly supplied by the Republican River. Irrigation can conservatively be credited with an increase in gross farm income in Clay County that exceeds four million dollars annually.

The Republican River and associated groundwater is also the source of municipal and domestic water supplies, not only in Clay County and north central Kansas but across northeastern Kansas.

Recreational activities are another important use of the Republican River, with Milford Reservoir a prominent, but by no means the only recreational asset connected to the Republican River.

All of these important or essential water uses in the Republican River Basin are affected by low flow in the river.

SB 89 does not – nor could it – solve all the problems relating to water levels in the Republican River. However, we support SB 89 because we believe it will allow for an equitable and constructive distribution of any settlement moneys relating to the Republican River compact that are received by the State of Kansas.

- SB 89 recognizes that the Upper Republican Basin in northwest Kansas and the Lower Republican Basin in north central Kansas are particularly affected by this issue and targets an appropriate amount to those areas.
- SB 89 recognizes that water is a state-wide concern and allows for a portion of the funds to be allocated to projects across the state.
- SB 89 dedicates the funds to water conservation and management in a way that appears to give consideration to all types of water users and to various types of projects.
- SB 89 would allow existing state agencies to distribute these funds to approved projects without creating a new delivery system.

On behalf of the Clay County Commission, I urge positive action on this measure.

Thank you for your consideration.

Tom Meek, District Manager/Water Quality Coordinator
Clay County Conservation District
610 5th Street
Clay Center, KS 67432
785-632-3550, ext. 3

Kansas Farm Bureau
POLICY STATEMENT

House Agriculture and Natural Resources Committee

Substitute for Senate Bill 89

March 8, 2007

Submitted by:

Steve M. Swaffar

Director of Natural Resources

Chairman Faber, and members of the House Agriculture and Natural Resources committee, thank you for the opportunity to appear before you today. I am Steve Swaffar, Natural Resources Director for Kansas Farm Bureau. KFB is the state's largest general farm organization representing more than 40,000 farm and ranch families through our 105 county Farm Bureau Associations.

We believe that the legislature was wise in their decision to have a plan in place in the event that the state was awarded damages from Colorado resulting from the Arkansas River Litigation Settlement. We also believe that it would be wise to be prepared for the possibility in the Republican River settlement if Nebraska does not fulfill their obligations to Kansas.

Our members who hold water rights in the upper Republican valley have kept their end of the bargain and have met compact compliance terms so that Nebraska has received the amount of water required by the compact. Our members have been denied further permits for irrigation to ensure compact compliance, which has no doubt reduced the potential productivity of farm ground in the basin. Our members who hold water rights in the lower Republican valley have not been as fortunate as Nebraskans. Because it appears that Nebraska will not comply with terms of the compact settlement agreement, water right holders from the state line to Milford reservoir have had their rights administered for several years. Upstream State's lack of compliance has forced water rights holders to reduce or eliminate irrigation, suffer yield reductions or crop failures, and negatively impacted the regional economy in the lower Republican valley. It seems it would be important to consider these sacrifices and losses in the dispensation of any compensation monies delivered to Kansas.

We certainly support the concept that SB 89 proposes and we encourage the committee to act favorably on this legislation. We would like to suggest that as the Director of the Water Office and the Chief Engineer review projects and assign priorities, the first priority for projects ought to go to those water rights holders who were directly affected by administration of their water rights simply because Colorado and Nebraska did not fulfill the terms of the compact agreement. This would ensure that those water rights holders had the first opportunity to gain some relief for the losses they have suffered. In fact we might suggest some more specificity in the types of projects that could directly benefit those water rights holders could be added to this legislation. However, we believe it is most important to establish the "accounts" for this money initially.

Thank you, once again, for the opportunity to appear before you and share the policy of our members. KFB stands ready to assist you as you consider this important measure. Thank you.



**Kansas Grain and Feed Association
Kansas Agribusiness Retailers Association
816 SW Tyler, Topeka, KS 66611
785-234-0461**



House Agriculture and Natural Resources Committee

Regarding SB 89

March 5, 2007

I am Mary Jane Stankiewicz, the Vice President and General Counsel for the Kansas Grain and Feed Association and the Kansas Agribusiness Retailers Association. The KGFA and KARA associations represent the grain handling industry and the agricultural input (seed, fertilizer, chemicals, etc) to the farming communities across the state of Kansas.

We have been an active participant in a number of discussions regarding water because of the close and interdependent relationship between our industry and the farming sector and both of these industries are heavily dependent on water.

While all Kansans would prefer that our citizens are given the lawful amount of water out of the Republican River, we are aware that this will probably not be the case and that Nebraska may be required to pay Kansas money instead. KGFA and KARA applaud the legislature for taking the first step in deciding how this money is divided and dedicated prior to the receipt of the money. The foresight shown by legislators a number of years ago in setting out the way the Kansas v. Colorado money would be handles has proven to be a very wise and prudent step. Therefore, we are supportive of this discussion of how potential money received from the Republican River Compact would be handled.

