

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on February 24, 2009, in Room 545-N of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Jean Krahn, Executive Director, Kansas Guardianship Program
Tracy Streeter, Director, Kansas Water Office
Don Paxson, Vice-Chairman, Kansas Water Authority
Dennis Schwartz, Kansas Rural Water Association
Herbert Graves, Jr., Executive Director, State Association of Kansas Watersheds
Pat Lehman, Executive Director, Kansas Association of Conservation Districts
Darci Meese, Governmental Affairs Coordinator, Water District No. 1, Johnson County
Leslie Kaufman, Executive Director, Kansas Cooperative Council
Mike Beam, on behalf of the Kansas Livestock Association
Mary Jane Stankiewicz, Kansas Agribusiness Retailers Association
Steve Swaffar, Director of Natural Resources, Kansas Farm Bureau

Others attending:

See attached list.

Introduction of Legislation

Senator Kelly moved to introduce legislation concerning colorectal cancer screening. The motion was seconded by Senator Schmidt. Motion carried on a voice vote.

Senator Kelly noted that a companion bill, **HB 2075**, is being worked in the House.

Senator Vratil moved to introduce legislation concerning the Kansas Universal Service Fund related to Kan-ED funding (9rs0872). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Apple appeared before the Committee to request the introduction of legislation regarding 3rd party administration for energy efficiencies.

Senator Lee moved to introduce legislation concerning energy efficiency and conservation programs (9rs0515). The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Stimulus Package

Chairman Emler informed the Committee that it is not known at this time the effect the stimulus package will have on the Mega budget bill and will be addressed during Omnibus. The Committee voiced a concern with the effect the stimulus package would have on education and delaying decisions until Omnibus would create a problem for school administrators who need to notify teachers by May 1, if they will be offered contracts

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on February 24, 2009, in Room 545-N of the Capitol.

for the following year.

Subcommittee Report on Department of Administration (Including Public Broadcasting)

Senator Teichman, Chair of the Department of Administration Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Department of Administration (Including Public Broadcasting) for FY 2010 and moved for the adoption of the Subcommittee recommendations on the Department of Administration (Including Public Broadcasting) with notations and adjustments for FY 2010 (Attachment 1). The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Teichman stated that the Subcommittee applied a 10.0 percent reduction in State General Fund (SGF) funding to the FY 2010 budget, which incorporates the additional 1.25 percent reduction taken on FY 2009 budgets.

Subcommittee Report on Kansas Guardianship Program

Senator Schodorf, Chair of the Kansas Guardianship Program Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Kansas Guardianship Program for FY 2010 and moved for the adoption of the Subcommittee recommendations on the Kansas Guardianship Program with notations and adjustments for FY 2010 (Attachment 2). The motion was seconded by Senator Kultala.

The Committee voiced concern with the reduction of the stipend for volunteers.

Responding to a question from the Committee regarding the transfer of two employees from the Kansas Guardianship Program health insurance program to Medicare, Jean Krahn, Executive Director, Kansas Guardianship Program, indicated that the agency has received conflicting information since their presentation before the Subcommittee and may need to review the health insurance issue before making a final recommendation.

Senator Schodorf moved to amend the Subcommittee report on the Kansas Guardianship Program for FY 2010 by deleting Item 4(iii) and Item 5(a). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator Schodorf moved for the adoption of the Subcommittee report on the Kansas Guardianship Program for FY 2010 as amended with a review health insurance issue at Omnibus. The motion was seconded by Senator Kultala. Motion carried on a voice vote. Senator Vratil requested to be recorded as voting "no".

Hearing on SB 165 - State water plan fund increases.

Heather O'Hara, Legislative Research Department, explained that **SB 165** would increase the fees imposed on certain agricultural and water customers within the state. Ms. O'Hara further explained a balloon to **SB 165** as requested by the Kansas Water Office (Attachment 3).

Proponents:

Tracy Streeter, Director of the Kansas Water Office, presented testimony in support of **SB 165** (Attachment 4). Mr. Streeter stated that the proposed fee increases contained in the corrected version of **SB 165** are necessary to address an estimated revenue shortfall of \$9.2 million or 34.6 percent when compared to FY 2009 appropriations. It is anticipated that the fee increase would produce approximately \$4.7 million.

Don Paxson, Vice-Chairman, Kansas Water Authority, presented testimony in support of **SB 165** (Attachment 5). Mr. Paxson stated that the benefit of the fee increase is both short-term and long-term, noting that the conservation and protection of the vital resource is important.

Dennis Schwartz, Kansas Rural Water Association, presented testimony in support of **SB 165** (Attachment 6).

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on February 24, 2009, in Room 545-N of the Capitol.

Herbert Graves, Jr., Executive Director of the State Association of Kansas Watersheds (SAKW), presented testimony in support of **SB 165** ([Attachment 7](#)).

Pat Lehman, Executive Director, Kansas Association of Conservation Districts, presented testimony in support of **SB 165** ([Attachment 8](#)).

Responding to questions from the Committee, Mr. Streeter noted that the fee increase in **SB 165** is the first fee increase since 1989. Mr. Streeter stated that the \$9.2 million revenue shortfall, mainly in SGF funding to the State Water Plan Fund, will result in an approximate 35 percent reduction in revenues between FY 2009 and FY 2010.

- The Committee expressed a concern with the language in **SB 165** on Page 3, Lines 18 - 31 with reference to the fee amount per registered agricultural chemical and how the fee is calculated. The Committee requested clarification.

Opponents:

Darci Meese, Governmental Affairs Coordinator, Water District No.1 of Johnson County, presented testimony in opposition to **SB 165** ([Attachment 9](#)). Ms. Meese stated that the fee increase would be passed on directly to the consumer and felt the increase will place an additional burden on the consumer during the economic downturn.

Leslie Kaufman, Executive Director, Kansas Cooperative Council, presented testimony in opposition to **SB 165** ([Attachment 10](#)). Ms. Kaufman stated that they oppose the legislation because they feel the agribusiness and agriculture industry are already paying their fair share. It is felt that the increase should be applied to recreational users who are receiving benefits from water plan projects and programs.

Mike Beam, on behalf of the Kansas Livestock Association, presented testimony in opposition to **SB 165** ([Attachment 11](#)). Mr. Beam noted significant economic losses to several sectors of the agricultural industry and feels that the fee structure disproportionately targets the agricultural sector. Mr. Beam suggested there should be a broader source of revenue for meeting the state's water infrastructure needs.

Mary Jane Stankiewicz, Kansas Agribusiness Retailers Association, presented testimony in opposition to **SB 165** ([Attachment 12](#)). Ms. Stankiewicz felt that the state water plan fund relies too heavily on segmented industry groups.

Steve Swaffar, Director of Natural Resources, Kansas Farm bureau, presented testimony in opposition to **SB 165** ([Attachment 13](#)).

Written testimony in opposition to **SB 165** was received from John Donley, President, Kansas Agricultural Alliance ([Attachment 14](#)).

The Committee requested the following:

- Information on recreational groups where fees could be applied.
- Yearly revenues of Water District No. 1 of Johnson County.
- A spreadsheet on Kansas Water Plan expenditures for the past 5 years.

The hearing on **SB 165** was closed.

Adjournment

The next meeting is scheduled for February 25, 2009.

