

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 January 22, 2008, in Room DSOB 783.

All members were present except:

Representative Carl Holmes - excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department
Emalene Correll, Kansas Legislative Research Department
Hank Avila, Kansas Legislative Research Department
Gordon Self, Revisor of Statutes
Kristen Kellems, Revisor of Statutes
Florence Deeter, Committee Assistant

Conferees appearing before the committee:

Greg Foley, Kansas Department of Agriculture, Conservation Research Enhancement Program

Others attending:

See attached list.

The Chairman asked for bill introductions. Chris Tymeson, Kansas Department of Wildlife and Parks, requested the Committee sponsor a bill requiring the tagging of wild turkeys. Replying to a question, he said that the Department has no way of tracking the season bag limit; the tags will facilitate the process. The Committee agreed to sponsor the bill.

Representative Schroeder requested a bill changing the wording of a statute addressing the Wheat Commission: including *assessment*, adding a member to the Commission to bring membership to 5, and increasing the fee from 10 mils to 20 mils. The Committee agreed to introduce the bill as a Committee bill.

The Chair welcomed Greg Foley, Kansas Department of Agriculture, who gave a status report on the Arkansas River Conservation Reserve Enhancement Program (CREP), tracing the program from its inception in November 2005, through implementation on December 20, 2007 ([Attachment 1](#)). He explained that the initial proposal to enroll 40,000 acres was reduced by the USDA (United States Department of Agriculture) and further reduced by state limitations so that total CREP enrollment could be no more than one-half of the number of acres expiring in the prior year. As of January 8, 2008, 13,294 acres have been offered into the program, a figure that, if accepted, will result in approximately \$1.5 million in payments with additional one-time payments for ancillary programs. Addressing water rights, he further noted that approximately 27,488 acre-feet may be permanently retired from irrigation.

Mr. Foley said the economic impact of CREP has many variables, making an accurate assessment difficult; he added that a Kansas State University study due in June may provide more accurate figures. Commenting on groundwater levels, he said no assessment is feasible until water rights have been terminated, although isolated measurements have been conducted. He highlighted irrigated acres (562,626) and water usage (743,556 acre-feet) in the CREP area in 2006 and commented on the water quality detailed in the Kansas Upper Arkansas River Conservation Reserve Enhancement Program Legislative Report. He said a stated projection for reducing soil erosion is estimated at 8,000 tons per year; wind erosion is estimated at 3,000 tons per year on 53,000 acres. Cheyenne Bottoms has not been assessed. Mr. Foley reported on the United States Department of Agriculture's (USDA) request for a calculation on energy consumption relating to irrigation by stating that some wells are partially gas-driven. A requirement is in place for conversions to meet the USDA objectives.

Mr. Foley answered questions from the Committee:

- It is possible but unlikely that a landowner will be allowed to buy out the contract before the 15 years has expired; the negative factor lies in property water rights being cancelled.
- Unsuitable dryland farming is determined by a sand soil index and the level at which moisture is viable.

CONTINUATION SHEET

MINUTES OF THE House Agriculture and Natural Resources Committee at 3:30 P.M. on January 22, 2008, in Room DSOB 783 of the Capitol.

- Statutory action would be required to grant a waiver to sign up for more than the allowable acreage.
- The deadline for signing up for CREP is June 30, 2008, unless the legislature changes the date.
- The Memorandum of Agreement inserted on pages 19-33 of the CREP Legislative Report contains the details outlining targeted watersheds as well as irrigated and non-irrigated cropland in the Upper Arkansas River project area.
- Water rights groups must meet the defined eligibility requirements for pumping water.
- A water right group is defined as having multiple water rights on usage at one single well. An irrigation system with multiple wells equals one group; a town or city with multiple water rights equals one group.
- Consumptive use of water rights must accrue 50 percent of water usage within three to five years.
- A total of 562,626 acre feet of water usage was reported for fiscal year 2007.
- The price point of fuel costs has a direct influence on the choice an individual makes in relation to the amount of water pumped for irrigation.
- New technology will allow voluntary management of water usage, reduce demand, and extend the life of existing and new wells.
- After fifteen years, water can be used freely from wells that have been capped and water rights terminated.
- Nebraska, Colorado and Idaho have similar programs under CREP.

