

MINUTES OF THE HOUSE AGRICULTURE AND NATURAL RESOURCES COMMITTEE

The meeting was called to order by Chairman Larry Powell at 3:30 p.m. on January 26, 2009, in Room 783 of the Docking State Office Building.

All members were present.

Committee staff present:

Corey Carnahan, Kansas Legislative Research Department
Raney Gilliland, Kansas Legislative Research Department
Mike Corrigan, Office of the Revisor of Statutes
Pat Matzek, Committee Assistant

Conferees appearing before the Committee:

Lane Russell, Chairman, Kansas Sunflower Commission
Constantine Cotsoradis, Deputy Secretary, Department of Agriculture
Woody Moses, Managing Director, Kansas Aggregate Producers' Association
Brad Harrelson, State Policy Director, Kansas Farm Bureau
John Donley, Assistant General Counsel, Kansas Livestock Association
Lane Letourneau, Program Manager, Division of Water Resources, Department of Agriculture

Others attending:

See attached list.

Chairman Powell opened the meeting by introducing intern Jarah Costen.

Chairman Powell spoke briefly on a conference he attended in San Diego, California; the State Agricultural and Rural Leaders 2009 Agricultural Chairs Summit, and a tour of the San Diego County agriculture production hosted by Eric Larson, San Diego County Farm Bureau. Throughout the day, there were breakout discussions on various topics such as Organic Farming, Genetics and the Future of Food and Family Farm Viability.

Next on the agenda, Lance Russell, Chairman of the Kansas Sunflower Commission, spoke on the sunflower industry in Kansas and the Commission's use of check-off dollars authorized by the Legislature as well as some changes made over the last 12 months (Attachment 1). As required by law, attached to Mr. Russell's testimony was Kansas Sunflower Commission's annual audit report (Attachment 2). This year there were no irregularities found in the financial statement. Some of the projects that were funded from dollars sent to the National Sunflower Association (NSA) included studies on planting dates, planting rates, and harvest aid treatments for sunflowers in Kansas. The Sunflower Commission is pushing NSA to fund more research that will help high plains sunflower producers in addition to northern plains producers versus sending more money to do research in the Dakotas and Minnesota. Additional information can be found on its website at www.kssunflower.com.

Hearing on:

HB 2050 - Adjusting fees for water rights, applications for term permits for appropriating water.

At the conclusion of Mr. Russell's presentation, Chairman Powell introduced Raney Gilliland, Assistant Director, Legislative Research, who gave an explanation of **HB 2050**. Mr. Gilliland provided background information on this particular bill regarding fees being adjusted and fees being changed dealing primarily with activities of the Division of Water Resources in the Department of Agriculture. One of the reasons the issue is being introduced at this time is because some of these fee increases are set to expire July 1, 2010, and for budgetary purposes the Legislature is currently considering the fiscal year 2010 budgets, so the issue of fees and whether they should become permanent is now before the Committee.

Questions asked and comments made by members of the Committee.

CONTINUATION SHEET

Minutes of the House Agriculture And Natural Resources Committee at 3:30 p.m. on January 26, 2009, in Room 783 of the Docking State Office Building.

Proponents:

Constantine Cotsoradis, Deputy Secretary, Department of Agriculture, (Attachment 3) presented testimony in support of **HB 2050**, noting the Department of Agriculture is seeking a moderate fee increase based on an intensive review and cost analysis.

Questions were asked and comments were made by members of the Committee.

Woody Moses, Managing Director, Kansas Aggregate Producers' Association, (Attachment 4) presented testimony in support of **HB 2050**, noting adoption of an amendment and if adopted, the amendment would not exempt the industry from field inspection merely the fee associated with it.

Questions were asked and comments were made by members of the Committee.

Opponents:

Brad Harrelson, State Policy Director, Kansas Farm Bureau, (Attachment 5) presented testimony in opposition of **HB 2050**, documenting Kansas Farm Bureau's member policy that the funding of the Division of Water Resources should be primarily through an obligation of the State General Fund rather than increasing permit fees.

No questions were asked.

John Donley, Assistant General Counsel, Kansas Livestock Association, (Attachment 6) presented testimony in opposition of **HB 2050**, noting there are still unanswered questions regarding the need for proposed changes.