The meeting was adjourned at 12:10 p.m.

**SENATE WAYS & MEANS COMMITTEE
GUEST LIST**

DATE: February 24, 2009

NAME	REPRESENTING
Ruth Glover	Ks. Human Rights Commission
William Minner	Ks. Human Rights Commission
Herb Grauer	State Assoc. of Kansas Watersheds
Brandon Myers	IK/HRC
David Spryng	Curb
Shonda Smith	CURB
Don Payson	Ks Water Authority
Joe Fund	Ks Water Office
Kim Christensen	Ks Water Office
Earl Lewis	Ks Water Office
Dennis Schwartz	Ks Water Authority
Jennifer Thomas	
John Mouton Paigi	KCC
Jason Duffy	KCC
Patrice	DoA
Stacy Woolter	RDA
Tabitwa Johnson	DRC
Jason Darland	Pinegar + Smith
Paul Johnson	Ks Cath Conf.
Nathan Eberline	LKM
Paul Askren	KFB
Steve Swatter	KFB
GREG FOLEY	SCC

SENATE WAYS & MEANS COMMITTEE
GUEST LIST

DATE: February 24, 2009

NAME	REPRESENTING
Julie Kaufman	Ks Coop Council
Mary Jane Stankiewicz	KARA
JEAN MILLER	CAPITOL STRATEGIES
Derek Webb	Web Law Firm
Ken Gables	Gables Bruden
Terry Heidner	KDOT
Tim Strode	KS Park Association
Shari Albrecht	KOH E
Dalton Henry	Morris Inter

FY 2010

SENATE WAYS AND MEANS SUBCOMMITTEE


Department of Administration



Senator Ruth Teichman, Chair



Senator Janis Lee



Senator Mark Taddiken

Senate Ways & Means Cmte

Date 2-24-2009

Attachment 1

Senate Subcommittee Report

Agency: Department of Administration **Bill No.** HB - -

Bill Sec. - -

Analyst: Gorges **Analysis Pg. No.** Vol. - -

Budget Page No. 1

Expenditure Summary	Agency Request FY 10	Governor's Recommendation FY 10	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 67,959,520	\$ 55,342,127	\$ (512,302)
Other Funds	10,389,459	10,362,585	24,653
Subtotal - Operating	<u>\$ 78,348,979</u>	<u>\$ 65,704,712</u>	<u>\$ (487,649)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	31,188,403	3,588,525	0
Subtotal - Capital Improvements	<u>\$ 31,188,403</u>	<u>\$ 3,588,525</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 109,537,382</u></u>	<u><u>\$ 69,293,237</u></u>	<u><u>\$ (487,649)</u></u>
FTE Positions	172.3	170.5	0.0
Non FTE Uncl. Perm. Pos.	3.8	3.8	0.0
TOTAL	<u><u>176.1</u></u>	<u><u>174.3</u></u>	<u><u>0.0</u></u>

Agency Request

The **agency** requests FY 2010 operating expenditures of \$78.3 million, a reduction of \$3.0 million, or 3.7 percent, below the agency's FY 2009 request. The request includes \$68.0 million from the State General Fund, an increase of \$2.3 million, or 3.5 percent, above the agency's FY 2009 State General Fund request. Increases are attributed to \$1.1 million in State General Fund enhancement requests and \$1.6 million in increased debt service interest payments for the capitol complex restoration partially offset by reductions in other debt service interest payments. The request includes 172.3 FTE positions, an increase of 1.8 above the FY 2009 request.

Governor's Recommendation

The **Governor** recommends FY 2010 operating expenditures of \$65.7 million, a reduction of \$5.1 million, or 7.2 percent, below the FY 2009 recommendation. The recommendation includes \$55.3 million from the State General Fund, an increase of \$231,605, or 0.4 percent, above the FY 2009 recommendation. The increase is mainly in debt service interest increases for debt service interest payments on the capitol complex restoration partially offset by agency wide reductions in operations.

When compared to the agency's FY 2010 request, the recommendation is an all funds reduction of

\$12.6 million, or 16.1 percent, and a State General Fund reduction of \$12.6, or 18.6 percent. Reductions include \$1.3 million for the Public Broadcasting program, because the Governor does not recommendation the enhanced funding request, and \$10.4 million for restructuring KPERS pension obligation bonding. The recommendation includes further reductions of \$38,238, including \$34,240 from the State General Fund, for a moratorium on the employer contribution for KPERS death and disability, and \$208,229, including \$185,353 from the State General Fund, for a moratorium on the employer contribution for employee Health Insurance. The Governor recommends 170.5 FTE positions, the same as FY 2009 and 1.8 below the agency's request, and recommends a 1.0 percent pay increase to be funded from existing resources.

Senate Subcommittee Recommendation

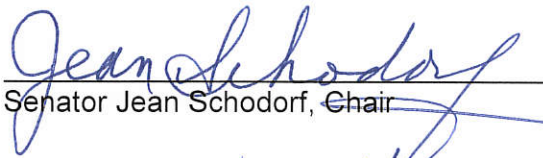
The **Senate Subcommittee** concurs with the Governor's recommendation with the following adjustments and notations:

1. **Moratorium on Employer Contributions to the State Health Plan.** Add \$208,229, including \$185,353 from the State General Fund, to restore the Governor's suspension of state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010, beginning with the fiscal year's first pay period.
2. **KPERS Death and Disability Moratorium.** Add \$16,995, including \$15,218 from the State General Fund, to restore the Governor's nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies, beginning the first month of the fiscal year.
3. **Continue the FY 2009 1.25 percent reduction.** Delete \$231,511, all from the State General Fund, to adjust the FY 2010 budget to duplicate the FY 2009 1.25 percent reduction, excluding debt service, Department of Education, and human service caseloads, approved by the 2009 Legislature for FY 2009.
4. Delete \$481,362, all from the State General Fund, to apply a 10.0 percent reduction, based on the Governor's FY 2009 recommendation to the FY 2010 budget.
5. The subcommittee heard testimony from the Kansas Public Broadcasting Council (KPBC) that funding was appropriated and approved by the 2007 Legislature for FY 2008 to complete a transmitter relocation project for Wichita Public Radio (KMUW). The project took place over two fiscal years, and the final \$44,268 needed to complete the project was lapsed rather than carried forward to FY 2009. The council noted the normal process for similar projects includes the member station submitting invoices to the state to obtain reimbursement. The subcommittee requests to review adding \$44,268 for KMUW for the project at Omnibus.
6. The subcommittee requests to review, at Omnibus, the addition of an enhancement totaling \$324,739, all from the State General Fund, for equipment grants to individual stations at Omnibus.
7. The subcommittee noted that five stations are having the regents portion of their budgets reduced in FY 2010 by 10.0 percent. Those stations are: Wichita Public Radio - KMUW; KRPS Public Radio in Pittsburg; Radio Kansas in Hutchinson; Kansas Public Radio at the University of Kansas; and, KTWU Television at Washburn University in Topeka.
8. The subcommittee notes that two member stations, High Plains Public Radio and Smoky Hills Public Television, are in rural areas and receive a larger percentage of funding from the state than the other member stations.

