

## 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 31, 2008, in Room 783 of the DSOB.

All members were present except:

Representative Vaughn Flora - excused

Committee staff present:

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

Conferees appearing before the committee:

David Barfield, Chief Engineer, Division of Water Resources, Kansas Department of Agriculture  
Senator Mark Taddington, District #21, Chairman of the Senate Agriculture Committee  
Tracy Streeter, Director, Kansas Water Office  
Pat Lehman, Northwest Kansas Groundwater Management District #4  
Leslie Kaufman, Executive Director, Kansas Cooperative Council  
Brad Harrelson, State Policy Director, Kansas Farm Bureau  
Mary Jane Stankiewicz, Vice President and Chief Legal Counsel, Kansas Grain and Feed Association, and Kansas Agribusiness Retailers Association

Others attending:

See attached list.

### **Hearing on Sub for SB 89 - Republican River, disposition of litigation moneys**

The Chair opened the hearing for **Sub SB 89** and welcomed David Barfield, Chief Engineer, Division of Water Resources, Kansas Department of Agriculture (KDA), who commented that the bill is similar to legislation passed in 1996 to address the receipt and expenditure of moneys from Colorado for their violations of the Arkansas River Compact (Attachment 1). He said the bill would establish two new funds in the state treasury and direct where moneys would be credited if damages are recovered in a settlement from the Republican River Compact litigation; the funds: the existing interstate Water Litigation Fund; a new Republican River Compact Compliance and Enforcement Fund; and a new Republican River Water Conservation Projects Fund. He noted the importance of maintaining the Interstate Water Litigation Fund to demonstrate that Kansas is prepared to defend its water rights agreements, the latter of the two new funds administered by the Kansas Water Office, the former by the KDA.

Mr. Barfield commented that 2006 was the first year of measuring Nebraska's compliance with the settlement, a measurement which determined that Nebraska used 82,240 acre-feet more water than they were entitled to in 2005 and 2006. He stated that passing the bill sends a clear message that Kansas is serious about enforcing its water compacts. Observing that the U.S. Supreme Court upheld Kansas water rights, he stated that in the short term Kansas will receive monetary compensation, and he hopes that long-term the Republican River will receive more water. Mr. Barfield referred to a fact sheet from the Kansas Department of Agriculture (KDOA) providing some pertinent information of the Republican River Compact Enforcement (Attachment 2).

Senator Taddington, District 21, and Chairman of Senate Agriculture Committee, requested the members to consider for discussion, not putting any moneys into the State litigation fund if monitoring funds are set aside for use.

Tracy Streeter, Director, Kansas Water Office, testified in support of the bill (Attachment 3). Noting that Kansas' first priority is the delivery of water according to the terms of the Final Settlement Stipulation, he approved the proposed framework for funding to conserve and wisely utilize water; he recommended an amendment to the bill, including a provision to credit additional monies to the Litigation Fund and to strike Section 1 of the bill.

## CONTINUATION SHEET

MINUTES OF THE House Agriculture and Natural Resources Committee at 3:30 P.M. on January 31, 2008, in Room DSOB 783 of the Capitol.

Pat Lehman, Northwest Kansas Groundwater Management District #4 (GMD4), spoke as a proponent of the bill, listing details of the bill that provide funding for initiatives supported by GMD4 (Attachment 4). He noted that a grass-roots group called the Upper Republican River Basin Conservation Projects Alliance also supports the bill.

Leslie Kaufman, Executive Director, Kansas Cooperative Council, said the Council has been involved with water issues during the past few years and supports the what the bill intends to accomplish (Attachment 5). She commended implementing a basic framework for distribution and utilization of monetary damages. Noting the Council's programs to transition farmland from irrigation to dryland farming, she recommended the following wording be added to page 3, line 4: "*(9) purchase, lease or other acquisition of a water right under a program that does not prohibit continued agricultural production, and . . .*"

Brad Harrelson, State Policy Director, Kansas Farm Bureau, also spoke in support of the bill, commending the foresight of the legislature to have a plan in place in dealing with the Republican River Compact (Attachment 6). He suggested that the Director of the Water Office and the Chief Engineer review projects and assign priorities in relation to those directly affected by Colorado and Nebraska's failure to fulfill the terms of the compact agreement.