Questions were asked and comments were made by members of the Committee.

Lane Letourneau, Program Manager, Division of Water Resources, Department of Agriculture, was also called upon to answer questions by members of the Committee regarding this issue.

The hearing was closed on **HB 2050**.

There were no bill introductions.

The next meeting is scheduled for January 28, 2009.

The meeting was adjourned at 4:30 p.m.

AG. & NATURAL RESOURCES COMMITTEE GUEST LIST

DATE: 1-26-09

NAME	REPRESENTING
BRAD HARRELSON	KFB
SEAN MILLER	CAPITOL STRATEGIES
John Donkey	KS Lusk Ass'n
JJ Jones	Commerce
Mary Jane Stankiewicz	KGFA
Steve Suttler	KFB
Laura Russell	KSC
LANE LETOURNEAU	KDA
CJ Cotsoradi	"
Patrick Vogelberg	Recovery and Assoc
Lislee Kaufman	KCC
Leigh Keck	Hein Law Firm
Galen Brerly	KRWADHJ
Woody Moss	ICPPA
Wendy Harris	ICPPA
Erk Wisner	KDA



January 26, 2009

Legislative Report of the Kansas Sunflower Commission to the House Committee on Agriculture and Natural Resources

Chairman Powell and members of the Committee, my name is Lance Russell; I am from Hays, Kansas and currently serve as the Chairman of the Kansas Sunflower Commission. I want to thank you for the opportunity to share some thoughts about the sunflower industry in Kansas and the Commission's use of check-off dollars authorized by the Legislature.

In fiscal year 2008 (10/1/2007 to 09/30/08) the Kansas Sunflower Commission collected \$82,095.86 in check-off dollars from Kansas sunflower growers. During the year we received refund requests from 17 producers for a total of \$2523.76 which means we received gross check-off dollars of \$79,572.10. As of January 22, 2009, the Commission has assets of \$107,613.00; \$63,000 of that is invested in a CD and the rest resides in a traditional checking account. Two years ago the Commission decided to keep in reserves one year's worth of operating capital in case check-off dollars were extremely low in a given year. That operating capital is what the money invested in the CD is being held for. As required by KSA 2-3005(k), attached to my testimony you will find our annual audit report. This year there were no irregularities found in KSC financial statements.

Under the agreement the KSC has used since its inception in 2002, one-half of the check-off dollars collected in Kansas are sent to the National Sunflower Association in Bismark, North Dakota for funding of research specific to sunflowers. This year we sent \$41,047.92 to NSA for research. Some of the projects that were funded with those dollars include studies on planting dates, planting rates, and harvest aid treatments for sunflowers in Kansas. Those studies were done at the K-State southeast Ag Research Center in Parsons. I have also attached to my testimony a list of other research projects that Kansas check-off dollars have helped fund. I would note that the Commission is pushing NSA to fund more research that will help high plains sunflower producers in addition to northern plains producers.

I would like to share with you one other partnership we have entered into with NSA and the High Plains Sunflower Committee. These three entities agreed to fund a new coordinator for sunflower promotion and marketing specific to the

Supporter of the Kansas Sunflower Industry through Farmer Check-off Dollars
www.kssunflower.com

Ag & Natural Resources Committee

Date 1-26-09

Attachment 1

high plains region. Gary Jorgensen, from Sublette, Kansas was hired into this position in April of 2008. Gary's charge is to work with industry representatives, seed dealers, sunflower oil refiners and sunflower growers to promote planting of sunflowers in the high plains region. In short, Gary is supposed to help get more sunflowers planted. KSC agreed to help fund this position for one year at \$15,000. At our March meeting we will be deciding whether to continue our support for the position or discontinue our funding.

Mr. Chairman there are some smaller accomplishments I can share with you, like development of the promotional brochure attached to my testimony and the development and copyright of the logo you see at the top of my testimony. However, I will stop there because I want to be sure I leave time for any questions you or other Committee members may have of me. Thank you for your time today and your support of the Commission; I would be happy to answer any questions you may have at the appropriate time.