FY 2010

SENATE WAYS AND MEANS SUBCOMMITTEE

Kansas Guardianship Program



Senator Jean Schodorf, Chair



Senator Kelly Kultala

Senate Ways & Means Cmte
Date 2-24-2009
Attachment 2

Senate Subcommittee Report

Agency: Kansas Guardianship Program **Bill No.** SB

Bill Sec.

Analyst: Dear

Analysis Pg. No. Vol.-

Budget Page No. 233

Expenditure Summary	Agency Request FY 2010	Governor's Recommendation FY 2010	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,291,473	\$ 1,201,849	\$ (14,748)
Other Funds	0	0	0
Subtotal - Operating	\$ 1,291,473	\$ 1,201,849	\$ (14,748)
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal - Capital Improvements	\$ 0	\$ 0	\$ 0
TOTAL	\$ 1,291,473	\$ 1,201,849	\$ (14,748)
FTE Positions			
	12.0	12.0	(1.0)
Non FTE Uncl. Perm. Pos.			
	0.0	0.0	0.0
TOTAL	12.0	12.0	(1.0)

Agency Request

The **agency** requests \$1,291,473, all from the State General Fund for FY 2010 operating expenditures. The request is a decrease of \$68,838, or 5.1 percent, below the FY 2009 revised estimate. The decrease is attributed to cost reductions in communications, printing and advertising as well as the unavailability of reappropriated funds in FY 2010. The agency states that funding at this level will allow the agency to continue serving 1260 wards and conservatees.

Governor's Recommendation

The **Governor** recommends FY 2010 operating expenditures of \$1,201,849, a decrease of \$83,525, or 6.5 percent, below the FY 2009 Governor's recommendation. The Governor recommends the agency's FY 2010 reduced resource package. The Governor also recommends a seven pay period moratorium on the State's contributions to the Kansas Public Employee Retirement System death and disability insurance program as well as state funded state employee health insurance contributions for a savings of \$25,050 and the transfer of the savings to the State General Fund. The Governor's recommendation is \$89,624, or 6.9 percent, below the agency FY 2010 agency estimate.

Senate Subcommittee Recommendation

The **Committee** concurs with the Governor's recommendation with the following recommendations and notations:

1. The Committee commends the Kansas Guardianship Program for their service to Kansas citizens. The Kansas Guardianship Program is unique in its use of citizen volunteers on a state-wide basis as appointed guardians and conservators.
2. **Moratorium on Employer Contributions to the State Health Plan.** Add \$21,581, all from the State General Fund, to restore the Governor's recommended deletion to suspend state contributions to the state employee Health Insurance Premium Reserve Fund for all state agencies for seven payroll periods in FY 2010. The Kansas Guardianship Program does not participate in the Kansas employer health insurance program. The funds originally recommended by the Governor to be removed in FY 2010 were not removed from the agency's State General Fund account.
3. **KPERS Death and Disability Moratorium.** Add \$1,927, all from the State General Fund to restore part of the Governor's recommended deletion of funds related to a nine-month moratorium on state contributions to the KPERS Death and Disability Group Insurance Fund for all state agencies. Four months of the Governor's recommended moratorium on KPERS Death and Disability has been accelerated to FY 2009 as part of House Substitute for Substitute for S.B. 23, the current year recision bill. The action still captures five months of savings from the moratorium in FY 2010.
4. The Committee recommends adoption of the agency alternative reduced resource plan which reduces State General Fund Expenditures by \$64,574, the same amount as the original reduced resource plan. The original plan would decrease the ability the of the Guardianship Program to serve approximately 129 wards or conservatees. The agency would also discontinue the addition of new wards to the program currently on the waiting list. The revised reduced resource plan is summarized below;
 - i. Fully eliminate Wichita support staff position reducing salary and wage expenditures by \$35,694 and 1.0 FTE.
 - ii. A one-time write-off for volunteer stipends reducing state general fund expenditures by \$23,250
 - iii. Transferring two employees from the Kansas Guardianship Program health insurance program to Medicare with supplemental coverage reducing State General Fund expenditures by \$5,630.
5. The committee further recommends the following reductions in order to reach an 8.0% reduction from the FY 2009 Governor Recommendation for the Kansas Guardianship Program, for a total State General Fund reduction of \$102,830. The committee recommends holding the Guardianship Program at 8 percent cuts.
 - a. Transferring two employees from the Kansas Guardianship Program health insurance program to Medicare with supplemental coverage reducing State General Fund expenditures by \$10,000
 - b. Reducing Volunteer Stipend \$28,256

6. The committee further provides the following reductions in order to reach an 10.0% reduction from the FY 2009 Governor Recommendation for the Kansas Guardianship Program, for a total State General Fund reduction of \$128,537.
 - a. Reducing Volunteer Stipend \$53,963

**KGP FY 2010
8% and 10 % Budget Reduction
February 17, 2009**

8% Reduction		
Priority	Item	Amount
1	Shrinkage FTE Support Staff Position	\$35,694
2	One Time Volunteer Stipend Write-Off	\$23,250
3	Health Care Coverage Adjustments	\$ 5,630
4	Health Care / Medicare Offset Modify Agency Coverage to Supplemental	\$10,000
5	Reducing Volunteer Stipend	\$28,256
	Total	\$102,830

10% Reduction		
Priority	Item	Amount
1	Shrinkage FTE Support Staff Position	\$35,694
2	One Time Volunteer Stipend Write-Off	\$23,250
3	Health Care Coverage Adjustments	\$ 5,630
4	Health Care / Medicare Offset Modify Agency Coverage to Supplemental	\$10,000
5	Reducing Volunteer Stipend	\$53,963
	Total	\$128,537

SENATE BILL No. 165

By Committee on Ways and Means

2-2

9 AN ACT concerning the state water plan fund; relating to increasing fees
10 that contribute to the fund; amending K.S.A. 70a-102 and K.S.A. 2008
11 Supp. 2-1205, 2-2204, ~~82a-954 and 82a-2101~~ and repealing the existing
12 sections.

and

13
14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 2008 Supp. 2-1205 is hereby amended to read as
16 follows: 2-1205. An inspection fee shall be collected upon all commercial
17 fertilizers sold, offered or exposed for sale, or distributed in Kansas, which
18 shall be at a rate per ton of 2,000 pounds fixed by rules and regulations
19 adopted by the secretary of agriculture, except that such rate shall not
20 exceed ~~\$1.67~~ \$2.37 per ton of 2,000 pounds. The secretary of agriculture
21 may adopt rules and regulations establishing the inspection fee rate under
22 this section. Each person registering any commercial fertilizer shall pay
23 the inspection fee on such commercial fertilizer sold, offered or exposed
24 for sale, or distributed in Kansas. Each such person shall keep adequate
25 records showing the tonnage of each commercial fertilizer shipped to or
26 sold, offered or exposed for sale, or distributed in Kansas. The secretary,
27 and duly authorized representatives of the secretary, shall have authority
28 to examine such records and other pertinent records necessary to verify
29 the statement of tonnage.