Mary Jane Stankiewicz, Vice President and Chief Legal Counsel, Kansas Grain and Feed Association, and Kansas Agribusiness Retailers Association, provided written testimony revealing the associations have been active participants in discussing water rights (Attachment 7). Commenting on her support for future litigation costs, she noted that Nebraska has been willing to enter negotiations because of Kansas' monetary preparations. Her testimony commends the Committee for proposing the bill.

The Chairman closed the hearing on **Sub SB 89**. The meeting was adjourned at 4:25 p.m. The next meeting is scheduled for February 4, 2008.

# HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: January 31, 2008

NAME	REPRESENTING
Pat Lehman	GMD 4
Leslie Kaufman	Ks Coop Council
Kathlyn Utgen	KBIA
CVCotsoradi	KDA
Lee Rolfs	KDA
Paul Graves	KDA
BRAD HARRELSON	KFB
Steve Adams	KDWP

**Testimony on Substitute for SB 89**  
**Disposition of moneys recovered from Republican River Compact litigation**  
**to**  
**the House Agriculture and Natural Resources Committee**

**By David W. Barfield**  
**Chief Engineer**  
**Division of Water Resources**  
**Kansas Department of Agriculture**

**January 31, 2008**

Mr. Chairman and members of the committee, I am David Barfield, chief engineer of the Kansas Department of Agriculture's division of water resources. I am here in support of Substitute for Senate Bill 89, as amended by your committee last session, and to respectfully request it be amended.

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 the statute has served us well.

Substitute for SB 89 would establish two new funds in the state treasury and direct where moneys would be credited if damages are recovered in a settlement, judgment or decree from Republican River Compact litigation. The amended bill would require monetary damages to be credited first to the existing Interstate Water Litigation Fund in an amount necessary to cover the state's expenses for the past Republican River litigation. Five percent of any remaining monetary damages would be credited to a new Republican River Compact Compliance and Enforcement Fund. The balance would be credited to a new Republican River Water Conservation Projects Fund.

It is prudent to maintain the Interstate Water Litigation Fund for future compact litigation because it demonstrates to other states that Kansas is prepared to defend its rights under our water compacts. However, I believe the message and our readiness would remain equally strong without monies being added to the Interstate Water Litigation Fund. We do not expect future litigation on the Republican River Compact to be as costly as the Arkansas River Compact because of the groundwork laid in the 2002 settlement stipulation between Kansas, Colorado and Nebraska. I believe a better use for the money would be in the Republican River Water Conservation Projects Fund. I encourage the committee to drop the requirement that money be added to the Interstate Water Litigation Fund.

The Kansas Water Office would administer the Republican River Conservation Projects Fund. The director of the Kansas Water Office and chief engineer would review and approve each project. Of the moneys deposited in the fund, two-thirds would be available for projects in the lower basin and one-third would be available for projects in the upper basin.

The lower Republican River basin has not received water it is entitled to and it continues to suffer shortages, due to excessive use upstream in Nebraska and Colorado. Many projects exist to allow us to make better use of water we receive under the compact, including the potential to modify Lovewell Reservoir to provide an improved water supply for the lower basin.

The upper Republican River basin also has important needs, but it is especially important that we ensure that Kansas continues to comply with the compact, as this area of Kansas is restricted by the compact. While Kansas is fully in compliance with the terms of the settlement, it may be prudent for our state to encourage limited, targeted reductions in water use in this area to ensure we remain in compliance in the future.

The bill stipulates that the Kansas Department of Agriculture would administer the Republican River Compact Compliance and Enforcement Fund. Money deposited in this fund would be available for expenditures related to monitoring Nebraska and Colorado's compliance, and for resolving compact disputes and enforcing the compact through the Republican River Compact Administration, alternate dispute resolution, or litigation.

Attached to my testimony is a brief summary of our past and current efforts to enforce the terms of the Republican River Compact. Our efforts resulted in a binding, enforceable decree of the U.S. Supreme Court. The settlement provided Nebraska and Colorado time to reduce their use of Republican River water so we would get our fair share. While they have taken action, it has been insufficient.