National Sunflower Association Projects and Research
Funded by Kansas Check-off Dollars

Mitigation of Yield Losses to *Dectes Texanus* in Rain Fed Sunflower – J. P. Michaud

Sunflower Response to KIH-485 – Phil Stahlman and Curt Thompson

Use of an Experimental Compound to Replace Paraquat as a Harvest Aid in Sunflower – Phil Stahlman

Production Practices for Late-Planted Sunflower in Eastern Kansas – James H. Long

Strip-till and sunflower: Is it Beneficial – Jeanne Falk & Brian Olson

~~Evaluation of Sunflower for Resistance to Stem and Seed Pests in the Northern and Central Plains – Rob Aiken~~

Screening Sunflower for Reaction to Sunflower Midge Infestation – Rob Aiken

Wild Sunflower Resistance to IMI Herbicides – Kassim Al-Katib

Sunflower Crop Survey

2008 Sunflower Moth Trap Monitoring

Goodland Sunflower Celebration

KANSAS SUNFLOWER COMMISSION

Rossville, Kansas

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

August 31, 2008 and 2007

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

Ag & Natural Resources Committee
Date 1-26-09
Attachment 2



December 12, 2008

Board of Directors
Kansas Sunflower Commission
Rossville, Kansas

Independent Auditors' Report

We have audited the accompanying statements of assets, liabilities and net assets - cash basis of Kansas Sunflower Commission (a quasi municipal entity) as of August 31, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets - cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets - cash basis of Kansas Sunflower Commission as of August 31, 2008 and 2007, and its revenues, expenses and changes in net assets for the years then ended on the basis of accounting described in Note 1.

Certified Public Accountants
Manhattan, Kansas

Independent Auditors' Report

KANSAS SUNFLOWER COMMISSION
 Rossville, Kansas
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
 August 31,

Financial Statements

	2008	2007
ASSETS		
Current Assets		
Cash in checking	\$ 120,071	\$ 112,322
TOTAL ASSETS	\$ 120,071	\$ 112,322
NET ASSETS		
Net Assets	\$ 120,071	\$ 112,322
TOTAL NET ASSETS	\$ 120,071	\$ 112,322

KANSAS SUNFLOWER COMMISSION
 Rossville, Kansas
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
 For the Years Ended August 31,

Financial Statements

	2008	2007
REVENUE		
Check-off collections	\$ 83,323	\$ 66,066
Interest	2,148	-
Refunds	(2,524)	(3,593)
Total Revenue	\$ 82,947	\$ 62,473
 EXPENSES		
Administrative		
Dues	\$ 33,250	\$ 68,250
Commissioner travel	4,329	4,553
Contract labor	20,350	24,000
Office expense	1,572	2,040
Audit fees	5,044	1,200
Marketing position support	7,500	-
Program		
National Sunflower Association	2,200	10,130
Sponsorships	953	648
Total Expenses	\$ 75,198	\$ 110,821
 INCREASE (DECREASE) IN NET ASSETS	\$ 7,749	\$ (48,348)
 NET ASSETS - BEGINNING	112,322	160,670
 NET ASSETS - ENDING	\$ 120,071	\$ 112,322

KANSAS SUNFLOWER COMMISSION
Rossville, Kansas
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 and 2007

Notes To Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization

The Kansas Sunflower Commission is organized as an instrumentality of the state to conduct a campaign of sunflower promotion and market development through research, education and information. The Commission receives an assessment that is levied on sunflowers marketed through commercial channels in the State of Kansas. The grower may obtain a refund of the assessment upon proper submission of documentation within one year of sale as long as the refund requested is \$5 or more.

Method of Accounting

The financial statements are prepared using the cash basis of accounting, which differs from generally accepted accounting principles in that revenues are recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred.

Income Taxes

The Commission is a quasi municipal entity that is not subject to income tax and, accordingly, no provision has been made for income taxes.

Pension Plan

There is no formal pension plan.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: Deposits

At August 31, 2008, the carrying amount of the Commission's deposits was \$120,091. The bank balance was \$122,399 and was held by two different banks. All \$122,399 was secured by FDIC insurance.

At August 31, 2007, the carrying amount of the Commission's deposits was \$112,322. The bank balance was \$115,409 and was held by two different banks. This results in a concentration of credit risk. All \$115,409 was secured by FDIC insurance.