30 Each person registering any commercial fertilizer shall file an affidavit
31 semiannually, with the secretary, within 30 days after each January 1 and
32 each July 1, showing the tonnage of commercial fertilizer sold or distrib-
33 uted in Kansas for the preceding six-month period. Each such person
34 shall pay to the secretary the inspection fee due for such six-month period,
35 except that the registrant shall not be required to pay the inspection fee
36 or report the tonnage of commercial fertilizers or fertilizer materials sold
37 and shipped directly to fertilizer manufacturers or mixers. The fertilizer
38 manufacturers or mixers shall keep adequate records of the commercial
39 fertilizers sold or distributed in this state, and report to the secretary the
40 tonnage and pay the inspection fee due. If the affidavit is not filed and
41 the inspection fee is not paid within the 30-day period, or if the report
42 of tonnage is false, the secretary may revoke the registrations filed by
43 such person. If the affidavit is not filed and the inspection fee is not paid

Proposed amendment
Requested by the Kansas Water ()
February 23, 2009

Senate Ways & Means Cmte
Date 2-24-2009
Attachment 3

3-2

1 within the 30-day period, or any extension thereof granted by the secre-
2 tary, a penalty of \$5 per day, or commencing on July 1, 2002, and ending
3 on June 30, 2010, a penalty of \$10 per day shall be assessed against the
4 registrant and the inspection fee and penalty shall constitute a debt and
5 become the basis for a judgment against such person. The secretary may
6 grant a reasonable extension of time.

7 The secretary of agriculture is hereby authorized and empowered to
8 reduce the inspection fee by adopting rules and regulations under this
9 section whenever the secretary determines that the inspection fee is yield-
10 ing more than is necessary for the purpose of administering the provisions
11 of this act as listed below and the plant pest act. The secretary is hereby
12 authorized and empowered to increase the inspection fee by adopting
13 rules and regulations under this section when it finds that such is nec-
14 essary to produce sufficient revenues for the purposes of administering
15 the provisions of this act, except that the inspection fee shall not be in-
16 creased in excess of the maximum fee prescribed by this section. The
17 secretary shall remit all moneys received by or for the secretary under
18 article 12 of chapter 2 of Kansas Statutes Annotated, and amendments
19 thereto, to the state treasurer in accordance with the provisions of K.S.A.
20 75-4215, and amendments thereto. Upon receipt of each such remittance,
21 the state treasurer shall deposit the entire amount in the state treasury
22 and shall credit such remittance as follows: (1) An amount equal to ~~\$1.40~~
23 \$2.10 per ton shall be credited to the state water plan fund created by
24 K.S.A. 82a-951, and amendments thereto; (2) an amount equal to \$.04
25 per ton shall be credited to the fertilizer research fund; (3) commencing
26 July 1, 2002, and ending on June 30, 2010, an amount equal to \$.05 per
27 ton shall be credited to the fertilizer and pesticide compliance and ad-
28 ministration fund; and (4) the remainder shall be credited to the fertilizer
29 fee fund. All expenditures from the fertilizer fee fund shall be made in
30 accordance with appropriation acts upon warrants of the director of ac-
31 counts and reports issued pursuant to vouchers approved by the secretary
32 of agriculture or by a person or persons designated by the secretary.

33 Sec. 2. K.S.A. 2008 Supp. 2-2204 is hereby amended to read as fol-
34 lows: 2-2204. (a) Every agricultural chemical which is distributed, sold or
35 offered for sale within this state or delivered for transportation or trans-
36 ported in intrastate commerce or between points within this state through
37 any point outside this state shall be registered in the office of the secre-
38 tary. The secretary may adopt rules and regulations to allow products to
39 be registered for a period not to exceed three years. All registration of
40 products shall expire on December 31 of the year the registration is set
41 to expire, unless such registration shall be renewed, in which event ex-
42 piration date shall be extended for each year of renewal registration, or
43 until otherwise terminated. Products which have the same formula, and

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1 are manufactured by the same person, the labeling of which contains the
2 same claims, and the labels of which bear a designation identifying the
3 product as the same agricultural chemical may be registered as a single
4 product and additional names and labels shall be added by supplement
5 statements during the current period of registration. Within the discretion
6 of the secretary, or an authorized representative of the secretary, a change
7 in the labeling or formulas of an agricultural chemical may be made within
8 the current period of registration without requiring a reregistration of the
9 product. Any agricultural chemical imported into this state which is sub-
10 ject to the provisions of any federal act providing for the registration and
11 which has been duly registered under the provisions of such federal act,
12 in the discretion of the secretary, may be exempted from registration
13 under this act when such agricultural chemical is sold or distributed in
14 the unbroken immediate container in which such agricultural chemical
15 was originally shipped.

16 (b) The registrant shall file with the secretary, a statement including:
17 (1) The name and address of the registrant and the name and address of
18 the person whose name will appear on the label if other than the regis-
19 trant; (2) the name of the agricultural chemical; (3) a complete copy of
20 the labeling accompanying the agricultural chemical and a statement of
21 all claims made and to be made for it and a statement of directions for
22 use; and (4) if requested by the secretary, or an authorized representative
23 of the secretary, a full description of the tests made and the results thereof
24 upon which the claims are based. In the case of renewal of registration,
25 a statement shall be required only with respect to information which is
26 different from that furnished when the product was registered or last
27 reregistered.

28 (c) On the date of registration, the registrant shall pay a fee fixed by
29 rules and regulations adopted by the secretary of agriculture. Such fee
30 shall equal an amount per registered agricultural chemical, not to exceed
31 ~~\$150~~ \$200, multiplied by the number of years registered. Such fee shall
32 be deposited in the state treasury and credited as follows: (1) An amount
33 equal to ~~\$100~~ \$150 for each year of registration shall be credited to the
34 state water plan fund created by K.S.A. 82a-951, and amendments
35 thereto; and (2) the remainder shall be credited to the agricultural chem-
36 ical fee fund to be used for carrying out the provisions of this act. The
37 annual fee for each agricultural chemical registered which is in effect on
38 the day preceding the effective date of this act shall continue in effect
39 until the secretary of agriculture adopts rules and regulations fixing a
40 different fee therefor under this subsection. The secretary of agriculture
41 is hereby authorized and empowered, whenever it determines that the
42 fee imposed by this subsection and paid into the state treasury as provided
43 by law is yielding more revenue than is required for the purposes to which

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1 such fee is devoted by law, to reduce the fee imposed by this subsection
2 for such period as the secretary shall deem justified by adopting rules and
3 regulations under this subsection but not for less than one year. In the
4 event that the secretary, after reducing such fee, finds that sufficient
5 revenues are not being produced by such reduced fee, the secretary is
6 authorized and empowered by adopting rules and regulations under this
7 subsection, to restore in full or in part such fee to an amount which, in
8 the judgment of the secretary, will produce sufficient revenues for the
9 purposes as provided in this section, but not exceeding the maximum
10 amount of the fee imposed by this subsection.

11 (d) The secretary, or an authorized representative of the secretary,
12 whenever it is deemed essential in the administration of this act, may
13 require the submission of the complete formula of any agricultural chem-
14 ical. If it appears to the secretary, or an authorized representative of the
15 secretary, that the composition of the product is such as to warrant the
16 proposed claims for the product and if the product and its labeling and
17 other material required to be submitted comply with the requirements
18 of this act, the secretary shall register the product.

19 (e) If it does not appear to the secretary, or an authorized represen-
20 tative of the secretary, that the product is such as to warrant the proposed
21 claims for it or if the product and its labeling and other material required
22 to be submitted do not comply with the provisions of this act, the secretary
23 shall notify the registrant of the manner in which the product, labeling,
24 or other material required to be submitted fail to comply with the act so
25 as to afford the registrant an opportunity to make the necessary
26 corrections.