Last year was the first year to measure whether Nebraska complied with settlement terms. According to our calculations, Nebraska used 82,240 acre-feet more water than it was entitled to in 2005 and 2006. As a result, on December 19, 2007, I wrote to my counterpart in Nebraska formally demanding that they promptly take steps to provide Kansas with its share of water under the compact and that they compensate Kansas for damages due to noncompliance during 2005 and 2006. This initiated a formal process which, if not resolved, could lead to our petitioning the U.S. Supreme Court for enforcement.

The first time to definitively determine Colorado's compliance will be later this year, when they, too, will be found out of compliance with settlement. At Colorado's request, key officials of our two states met Monday to discuss actions Colorado is either taking or considering to take to come into compliance.

Our support of this bill should not be construed to mean that we will stop pursuing the water Kansas is entitled to. We prefer that all states comply with the compact and settlement terms. However, 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 continue to send the strong message that Kansas is serious about enforcing its water compacts. 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.

## Republican River Compact Enforcement

In 1943, Colorado, Nebraska and Kansas entered into the Republican River Compact to divide the entire virgin water supply of the Republican River basin.

The Republican River basin includes portion of eastern Colorado, northwest Kansas and southwest Nebraska. The Republican River eventually flows through portions of north-central Kansas to Milford Reservoir.

In the early 1980s, Kansas and Colorado stopped allowing new groundwater irrigation to be developed in the basin. Nebraska, however, continued to allow wells to be drilled.

In the mid-1980s, Kansas began to express its concern that Nebraska was not complying with the Republican River compact in several subbasins.

In 1998, after many failed attempts to resolve the dispute, Kansas filed suit against Nebraska in the U.S. Supreme Court to enforce the terms of the compact. That case was settled December 15, 2002, when the final settlement stipulation was signed by the states. That stipulation was later approved by the Supreme Court. Since then, Kansas has waited patiently for Nebraska to come into compliance with the compact.

Under the final settlement stipulation, 2006 was the first year to measure whether Nebraska complied with settlement terms for water-short years for the two-year period from 2005 to 2006. According to our calculations, Nebraska used 82,240 acre-feet more water than it was entitled to in 2005 and 2006.

A city with 100,000 residents will take about 10 years to use 82,000 acre-feet of water. One acre-foot is equal to 325,851 gallons.