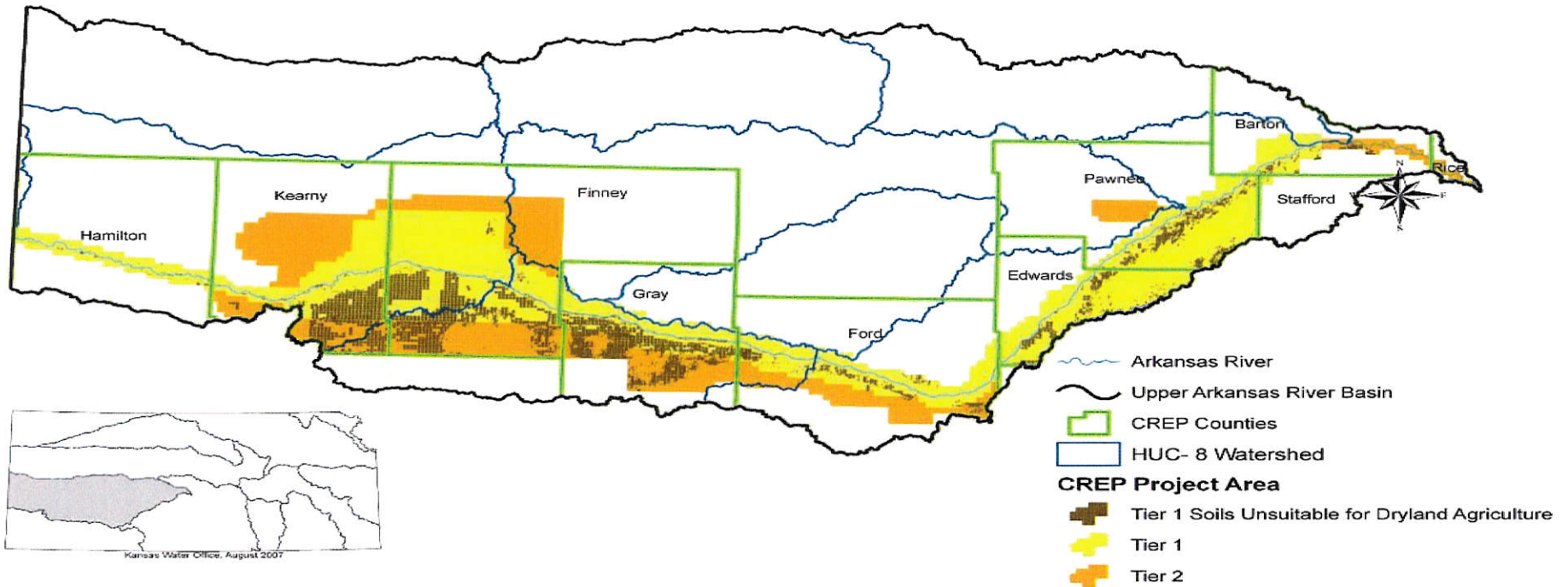
The Chairman adjourned the meeting at 4:50 p.m. The next meeting is scheduled for Wednesday, January 23, 2008.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: January 22, 2008

NAME	REPRESENTING
<i>Nate Michel</i>	<i>Hein Law Firm</i>
LANE LETOURNEAU	KDA
Paul Graves	KDA
CV Gotsoradi	KDA
GREG FOLEY	SCC
<i>STEVE FROST</i>	<i>SCC</i>
<i>Chris Tymeson</i>	KDWP
Berend Koops	KDWP
SUSAN STOVER	KWO
<i>Jessie Kaufman</i>	KS Co-op Council
<i>Wustu Zitz</i>	KAWG
Steve Swaffar	KS Farm Bureau
Dennis Hupe	KS Soybean Assoc
Cassie Carpenter	KS Soybean Assoc.
TRACY STREETER	KWO

Arkansas River Conservation Reserve Enhancement Program - CREP



Status Update, January 8, 2008

CREP Chronology

- Nov 2005 – KWA recommends CREP
- 2006 Legislature authorizes the development of CREP for 2007 legislative review
- 2007 Legislature approves 40,000 acre CREP w/ limitations
- Aug 2, 2007 – State/Federal negotiations completed – MOA Sent to USDA for review
- Nov 27, 2007 – Governor Sebelius signs CREP MOA
- Dec 4, 2007 – USDA Acting Secretary Conner signs CREP MOA
- Dec 20, 2007 – CREP signup began

CREP Limitations

- 40,000 acres approved
 - 20,000 prior to December 31, 2007
 - 20,000 prior to June 30, 2008
- USDA would not agree to 40,000 acre MOA w/ date stipulations

Further state limitations

- County enrollment limited to 25% of total CREP; (5,000 ac.)
- Total CREP enrollment limited to $\frac{1}{2}$ the no. of acres expiring from CRP in the affected counties in the **prior** year
 - '06 expired acres = 4,292
 - '07 expired acres = 45,941
 - '08 expired acres = 7,268
 - '09 expired acres = 51,030
 - TOTAL = 108,531/2 = 54,265.5**

Acres enrolled in CREP during FY 2007 & 2008

- Between December 20 and December 31, 2007, 12,926 acres were offered into the CREP program.
- An additional 368 acres were offered between January 1 and 8, 2008.
- As of January 8, 2008, 13,294 acres have been offered into the CREP program.