27 (f) In order to protect the public, the secretary, or a duly authorized
28 representative of the secretary, on the secretary's own motion, may at any
29 time, after written notice to the registrant, cancel the registration of an
30 agricultural chemical. Any person so notified shall be given an opportunity
31 for a hearing in accordance with the provisions of the Kansas administra-
32 tive procedure act with regard to the secretary's contemplated action,
33 before any registration is canceled or revoked.

34 (g) Notwithstanding any other provisions of this act, registration is
35 not required in the case of an agricultural chemical shipped from one
36 plant within this state to another plant within this state operated by the
37 same person.

38 Sec. 3. K.S.A. 70a-102 is hereby amended to read as follows: 70a-
39 102. (a) Whenever any person desires to take any sand, gravel, oil, gas,
40 mineral, hay, timber or other materials from any river owned by the state
41 or from any land in such river, the person shall obtain the consent of the
42 director of taxation upon such terms of payment to the state of Kansas
43 and under such terms and conditions as the director of taxation deter-

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1 mines to be just and proper. Compensation for such products shall be
2 paid to the state of Kansas at such times and under such terms as the
3 director of taxation directs. With respect to river sand, the compensation
4 shall be computed at the rate of ~~\$.15~~ \$.225 per ton removed. The sec-
5 retary of revenue shall determine, by rule and regulation, the amount of
6 compensation to be paid for other materials removed from rivers owned
7 by the state or from land in such rivers.

8 (b) No contract shall be entered into giving any person, company or
9 corporation any exclusive privilege of making purchases under this act.

10 (c) Nothing herein shall prevent the taking without payment of any
11 sand or gravel to be used exclusively for a person's own domestic use.

12 Sec. 4. K.S.A. 2008 Supp. 82a-954 is hereby amended to read as
13 follows: 82a-954. (a) On and after July 1, ~~1989~~ 2009, there is hereby
14 imposed a water protection fee at the rate of:

15 (1) ~~Three six~~ cents per 1,000 gallons of water sold at retail by a public
16 water supply system and delivered through mains, lines or pipes;

Four and one-half

17 (2) subject to the provisions of subsection (c), ~~three six~~ cents per
18 1,000 gallons of water appropriated for industrial use pursuant to a permit
19 granted in accordance with the Kansas water appropriation act; and

four and one-half

20 (3) ~~three six~~ cents per 1,000 gallons of water appropriated for stock-
21 watering pursuant to a permit granted in accordance with the Kansas
22 water appropriation act.

23 (b) As used in this section, "industrial use" and "stockwatering" have
24 the meanings provided by rules and regulations of the chief engineer of
25 the division of water resources of the Kansas department of agriculture
26 and the determination of gallons used shall be based upon figures sup-
27 plied to the secretary of revenue by the division of water resources.

28 (c) The fees imposed by subsections (a)(2) and (3) shall be based on
29 the actual amount used for industrial use or stockwatering during the
30 preceding calendar year as reported to the chief engineer of the division
31 of water resources of the Kansas department of agriculture in accordance
32 with the provisions of K.S.A. 82a-732, and amendments thereto, except
33 that: (1) The amount of surface water used for flow through cooling pur-
34 poses for electric power generating plants shall be based on an average
35 consumptive factor as determined by the division of water resources; and
36 (2) no such fee shall be imposed on the amount of water used for com-
37 mercial fish farming. If no water use report is filed for such year, the fee
38 shall be based on the amount authorized for industrial use or stockwa-
39 tering in such year.

40 (d) The fee imposed by subsection (a)(1) shall be paid quarterly by
41 the public water supplier and shall be transmitted to the department of
42 revenue not later than 45 days following the end of each quarter. The
43 public water supplier may collect the fee directly from each consumer to

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1 which water is sold at retail or may pay the amount owed to the depart-
2 ment from moneys in its operating or other fund available for that pur-
3 pose. The fees imposed by subsections (a)(2) and (3) shall be paid by the
4 owner of the permit. If any retailer or permit owner fails to pay the fee
5 required to be collected and paid under this section, there shall be added,
6 to the unpaid balance of the fee, penalty and interest as prescribed under
7 K.S.A. 79-3615, and amendments thereto, for the late payment of sales
8 tax.

9 (e) The director of taxation shall administer, enforce and collect the
10 fees imposed by this section. All laws and rules and regulations of the
11 secretary relating to the administration, enforcement and collection of
12 the retailers' sales tax shall apply to such fee insofar as they can be made
13 applicable, and the secretary shall adopt such additional rules and regu-
14 lations as necessary for the efficient and effective administration, enforce-
15 ment and collection thereof.

16 (f) The director of taxation shall remit all moneys collected from fees
17 imposed pursuant to this section to the state treasurer in accordance with
18 the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt
19 of each such remittance, the state treasurer shall deposit the entire
20 amount in the state treasury to the credit of the state water plan fund
21 created by K.S.A. 82a-951, and amendments thereto.

22 (g) An owner of an industrial use permit who has a contract with the
23 state for withdrawal and use of water pursuant to K.S.A. 82a-1301 et seq.,
24 and amendments thereto, shall be exempt from the fee imposed by sub-
25 section (a)(2) on any water for which the permit owner is required to pay
26 charges under such contract.

27 ~~Sec. 5. K.S.A. 2008 Supp. 82a 2101 is hereby amended to read as~~
28 ~~follows: 82a-2101. (a) On and after January 1, 2002 July 1, 2000, there is~~
29 ~~hereby imposed a clean drinking water fee at the rate of \$.03 \$.06 per~~
30 ~~1,000 gallons of water sold at retail by a public water supply system and~~
31 ~~delivered through mains, lines or pipes. Such fee shall be paid, adminis-~~
32 ~~tered, enforced and collected in the manner provided for the fee imposed~~
33 ~~by subsection (a)(1) of K.S.A. 82a-054, and amendments thereto. The~~
34 ~~price to the consumer of water sold at retail by any such system shall not~~
35 ~~include the amount of such fee.~~

36 ~~(b) (1) A public water supply system may elect to opt out of the fee~~
37 ~~imposed by this section by notifying, before October 1, 2001, the Kansas~~
38 ~~water office and the department of revenue of the election to opt out.~~
39 ~~Except as provided by subsection (b)(2), such election shall be irrevoca-~~
40 ~~ble. Such public water supply system shall continue to pay all applicable~~
41 ~~sales tax on direct and indirect purchases of tangible personal property~~
42 ~~and services purchased by such system.~~

43 ~~(2) On and after January 1, 2005, any public water supply system~~

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1 which elected to opt out of the fee imposed by subsection (a) may elect
2 to collect such fee as provided by subsection (a) and direct and indirect
3 purchases of tangible personal property and services by such system shall
4 be exempt from sales tax as provided by K.S.A. 79-3606, and amendments
5 thereto. Such election shall be irrevocable.