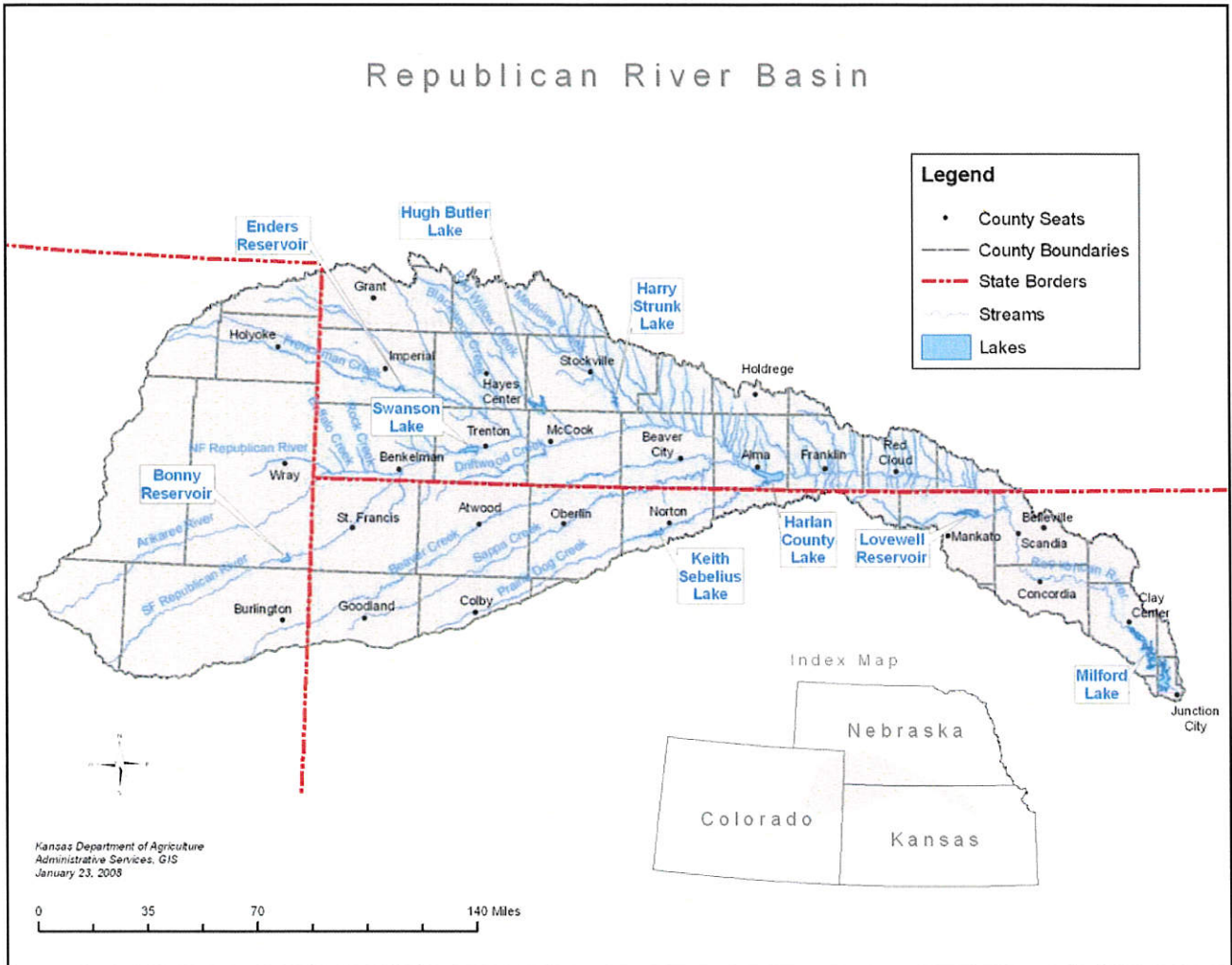
The settlement also specifies 2007 as the first year to measure normal-year compliance for the five-year period from 2003 through 2007. The accounting for 2007 is not done, but Nebraska's overuse from 2003 to 2006 is 143,840 acre-feet.

During the years Nebraska's overused its share of water in violation of the settlement terms, Kansas has not had adequate water for its Kansas Bostwick Irrigation District and mainstem Republican River users.

Because Nebraska has failed to comply with settlement terms, on December 19, 2007, Chief Engineer and Compact Administrator David Barfield sent a letter to Ann Bleed, his Nebraska counterpart, demanding an immediate shutdown of wells within 2.5 miles of the Republican River and its tributaries and on lands added after the year 2000, or their hydrologic equivalent.

Additional actions may be needed for the next several years for Nebraska to meet water-short year obligations until stream depletion caused by groundwater pumping decreases.

Since it appears impractical for Nebraska to repay Kansas with water, Kansas has asked for monetary compensation for past shortages in an amount equal to Nebraska's gains or Kansas' losses, whichever is greater. Nebraska also is asked to pay interest, attorney fees, costs and any other relief the court deems appropriate.



Kansas gave Nebraska until February 4, 2008, to respond to its demand. This is the first step in a dispute resolution process prescribed by the settlement.

Colorado also must meet its first five-year test of normal-year compliance ending with 2007. Although data for 2007 is not yet available, Colorado exceeded its allocations for 2003,

2004, 2005 and 2006, the first four years of the five-year period, by 44,270 acre-feet.

More information about the Republican River Compact and the final settlement stipulation is available from the Kansas Department of Agriculture at (785) 296-3717 or online at [www.ksda.gov/interstate\\_water\\_issues/content/142](http://www.ksda.gov/interstate_water_issues/content/142).

Division of Water Resources  
 Kansas Department of Agriculture  
 109 SW 9<sup>th</sup> Street, 2nd Floor  
 Topeka, KS 66612  
 (785) 296-3717

**Substitute for Senate Bill 89  
Republican River Damages**

**Tracy Streever  
Kansas Water Office  
January 31, 2008**

Chairman Faber and members of the Committee, I am Tracy Streever, Director of the Kansas Water Office. I appear before you today in support of Substitute for Senate Bill 89. I also appear to before you today to suggest an amendment. As you are aware, this legislation provides for the disbursement of monies that may be received as a result of violations to the Republican River Compact.