Litigation funding – We support the amendment to provide for funding for litigation costs. The costs associated with the Kansas v. Colorado lawsuit were over \$19m thus showing us that these lawsuits can be long and costly but imperative to the livelihood of our state. Unfortunately, even when you win, there are still compliance and monitoring costs that ran up a bill of over \$500,000 during the last year.

Nebraska has openly stated that one of the reasons that they were so willing to enter into negotiations with Kansas is the fact that we have a large war chest. During the interim committee hearings this fall, the Kansas Attorney General's office estimated that the cost for one year of negotiation and possible court costs

regarding Nebraska would cost Kansas over a \$1m. While no one is a fan of paying seemingly large sums of money to attorneys, it is a necessary item in these types of situations and may actually save us time and money in the long run.

Furthermore, we have situations developing involving Missouri and Oklahoma and the resolution of these issues is unknown at this time. Therefore, there will not be a lack of water issues to be dealt with in the future and it will be imperative that we are able to adequately fund and defend our position.

Obviously, our associations are not fans of the use of this money for a conservation reserve enhancement program, but we have never argued that the state did not have the statutory right to use the money for these purposes we have only argued whether this is the most appropriate use of the money.

Once again, we are very pleased that the legislature is deciding how to distribute the money prior to the receipt of the money. We think this will allow everyone to give it careful consideration and that the decisions will be made in a thoughtful and prudent manner.

Thank you for your time and attention. I will be happy to stand for any questions at the appropriate time.



Kansas Cooperative Council

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House Agriculture & Natural Resources Committee

March 5, 2007

Topeka, Kansas

**Sub. SB 89 - Establishing the Republican River
Water Conservation Projects Fund.**

Chairman Faber and members of the House Agriculture & Natural Resources Committee, thank you for the opportunity to share our support for Sub. SB 89 establishing the Republican River Water Conservation Projects Fund.

I am Leslie Kaufman and I serve the Kansas Cooperative Council as Executive Director. The Kansas Cooperative Council represents all forms of cooperative businesses across the state -- agricultural, utility, credit, financial and consumer cooperatives. Approximately half of our membership is involved in agriculture/farm supply and marketing and most all our members have a connection to the rural areas of this state.

Our association has been very involved with water issues over the past few years. As we have watched the progress of the Kansas v. Colorado lawsuit, we believe there was a good degree of wisdom in formulating a basic outline for settlement dollars before the money ever came to the state. That same type of general thought process is being proposed for the Republican River under Sub. SB 89. Implementing a basic framework for distribution and utilization of possible monetary damages that might be recovered prior to actual receipt provides the opportunity to have a real policy debate on the matter. The policy of the framework receives the focus rather than getting tied-up in a battle over the dollars.

Kansas is currently well-positioned to protect our water interests in large part because we have the monetary resources to take necessary measures to enforce our rights. The dedication of a portion of settlement dollars from the Kansas v. Colorado case for the purpose of water litigation was a well-reasoned move. Although the litigation fund is solidly funded, water litigation can be extremely expensive and a "war chest" can be depleted in a relatively short time period. Thus, we advocated on the Senate side for a provision in the original SB 89 setting aside a portion of any Republic River settlement proceeds for water litigation. We believe the allocation of five percent of the proceeds to the Republican River compliance and enforcement fund as incorporated by the Senate Committee in their substitute bill meets the goal of that request and we support the addition.

As many of you are aware, our association supports irrigation transition programs that allow continued agriculture production and dryland farming on affected acres. We have not supported plans that prohibit crop

**HS AGRICULTURE AND NATURAL
RESOURCES COMMITTEE**

3-8-2007

ATTACHMENT 8

The Mission of the Kansas Cooperative Council is to promote, support and advance the interests and understanding of agricultural, utility, credit and consumer cooperatives and their members through legislation and regulatory efforts, education and public relations.

production on land enrolled in an irrigation program and rely on prescriptive land management requirements to address water usage. As such, the provision of Sub. SB 89 that allows a portion of any proceeds from a

Republican River settlement to be used for “implementation of water conservation of irrigation” (page 2 lines 7-8) and “cost share for state or federal conservation programs that save water” (page 2, lines 15-16) concern us as certain federal cost-share programs currently prohibit dryland farming. We would encourage the committee to place a qualifier in this provision limiting the use of such funds for cost-share programs that allow for dryland farming.

Thank you for allowing us to comment on Sub. SB 89. We believe the framework outlined in the bill, particularly if our suggestion relative to dryland farming is adopted, will provide a beneficial roadmap for the state when it comes to allotting any potential Republic River settlement dollars.

Thank you.