6 (e) The director of taxation shall remit to the state treasurer in ac-
7 cordance with the provisions of K.S.A. 75-4215, and amendments thereto,
8 all moneys received or collected from the fee imposed pursuant to this
9 section. Upon receipt thereof, the state treasurer shall deposit the entire
10 amount in the state treasury and credit it as follows:

11 (1) ~~5406~~ of such amount shall be credited to the state highway fund
12 and the remainder to the state general fund; and

13 (2) On and after July 1, 2007, ~~5406~~ of such amount shall be credited
14 to the state highway fund and the remaining amount shall be credited to
15 the state water plan fund created by K.S.A. 82a-951, and amendments
16 thereto, for use as follows: (A) Not less than 15% shall be used to provide
17 on-site technical assistance for public water supply systems, as defined in
18 K.S.A. 65-162a, and amendments thereto, to aid such systems in con-
19 forming to responsible management practices and complying with regu-
20 lations of the United States environmental protection agency and rules
21 and regulations of the department of health and environment; and (B)
22 the remainder shall be used to renovate and protect lakes which are used
23 directly as a source of water for such public water supply systems, so long
24 as where appropriate, watershed restoration and protection practices are
25 planned or in place.

26 (d) The state conservation commission shall promulgate rules and
27 regulations in coordination with the Kansas water office establishing the
28 project application evaluation criteria for the use of such moneys under
29 subsection (c)(2)(B).

30 Sec. 6. K.S.A. 70a-102 and K.S.A. 2008 Supp. 2-1205, 2-2204, 82a-
31 954 and 82a-2101 are hereby repealed.

and

32 Sec. 7. This act shall take effect and be in force from and after its
33 publication in the Kansas register.

**Senate Ways and Means Committee
Senate Bill 165
State Water Plan Fund Fees**

**Tracy Streeeter
February 24, 2009**

Chairman Emler and members of the Committee, I am Tracy Streeeter, Director of the Kansas Water Office. I am also an ex-officio member of the Kansas Water Authority (KWA) and serve as its Secretary. I appear before you today in support of Senate Bill 165 with recommended corrections. As you are aware, this legislation provides for an increase to certain fees assigned to the State Water Plan Fund (SWPF).

On January 29th, Water Authority Chairman Steve Irsik and I appeared before this Committee to present the 2009 Annual Report to the Governor and Legislature and outlined the Authority's vision for 2010 and beyond. The proposed fee increases contained in a corrected version of SB 165 is the result of a unanimous recommendation of the KWA. This marks the first time since the 1989 inception of the SWPF that the Water Authority has proposed an adjustment to the fees.

Each year, a budget committee of the KWA convenes during the summer with the agencies to review final appropriations from the previous legislative session and to look at revenue projections and program needs for the next budget cycle. For the past three years, the budget committee has recommended to the full Water Authority that revenue be increased in order to maintain approved funding levels. In 2006 and 2007, the KWA recommended increased State General Funds to maintain State Water Plan Fund (SWPF) revenue levels. In both years, those SGF enhancement recommendations were not acted upon. In 2008, the KWA looked to the fee portion of the SWPF revenue stream as a possible solution to its \$3.2 million revenue shortfall. In addition, the KWA proposed approximately \$1.5 million for program and project enhancements as part of the proposed fee increase.

State Water Plan Fund Revenue Estimates

Description	Current Fee	Current Revenue Estimate FY 2010	Proposed Fee Increase – SB 165	Proposed Revenue Enhancement
Municipal Water Use	\$0.03/1,000 gal.	\$3,785,991	\$0.015/1,000 gal.	\$1,892,996
Industrial Water Use	\$0.03/1,000 gal.	\$1,079,103	\$0.015/1,000 gal.	\$539,552
Stockwater Use	\$0.03/1,000 gal.	\$404,176	\$0.015/1,000 gal.	\$202,088
Pesticide registration	\$100/product	\$965,000	\$50/product	\$482,500
Fertilizer tonnage	\$1.40/ton	\$2,940,000	\$0.70/ton	\$1,470,000
Sand Royalty Fee	\$0.15/ton	\$170,000	\$0.075/ton	\$85,000
Clean Drinking Water Fee	\$0.03/1,000 gal.	\$3,469,486	N/A	\$0
State General Fund *	Demand Transfer	\$6,000,000	N/A	\$0
Economic Development Initiatives Fund	Demand Transfer	\$2,000,000	N/A	\$0
Pollution Fines & Penalties		\$85,000		\$0
TOTAL		\$20,898,756		

* Transfer not proposed for FY 2010

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In August of last year when the KWA adopted its FY 2010 budget recommendations, it assumed a full demand transfer from the SGF. Based on that assumption, the following programs would benefit from the fee increases:

Agency/Program	FY 2010 Proposed Fee Expenditures		
Department of Health and Environment			
Contamination Remediation	\$	175,022	*
Department of Agriculture			
Interstate Water Issues	\$	62,032	*
Hydrologic Models	\$	100,000	**
Dam Safety /Rehabilitation	\$	500,000	**
State Conservation Commission			
Water Resources Cost Share	\$	150,000	*
WRAPS Implementation	\$	744,796	**
Water Quality Buffer Initiative	\$	50,000	*
Water Supply Restoration Program	\$	1,950,597	**
Water Transition Assistance Program	\$	83,595	*
Conservation Reserve Enhance. (CREP)	\$	150,000	*
Kansas Water Office			
Assessment and Evaluation	\$	110,000	*
Weather Stations	\$	20,000	*
Water Resource Education	\$	6,093	*
Weather Modification	\$	20,000	*
Wichita Aquifer Recharge Project	\$	300,000	*
Department of Wildlife and Parks			
Minimum Pool Agreement (Webster)	\$	250,000	**
Total Expenditures from Fee Increase	\$	4,672,135	
* Restoration of proposed funding reduction			
** Funding Enhancement			

However, based on current SGF revenue conditions, the KWA is not only looking at the \$3.2 million revenue shortfall to the SWPF when compared to the original FY 2009 approved funding levels, it will likely face a SGF reduction of \$6 million as well. Should these reductions come to fruition, SWPF revenue will experience an overall revenue reduction of \$9.2 million or 34.6 percent when compared to the FY 2009 appropriations approved last year.

Under the current SWPF budget scenario with a likely SGF reduction, the fee increases proposed in SB 165, as corrected, could provide an additional \$4.7 million in additional annual revenue and would allow SWPF programs to be partially restored to the FY 2009 approved levels. Down the road with a possible restoration of the SGF demand transfer in FY 2011 or 2012 and with the consideration of Expanded Lottery Act Revenues Fund (ELARF) for water infrastructure and debt reduction, Kansans can look forward to more robust state budget relative to our water resources.

Funding to address our state's water resource needs has taken a back seat to other spending needs for many years. Sometime, either now or later, that will have to change. If the choice is later, the reasons to change our investment in water resources will be painfully obvious.

I thank you for the opportunity to discuss the corrected version of SB 165 with you this morning and will stand for questions at the appropriate time.