**Testimony on HB 2050 to
House Agriculture and Natural Resources Committee**

**by Constantine V. Cotsoradis
Deputy Secretary
Kansas Department of Agriculture**

January 26, 2009

Good afternoon, Chairman Powell and members of the committee. I am Constantine Cotsoradis, deputy secretary of agriculture, and I am here in support of House Bill 2050.

HB 2050 is needed to maintain current services in the division of water resources' water appropriation program. These services include managing the state's water supplies through a system of permits, reviews and inspections. The program issues water rights, maintains data about water use and administers water rights during times of shortage.

Water appropriation fees have not increased since 2002. What we seek is a moderate fee increase that we deem appropriate only after conducting an intensive review and cost analysis to determine where staff time is spent, what it costs to have staff cover those areas and the fees needed to sustain the program. The analysis and subsequent fee recommendations were done before the governor made her budget recommendations, so they do not reflect current and future budget reductions.

Without the funding that this bill provides, current services would be cut or severely reduced. That will negatively affect property values, food production, commerce and economic development. Also, without water use data, there would be an inadequate amount of information for resource management, and individuals would be forced to use civil courts for water right enforcement.

Following is an overview of the changes proposed by this bill:

- **Remove all sunset amounts from water appropriation fees.** Currently, all fees assessed by the water appropriation program are scheduled to sunset July 1, 2010. If they are allowed to sunset, the revenue generated for the water appropriation fee fund will be reduced by \$215,000, or 49 percent. A \$215,000 reduction would result in the loss of four environmental scientist positions within the program. Eliminating these positions would make it unlikely that we would be able to comply with the 150-day processing time for new and change applications, which is required by law.
- **Term permit language.** This bill defines term permits and establishes a fee schedule identical to the current structure. Currently, term permit applications are defined in

the same category as new applications. However, they are different from new applications because they are only issued for a finite period of time, and they do not require a field inspection fee. The new language captures how the department currently handles these permits.

- **WRCP Fee.** The bill adds a provision for charging a fee for entering into the Water Rights Conservation Program. The fee would be equal to \$20 for each year of enrollment. This fee would range from \$100 to \$200, depending on whether a water right holder enrolls in the program for five, six, seven, eight, nine or ten years.
- **New application fees.** The bill increases fees for new applications to appropriate water by 50 percent. The water appropriation program spends almost 55 percent of its staff time on regulatory activities related to new applications. However, only 35 percent of fees currently come from new applications.
- **Change application fee.** Eliminate the so-called “discount” for change applications that include multiple changes in place of use, point of diversion or use made of water. The fee for an application with multiple changes would be equal to what the total fees would be if the changes were requested individually. No increase is proposed at this time for change applications.

The cumulative fiscal impact of this bill is a \$64,000 increase in annual revenue for the water appropriation fee fund. This is a 12 percent increase in total program fees. Receipts to existing fee funds would increase by \$49,500, and the new fee established by this bill would generate \$14,500.

I will answer questions at the appropriate time.

KRMCA

Kansas Ready Mixed
Concrete Association

KAPA

Kansas Aggregate
Producers' Association

TESTIMONY

Date: January 26, 2009
Before: House Committee on Agriculture and Natural Resources
By: Woody Moses, Kansas Aggregate Producers Association
Regarding: HB 2050

Good Afternoon Chairman Powell and Members of the Committee:

My name is Woody Moses, Managing Director of the Kansas Aggregate Producers Association. The Kansas Aggregate Producers Association (KAPA) is an industry wide trade association comprised of over 170 members located or conducting operations in all 165 legislative districts in the state that provides basic building materials to all Kansans. I appreciate the opportunity to appear before you today in support of HB 2050 with a proposed amendment.

As Kansas water resources continue to decline, the process of managing our state's water resources will grow evermore complex and time consuming. As an industry regulated for evaporation by the Kansas Division of Water Resource (DWR) we are concerned that these resources will be available in the future. In order to do so it is necessary to provide the appropriate financial resources to complete the task. Consequently, we are in support of DWR's effort to raise fees to the appropriate level as determined by you. We would also like to take the opportunity to further improve this bill.