This bill is patterned after and is similar to 1996 legislation which created the framework for the disbursement of funds derived from the Arkansas River litigation. This framework has served the state well and has, for the most part, insured the funds were expended for their intended purpose.

The state of Kansas has maintained, and I want to reemphasize today, our first priority is the delivery of water in accordance with the terms of the Final Settlement Stipulation adopted by the U.S. Supreme Court. In the likely event Kansas receives both water and money, it is imperative that we have the framework in place allowing the State to utilize the funding to conserve and efficiently utilize water delivered under the terms of the Settlement as well as any high flow events we may experience in the future.

The 1996 Arkansas River statutes (K.S.A. 82a-1801 *et seq.*) included the provision to create an Interstate Water Litigation Fund. In 2005, the Attorney General certified that \$20 million was to be placed in the Litigation Fund. Today, \$18.5 million remains uncommitted.

When SB 89 was originally introduced last year, it did not contain a provision to credit additional monies to the Litigation Fund. It was my belief then that a provision for enhancing the Litigation Fund was not necessary. Today, I still contend that \$18.5 million is a significant balance for future litigation and recommend Substitute for SB 89 be amended by striking Section 1.

The Bill identifies a broad list of projects eligible for funding and include: (1) Efficiency improvements to canals or laterals owned by an irrigation district or projects to improve the operational efficiency or management of such canals; (2) water use efficiency upgrades; (3) implementation of water conservation of irrigation and other types of water uses; (4) implementation of water management plans or actions; (5) water measurement flumes, meters, gauges, data collection platforms or related monitoring equipment; (6) artificial recharge, funding the water transition assistance program; the purchase of water rights for stream recovery or aquifer restoration and cost share for state or federal conservation programs that save water; (7) maintenance of the channel and the tributaries of the Republican river; (8) reservoir maintenance or the purchase, lease, construction or other acquisition of existing or new storage space in reservoirs; (9) purchase, lease or other acquisition of a water right; and (10) expenses incurred to construct and operate off-stream storage.



Substitute for Senate Bill 89  
House Agriculture and Natural Resources Committee  
Tracy Streeter  
January 31, 2008  
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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 addition, Substitute for SB 89 requires any expenditures from the Republican River water conservation projects fund shall be made in accordance with appropriation acts approved by the Legislature.

In closing, I encourage your favorable passage of Substitute for SB 89 with consideration for the aforementioned amendment. I will stand for questions at the appropriate time.

**Testimony to the  
House Agriculture Committee  
SB 89  
Presented by Pat Lehman  
For the Northwest Kansas Groundwater Management District #4  
January 31, 2008**

Thank you, Mister Chairman and members of the committee for this opportunity to testify. I am Pat Lehman and I represent the Northwest Kansas Groundwater Management District #4 headquartered in Colby, KS. GMD 4 wants to testify in support of SB 89.

We feel it important to maintain an interstate litigation fund and are supportive of SB 89 Section 1. proposing to return the Kansas litigation costs on the Republican River to said fund.

The monitoring and enforcement issues of the Republican River Compact Settlement Agreement are also important enough to fund, so we are also in support of this bill language.

The rest of the funds being earmarked for conservation projects and efforts within the Upper and Lower Republican basins, under the administration of the Kansas Water Office, we feel is an appropriate way to positively support the affected areas of Kansas.

The final point the district would like to make is that a grass-roots group called the Upper Republican River Basin Conservation Projects Alliance has been formed and is now working on a cooperative conservation project application should SB 89 pass. The broad-based Alliance began with 85 invitations to participate within 15 stakeholder groups as follows: County Commissioners; Municipalities; Industries; Conservation Districts; RC&D's (Western Prairie RC&D and Solomon Valley RC&D); Almena Irrigation District; Financial institutions (banks, farm credit); Upper Republican BAC; The animal feeding industry (cattle & swine); County Farm Bureaus; Ag Feed & Grain Associations (corn, milo, wheat); Environment – Fish & Wildlife; Domestic water users; Economic Development Groups; and Northwest Kansas Groundwater Management District 4. We formed the alliance late in 2007 with the following representatives: John Arford, Norton; Toby Kuhn, Norton; Wayne Bossert, Colby; Matt Bain, Colby; Spencer Schlepp, St. Francis; Dick Kelley, Oberlin; Larry Maxwell, Colby; Robert Binning, Atwood; Wayne Hill, Goodland; Ralph Unger, Oberlin; and Anne Marie Worley, Atwood. These Alliance members are supportive of SB 89 and are actively working on a cooperative application at this time in the hopes of passage.