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Agency/Program	FY2009 Approved	FY2009 Rescission	FY2009 Revised	FY 2010 KWA Base	FY2010 Gov Recs
KCC--Well Plugging	\$ 400,000	\$ (80,000)	\$ 320,000	\$ 400,000	\$ 288,000
Department of Health and Environment					
Contamination Remediation	\$ 979,622	\$ (195,924)	\$ 783,698	\$ 804,365	\$ 567,216
TMDL Initiatives	\$ 301,988	\$ -	\$ 301,988	\$ 301,988	\$ 210,780
Local Environmental Protection Program	\$ 1,502,848	\$ -	\$ 1,502,848	\$ 1,502,735	\$ 1,066,942
Nonpoint Source Program	\$ 315,430	\$ -	\$ 315,430	\$ 299,856	\$ 291,241
Watershed Restoration and Protection Strategy	\$ 829,624	\$ (229,011)	\$ 600,613	\$ 800,000	\$ 481,042
Total--Department of Health and Environment	\$ 3,929,512	\$ (424,935)	\$ 3,504,577	\$ 3,708,944	\$ 2,617,221
University of Kansas--Geological Survey	\$ 40,000	\$ (8,000)	\$ 32,000	\$ 40,000	\$ 28,800
Department of Agriculture					
Enhanced Water Management				\$ 270,511	
Ozark Aquifer/Spring River Initiative	\$ -	\$ -	\$ -	\$ 77,961	
Interstate Water Issues	\$ 583,362	\$ (49,463)	\$ 533,899	\$ 475,181	\$ 337,379
Subbasin Water Resources Management	\$ 760,139	\$ (28,849)	\$ 731,290	\$ 420,889	\$ 737,536
Water Use	\$ 60,000	\$ (12,000)	\$ 48,000	\$ 70,000	\$ 49,700
Total--Department of Agriculture	\$ 1,403,501	\$ (90,312)	\$ 1,313,189	\$ 1,314,542	\$ 1,124,615
State Conservation Commission					
Water Resources Cost Share	\$ 3,896,517	\$ (322,092)	\$ 3,574,425	\$ 3,265,972	\$ 2,351,510
Nonpoint Source Pollution Asst.	\$ 3,917,710	\$ (783,542)	\$ 3,134,168	\$ 2,802,754	\$ 2,017,982
WRAPS Implementation	\$ -	\$ -	\$ -	\$ 671,000	\$ 483,120
Aid to Conservation Districts	\$ 2,264,831	\$ -	\$ 2,264,831	\$ 2,255,919	\$ 2,255,919
Watershed Dam Construction	\$ 1,173,116	\$ (234,623)	\$ 938,493	\$ 1,055,000	\$ 759,600
Water Quality Buffer Initiative	\$ 454,012	\$ (90,802)	\$ 363,210	\$ 300,000	\$ 216,000
Riparian and Wetland Program	\$ 303,248	\$ (60,650)	\$ 242,598	\$ 251,782	\$ 181,283
Multipurpose Small Lakes	\$ 1,123,176	\$ -	\$ 1,123,176	\$ -	\$ -
Water Supply Restoration Program	\$ 998,466	\$ -	\$ 998,466	\$ 998,466	\$ -
Water Transition Assistance Program	\$ 3,451,040	\$ (1,228,078)	\$ 2,222,962	\$ 916,273	\$ 718,896
Conservation Reserve Enhance. (CREP)	\$ 1,537,134	\$ (307,427)	\$ 1,229,707	\$ -	\$ 81,011
Total--Conservation Commission	\$ 19,119,250	\$ (3,027,214)	\$ 16,092,036	\$ 12,517,166	\$ 9,065,321
Kansas Water Office					
Assessment and Evaluation	\$ 900,178	\$ (180,035)	\$ 720,143	\$ 750,000	\$ 532,500
GIS Data Base Development	\$ 250,000	\$ -	\$ 250,000	\$ 250,000	\$ 177,500
MOU - Storage Operations and Maintenance	\$ 301,418	\$ -	\$ 301,418	\$ 305,000	\$ 216,550
Technical Assistance to Water Users	\$ 791,148	\$ (158,230)	\$ 632,918	\$ 624,919	\$ 443,692
Weather Stations	\$ 100,000	\$ (20,000)	\$ 80,000	\$ 80,000	\$ 56,800
Water Resource Education	\$ 121,500	\$ (24,300)	\$ 97,200	\$ 77,907	\$ 55,314
Weather Modification	\$ 240,000	\$ -	\$ 240,000	\$ 220,000	\$ 156,200
Wichita Aquifer Recharge Project	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 700,000	\$ 300,000
Neosho River Basin Issues	\$ 960,000	\$ -	\$ 960,000	\$ 300,000	\$ 213,000
Total--Kansas Water Office	\$ 4,664,244	\$ (382,565)	\$ 4,281,679	\$ 3,307,826	\$ 2,151,556
Department of Wildlife and Parks					
Stream (Biological) Monitoring	\$ 40,000	\$ (8,000)	\$ 32,000	\$ 40,000	\$ 28,800
Total--Department of Wildlife and Parks	\$ 40,000	\$ (8,000)	\$ 32,000	\$ 40,000	\$ 28,800
Total State Water Plan Expenditures	\$ 29,596,507	\$ (4,021,026)	\$ 25,575,481	\$ 21,328,478	\$ 15,304,313

Before the Senate Ways and Means Committee of the Kansas Legislature

**Testimony on Senate Bill 165
State Water Plan Fund Fees**

**Mr. Don Paxson
Penokee, Kansas
February 24, 2009**

Mr. Chairman and members of the Committee, it is my pleasure to provide you with testimony in support of Senate Bill 165, which would increase the fees that flow into the State Water Plan Fund.

I am Don Paxson of Penokee, Graham County, Kansas. I am, first and foremost, a Kansan. I have raised my family and am proud to have both children and grandchildren call Kansas home. I am a farmer and business owner, proud of the contributions I make to the Kansas economy. My life, my future, and my family's future lie within the boundaries of this state. I wear a number of other hats. I am a member of the Kansas Water Authority and currently serve as vice-chair, I sit on the Board of the Graham County Hospital, and serve as a board member on the Graham County Conservation District.

This is a difficult fiscal time and I know that the problems the state faces in the next year or so seem insurmountable. I have seen the ups and downs of the economy. I am sure that we all know that even this difficult time will pass. But as a business owner, and especially as a farmer, I cannot stress how important it is to insure that there is enough water for the needs of the state.

Water is the backbone of the agricultural industry in this state. As a farmer, I use and value the water that produces my crops. Without water, there are no crops, no livestock and no related and supporting industries, such as my irrigation and electrical business, no cooperatives, no fertilizer sales, etc. Without water, there is no future for much of Kansas, especially in my home in, Western Kansas. I cannot stress enough how each farmer depends upon water to insure good, healthy, productive crop yields. I cannot say that all farmers' conserve, but most farmers understand and value the vital nature of water to all aspects of the industry.

Conservation Districts were formed across the state, beginning in 1937, to work with citizens to preserve and protect our land and resources. I have been a long time, active supporter of the Kansas Conservation District system. While water has always been a concern, there is a growing awareness of the urgent need to conserve and protect water resources as a vital mission of conservation districts. A number of innovative and effective methods of water conservation have been developed, implemented and maintained. Much has been accomplished since 1937, but there is much more that must be done.

As mentioned, I also serve on a hospital board. Hospitals seem far from the needs of Kansas farmers and water. However, each and every hospital relies on a sound economy in the area it serves. Without it, the hospital may not be able to survive.

As part of the Kansas Water Authority, I understand that our role is to both recommend short term projects and long term vision. The State Water Plan provides a short and long term vehicle for planning for water conservation, management and development. It provides research in to best management practices, allows for citizens to have input in to water through the Basin Advisory Committee and the Kansas Water Authority. It looks at problems now and anticipates problems in the future. The State Water Plan addresses vital water issues long before they become popular. The coordination of agency work fostered by the State Water Plan helps insure that each dollar is maximized. A solid dedicated State Water Plan Fund is, to me, a form of insurance for water in the future of Kansas. There can never be enough money to do all the work that is ahead, but funding for the State Water Plan Fund must be addressed.