As most of the veterans on this committee are aware, the sand & gravel industry is the only industry to be directly regulated for diversion of water by evaporation by DWR. Due to the nature of our operations, removal of overburden to get access to sand and gravel is essentially how our "diversion works" are constructed. There are no pumps, no meters, no well casings, no dikes, no gates, etc., etc., to be inspected. Given these facts we think it makes no sense to charge \$400 for a field inspection when no inspection is necessary. Therefore, we suggest amending HB2050 by adding the following language *or by evaporation* after the word "use" on page 6, line 17; as illustrated by the balloon attached to this testimony. Please note this amendment, if adopted, will not exempt the industry from field inspection merely the fee associated with it.

So, how do we conduct the necessary inspections in a cost effective manner? Under current law, all mining operations in this state are inspected and videotaped by the State Conservation Commission to verify progress and compliance with reclamation plans. Why not use the videotapes? As both the Division of Water Resources and the State Conservation are housed in the same building it is relatively

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easy and more accurate for field inspections to be conducted in this manner. Additionally, it will save time and money allowing DWR to be more efficient in the allocation of its resources.

Thank you for the opportunity to share with you our industry's suggestions regarding HB2050. I will be happy to respond to any questions at this time.

H-3

1 permit.
 2 (c) Unless the applicant requests an extension or the certificate has
 3 not been issued due to the applicchief engineer shall certify an appropriation:
 4 (1) Before July 1, 2004, if the time allowed in the permit to perfect
 5 the water right expired before July 1, 1999, except in those cases in which
 6 abandonment proceedings pursuant to K.S.A. 82a-718, and amendments
 7 thereto, are pending on July 1, 2004;
 8 (2) before July 1, 2006, in such cases in which an abandonment pro-
 9 ceeding was pending pursuant to K.S.A. 82a-718, and amendments
 10 thereto, on July 1, 2004; or
 11 (3) not later than five years after the date the applicant notifies the
 12 chief engineer of the completion of construction of the works and the
 13 actual application of water to the proposed beneficial use within the time
 14 allowed, in all other cases.

15 If the chief engineer fails to issue a certificate within the time provided
 16 by this subsection, the applicant may request review, pursuant to K.S.A.
 17 2008 Supp. 82a-1901 and amendments thereto, of the chief engineer's
 18 failure to act.

19 (d) Except for works constructed to appropriate water for domestic
 20 use, each notification to the chief engineer under subsection (a) shall be
 21 accompanied by a field inspection fee of \$200, or commencing July 1,
 22 2002, and ending June 30, 2010, a fee of \$400. Failure to pay the field
 23 inspection fee, after reasonable notice by the chief engineer of such fail-
 24 ure, shall result in the permit to appropriate water being revoked, for-
 25 feiture of the priority date and revocation of any appropriation right that
 26 may exist.

} or for evaporation.

27 (e) A request for an extension of time to: (1) Complete the diversion
 28 works; or (2) perfect the water right, shall be accompanied by a fee of
 29 \$50, or commencing July 1, 2002, and ending June 30, 2010, a fee of
 30 \$100.

31 (f) A request to reinstate a water right or a permit to appropriate
 32 water which has been dismissed shall be filed with the chief engineer
 33 within 60 days of the date dismissed and shall be accompanied by a fee
 34 of \$100, or commencing July 1, 2002, and ending June 30, 2010, a fee of
 35 \$200.

36 (g) *A contract enrolling a water right in the water rights conservation*
 37 *program shall be submitted for approval with the chief engineer and shall*
 38 *be accompanied by an enrollment fee equal to \$20 per year of the term*
 39 *of the enrollment.*

40 (g) (h) All fees collected by the chief engineer pursuant to this section
 41 shall be remitted to the state treasurer as provided in K.S.A. 82a-731, and
 42 amendments thereto.

43 Sec. 5. K.S.A. 2008 Supp. 82a-727 is hereby amended to read as



POLICY STATEMENT

House Committee on Agriculture and Natural Resources

RE: HB 2050 – an act concerning water; relating to certain fees and disbursement.

January 26, 2009

Submitted by:

Brad Harrelson

KFB State Policy Director

Chairman Powell 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.

Since 2002, our members have been under the impression that temporary fee increases in the Kansas Water Appropriation Act were needed to allow the agency to make necessary adjustments to facilitate operation. This fee increase is to sunset June 30, 2010 thus providing eight years to resolve agency efficiencies. Now, our members are being asked to not only extend these fee increases but to make them permanent. As individuals we all must live within our means but passing HB 2050 would simply grow government at the most dubious of times.