Thank you for considering these comments.

Sincerely, Pat Lehman, Representing:  
Northwest Kansas Groundwater Management District



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## House Agriculture & Natural Resources Committee

Jan. 31, 2008

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. 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. Thus we support Sub. SB 89.

Kansas is currently well-positioned to protect our water interests largely because we have the monetary resources to take 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. As we contemplate how large the "war chest" should be, we think it is important to remember if we use the Kansas v. Colorado suit as an estimator, a good portion of the investment occurred years and years ago. No doubt, to start over today would take considerably more money with increasing attorneys' fees and expert fees. We support the changes approved last year by this committee to help ensure the litigation fund remains stable by reimbursing the fund should a monetary settlement be received.

As many of you are aware, our association supports irrigation transition programs that allow continued agriculture production and dryland farming on affected acres. As such the

provision of Sub. SB 89 that allows a portion of any proceeds from a Republican River settlement to be used for a water right buy-out program does raise some questions for us. We would respectfully request the wording in bold be added to page 3, line 4 so that it reads:

“(9) purchase, lease or other acquisition of a water right **under a program that does not prohibit continued agricultural production, and...**”

Thank you for allowing us to comment on Sub. SB 89. We believe the framework outlined in the bill will provide a beneficial roadmap for the state when it comes to allotting any potential Republic River settlement dollars.

Thank you.



KANSAS FARM BUREAU  
The Voice of Agriculture

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***Kansas Farm Bureau***  
***POLICY STATEMENT***

**House Agriculture and Natural Resources Committee**

**Substitute for Senate Bill 89**

**January 31, 2008**  
**Submitted by:**  
**Brad Harrelson**  
**State Policy Director**

Chairman Faber, and members of the House Agriculture and Natural Resources committee, thank you for the opportunity to appear before you today. I am Brad Harrelson, State Policy 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 same possibility in the Republican River settlement.

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 and are currently in the final stages of installing water flowmeters at their own expense, which has no doubt reduced the potential profitability of farm ground in the basin. Additionally, state funds have been targeted to the Prairie Dog Creek basin to finance the Water Transition and Assistance Program (WTAP) for voluntary, incentive based water right retirement as another mechanism to curtail the use of water by Kansas.

Our members who hold water rights in the lower Republican valley have not been as fortunate as Nebraskans. The Kansas Department of Agriculture reports that from **2003 through 2006** Nebraska has exceeded their allocated amount by over **143,000 acre-feet of water**. Consequently, water right holders from the state line to Milford reservoir have had their water rights either regulated or unsatisfied as the result of this over

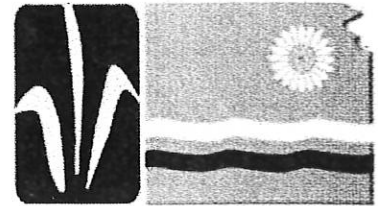
indulgence. Upstream State's lack of compliance has forced water rights holders to suffer yield reductions or crop failures, and has negatively impacted the regional economy in the lower Republican valley. It is imperative these sacrifices and losses be considered in the dispensation of any compensation 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 either directly affected by state administration of their water rights or who simply did not receive the water they were entitled to because Colorado and Nebraska did not fulfill the terms of the compact agreement. This would ensure that those water rights holders damaged by upstream non-compliance had the first opportunity to gain some relief for the losses they have suffered. **In fact we might suggest more specificity be added to this legislation identifying the types of projects that could directly benefit those water rights holders damaged by upstream states.** 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**

**January 31, 2008**

I am Mary Jane Stankiewicz, the Vice President and Chief Legal 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.

We support the funding for future 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 can run up a bill of over \$500,000 a 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. 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. We are supportive of the priority being established that money shall first and foremost be spent on projects whose primary purpose is compliance with the Republican River Compact.

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.