FY 07 (before December 31, 2007)			FY 08 (after January 1, 2008)		
County	# of Contracts	# of Acres	# of Contracts	# of Acres	Total Acres
	0	0	0	0	0
Kearny	26	5572.2	1	126.1	5698.3
Finney	10	1974.6	0	0	1974.6
Gray	23	4836.9	1	543.0	5379.9
Ford	0	0	0	0	0
Edwards	0	0	0	0	0
Pawnee	2	241.7	0	0	241.7
Hamilton	0	0	0	0	0
Barton	0	0	0	0	0
Rice	0	0	0	0	0
Program Totals	61	12625.4	2	669.1	13294.5

*Dollars committed for CREP during
FY 2007 & FY 2008*

- As of 1/8/08, offered acres into CREP, if accepted, the annual federal payments would be approximately \$1,525,180.
- Contracts range for 14 to 15 years
- Est. total Federal payments ranging from \$21,352,520 to \$22,877,700.

Payments - Continued

- One-time payments will also be made for offered and approved acres for the CREP program.
- Approx. \$576,857 from Federal cost-share
- Approx. \$819,352 from the SCC for an upfront incentive payment, *State Incentive*
- Approximately \$29,500 from Pheasants Forever for grass seeding cost-share.

Statutory Questions

- *(i) The total water rights, measured in acre-feet, retired in CREP during fiscal year 2007 and fiscal year 2008 to date,*
- As of January 8, 2008, for the acres offered into the CREP program, approximately 27,488 acre-feet of authorized quantity may be permanently retired from irrigation.
 - Subject to application review for eligibility and landowner acceptance

(ii) The acreage enrolled in CREP during fiscal year 2007 and in fiscal year 2008 to date,

- As of January 8, 2008, 13,294 acres have been offered into the CREP program. (See maps of county offered acres in Attachment B in the report).
- Between December 20 and December 31, 2007,(FY 2007), 12,926 acres were offered into the CREP program. An additional 368 acres were offered between January 1 and 8, 2008.(FY 2008)

(iii) The dollar amounts received and expended for CREP during fiscal year 2007 and in fiscal year 2008 to date,

Payment	For offers made between December 20 and 31, 2007	For offers made between January 1 and 8, 2008
Federal Annual Per Acre Rental Rate (14-15 year contracts)	\$1,482,831	\$42,349
Federal Cost-Share	\$562,372	\$14,485
State Upfront Payment	\$796,520	\$22,832
Pheasants Forever Seeding Cost-Share	\$28,500	\$1,000
Total	\$2,870,223	\$80,666

*(iv) The economic impact of the
CREP,*

- Initial study had significantly different variables
 - 100,000 acres; 85,000 irrigated, 15,000 dryland
 - Offered program is currently 20,000 acres
 - \$78 irrigated rental rate vs. \$104 to \$129 per acre rate
 - Current commodity prices
 - New analysis forthcoming, program only began Dec 20, 2007; KSU indicated it may be June before a new economic impact projection is available

(v) The change in groundwater levels in the CREP area during fiscal year 2007 and fiscal year 2008 to date

- No assessment of this objective has been made as of January 2008. The impact of enrollment of acres into the Upper Arkansas River CREP on ground water conditions cannot be made until after water rights have actually been terminated.

Anticipated Methodology for this Objective.

- Water levels have been monitored at least annually at numerous locations in the CREP counties.
- Groundwater Management District #5 obtains water level measurements from 25 wells in the CREP area.
- Annual measurements are collected from 14 of these wells and quarterly measurements of 11 wells are planned to continue.
- Data collected from each of these measurements will be used to assess the progress towards meeting this objective.

1-14

Fig. 15

(vi) The annual amount of water usage in the CREP area during fiscal year 2007 and fiscal year 2008 to date,

County	2006 Reported Irrigated Acres within the CREP Project Area	2006 Irrigation Reported Water Use (Acre-Feet) within the CREP Project Area
Barton	16,314	16,872
Edwards	38,835	40,872
Finney	209,757	284,785
Ford	43,158	51,739
Gray	86,507	112,794
Hamilton	11,180	20,045
Kearny	104,196	165,742
Pawnee	51,525	49,602
Rice	526	429
Stafford	628	677
Total	562,626	743,556

(vii) Assessment of meeting program objectives identified in the MOA with the FSA and

- See Pages 11 through 17 of the Kansas Upper Arkansas River Conservation Reserve Enhancement Program Legislative Report.

(viii) Other information the State Conservation Commission shall specify.

	Approximate Number of Water Rights Offered for Permanent Retirement between December 20 and 31, 2007	Approximate Number of Water Rights Offered for Permanent Retirement between January 1 and 8, 2008
Barton		
Edwards		
Finney	13	
Ford		
Gray	22	1
Hamilton		
Kearny	42	1
Pawnee	2	
Rice		
Stafford		
<i>Total</i>	79	2