Our member developed policy clearly states **"The funding of the Division of Water Resources should be primarily through a general fund obligation rather than increasing permit fees"**. The beneficial use of water predominately results in a universal economic benefit for all Kansans. That is why our members are willing to pay reasonable filing fees and have been willing to shoulder a "temporarily" greater load until the sunset that they were promised.

In addition to breaching the promise of sun setting fee increases, HB 2050 proposes new fees which very well could cause additional water to be appropriated in already over appropriated areas of the state. Historically, eligible water right holders wishing to enroll in the Water Rights Conservation Program voluntarily idled their water right for up to 10 years without concern that their right

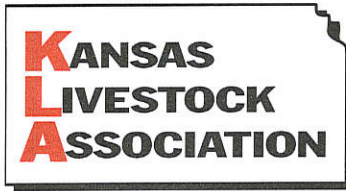
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could be deemed abandoned under KSA 82a-718. There has never been a fee charged to a water right holder for taking this voluntary water conservation action up to this point. Now, HB 2050 proposes to make a water right holder pay for the "privilege" of conserving water.

The proposals in HB 2050 are not only poorly conceived and a breach in promise, but they could not come at a worse time. Everyone is aware of the impacts of these trying economic times. But no one is more aware of just how expensive it is to do business than those in agriculture. Input and operating expenses have skyrocketed and been so volatile that making good business decisions has become nearly impossible to do.

We ask that the promises and concessions agreed to in the 2002 legislation be honored by enacting the sunset and that no new fees be assessed as proposed by HB 2050.

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



Since 1894

TESTIMONY

To: House Agriculture and Natural Resources Committee
Representative Larry Powell, Chairman

From: John Donley, Assistant General Counsel

Date: January 26, 2009

Re: HB 2050 – Adjusting fees for water rights, applications for term permits

The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing over 5,000 members on legislative and regulatory issues. KLA members are involved in many aspects of the livestock industry, including seed stock, cow-calf and stocker production, cattle feeding, dairy production, grazing land management and diversified farming operations.

My name is John Donley, and I am Assistant General Counsel for the Kansas Livestock Association. I appreciate the opportunity to provide testimony to discuss KLA's position on HB 2050.

HB 2050 has many parts included in this one piece of legislation. It is a bill that has been drafted to remove fee sunsets, raise the fees for water permits, set a statutory framework for term permits, eliminate the discount for multiple changes to a permit, and charge a fee for enrolling in the water rights conservation program.

The current fee schedule is set to sunset on June 30, 2010. The Department is requesting to permanently remove the sunset. KLA feels that it is bad public policy to permanently remove the sunsets on these fees. A statutory sunset gives the legislature an opportunity to reevaluate the fee schedule on a regular basis.

KLA is still evaluating the necessity of increasing fees for new permits by fifty percent. While we recognize the current budget situation is challenging for state agency's and their budgets, we strongly encourage those agencies to take a close look at efficiencies that may be able to be made within their current structure.

KLA is also evaluating the legislation as it relates to term permits. KLA feels that it is important that term permits not violate the rights of senior appropriators. The Department may be able to provide us information to alleviate these concerns, but we feel it is prudent to respect the prior appropriation structure that has served as the guiding legal framework for water law over many years.

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Attachment 6

The elimination of the "discount" rate for change applications is particularly troubling to our membership. It seems that there should be some natural efficiencies to having multiple changes handled in the same application. The Department has indicated that this may not be true, but we have not been provided any information to help us conclude that these fee increases need to occur.

The final measure proposed in this bill is a \$20 fee per year for enrollment in the water rights conservation program (WRCP.) The WRCP is a program that allows users to conserve water without losing their water appropriation permit. The main argument against charging a fee for this enrollment is a continuation of many of the arguments that KLA has pointed out over the years. It is not good public policy to provide disincentives for the conservation of water when the state encourages such conservation.

Admittedly, KLA is continuing to look at the Departments proposals regarding this and other legislative measures. However, there are still too many unanswered questions regarding the need for these changes for us to support such measures. Therefore, we ask that you not support HB 2050 at this time. Thank you.