In the past few years, the Kansas Water Authority has taken a conscientious and coordinated approach to our recommendations regarding the State Water Plan Fund. We have attempted to get operational costs off of the Water Plan Fund and make more available for on the ground projects. Much of it going through the local conservation districts. With the help of the legislature, we have been successful. As we focused more on projects, demand for funding grew. Attempts to gain more State General Fund have been unsuccessful and we now must look to increases in fees to insure that gains in project funding won't again slide backward. There is much work to be done to insure that we have water for all Kansas families.

In short, water is the lifeblood of Kansas and what is good and valuable about Kansas. I can assure you that I am aware of the impact that the proposed fees increase of Senate Bill 165 will have on my family, my farming, my business and those of my neighbors. I understand the impact of fees as I buy fertilizer, pesticides or water my stock. However, I, and so many others, know the fees cannot be looked at in a vacuum. The benefit of these fees is both short and long term conservation and protection of a vital resource, our water. The costs of increasing the fees by 50% are minimal in my overall scope of operations. I appreciate the short and long term good that programs for water quality and water quantity do for farmers, businessmen, and all citizens of Kansas.

I appreciate the opportunity to appear before you in support of SB 165, as amended. I will stand for questions at the appropriate time.

Before the Senate Ways and Means Committee of the Kansas Legislature

Testimony on Senate Bill 165
State Water Plan Fund Fees

Mr. Dennis Schwartz
Tecumseh, Kansas
February 24, 2009

Mr. Chairman and members of the Committee, I am pleased to provide testimony in support of Senate Bill 165, as amended, which would increase the State Water Plan Fund fees.

I am Dennis Schwartz of Tecumseh, Kansas. I have served as general manager of Shawnee County Rural Water District No. 8 for the last 32 years. SCRWD #8 provides water to residents in part of southeastern Shawnee County. I currently serve as the president of the Kansas Rural Water Association (KRWA) and have served on the KRWA Board of Directors since 1977. I have served as a member of the Water Industry Coordinating Council and the Environmental Protection Agency's National Drinking Water Advisory Council. In addition, I served as the President of the National Rural Water Association from 2000 to 2002 and continue to serve the NRWA to this day. Finally, I am proud to have served on the Kansas Water Authority for 18 years.

My testimony will focus on the need for and the impact of the proposed fee increase on public water users. The impact of the fee in insuring current and future water for Kansas cannot be underestimated. 2/3 of Kansas depends on surface or reservoir water for their needs, personal, business and / or industrial. Ask the city manager of any city facing water shortfall. I am sure they will tell you that companies will not locate in areas with inadequate or stressed water resources. The economy of any area is dependent, in a number of ways, on adequate water supply, whether that economy is industrial or agricultural. Kansas depends on water for robust economic health.

I know, at first glance, any proposal that raises a fee by 50% seems huge. That first look, in this case, is misleading. I believe that the rather insignificant impact of the proposed fee increase on the public water supply consumers when viewed with the short and long term need to maintain water renders arguments against the fee increase somewhat moot. The average monthly water bill in my District is for 6000 gallons of water. What is the impact of a 50% increase to the average water user per month? The average bill will increase a mere 9 cents per month- or \$1.08 per year. I do not believe the average water user will think that increase is onerous compared to the planning and programs needed to insure water for Kansas now and in the future.

We, as a state, cannot be short-sighted about water resources. We must begin to look at water as a part of our infrastructure. In looking at water as infrastructure, we must insure both short and long term issues are addressed, with adequate funding. So much of Kansas economy is driven by the availability and accessibility of sufficient quantities and quality

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of water. Water resource priorities include assuring both adequate quantity and quality of water supplies across the state. The need to protect water sources will become even more critical as drinking water regulations become more stringent. By preventing or reducing pollutants in the untreated source water, less time, energy and money will be required by utilities to treat it prior to distribution to customers. We can choose, today, to be active in working with water infrastructure. If not, how will we answer futures generations who want to know why we ignored water problems?

A number of State Water Plan Fund programs protect our water infrastructure. Let me highlight one program that, without additional fee support from the State Water Plan Fund, will not be able to meet Kansas' needs. Watershed Restoration and Protection Strategy programs (WRAPS) play a big part in remedying surface water pollution problems. There are WRAPS projects across the state. WRAPS engages local watershed stakeholders to determine water resource restoration and protection needs, identify goals, determine cost effective strategies and take action. WRAPS emphasis on watersheds with public water supply lakes and reservoirs is important to protect water resources. WRAPS is only one example of a statewide effort to protect our water infrastructure by reducing soil erosion from fields and stream banks that rob reservoir storage capacity that is essential to insure future public water supply.

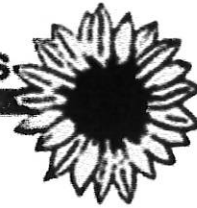
We cannot afford to be short sighted about water now or we will pay a steep price in the future. It is crucial that the state pay attention to the short and long term needs of water infrastructure, even during a dismal fiscal time. Senate Bill 165 proposes to increase various fees that partially support the State Water Plan Fund by 50%. No one wants to pay more in any fee, tax or for products; however, if we view water as a vital piece of Kansas infrastructure, maintaining short and long term protection, it makes sense to have a dedicated, stable funding source. Increasing user fees is one of several methods that can address current and future water issues. SB 165 is a step in the right direction.

The preservation and protection of our vital water resources is simply too critical for our state, and for our children's future. We must act. If not us; who? If not now; when?

I appreciate the opportunity to appear before you in support of SB 165, as amended. I will stand for questions at the appropriate time.



STATE ASSOCIATION
OF KANSAS WATERSHEDS



Chairman Emler and members of the Senate Committee on Ways and Means, I am Herbert R. Graves Jr., Executive Director of the State Association of Kansas Watersheds (SAKW). SAKW represents the 85 watershed districts in Kansas.

SAKW is a proponent of SB 165 that raises certain fees to generate additional State Water Plan funds.

In these challenging economic times, any attempt to raise additional funds comes with some reservation. In this case, good sound planning for the future of Kansas is at stake. Without additional state water plan funds, existing programs that work to secure adequate water quality and quantities will remain delayed in their implementation.

The recently signed FY2009 budget revision shows an 8.6% cut in State Water Plan program funding. Watershed district programs were cut a proportionate amount. It is scary to think what FY2010 has to offer.

SB165 asks for a 50% increase in fees from fertilizer sales, chemical registration, sand royalties, and certain water uses. This increase if projected over the years since the current fee structure was adopted is a much less intimidating number. I am no economist, but I would think the revenue generated over the years did not even keep pace with inflation.

The Kansas Water Office (KWO) with support of the Kansas Water Authority (KWA) has done an excellent job of making us all aware of the critical condition water resources are in Kansas. Water supplies are declining in the state at an alarming rate. Agricultural, industrial, and domestic demand for water exceeds the states current ability to supply those needs. Now is not the time to forget about what lies ahead.

The revenue enhancement projected in what SB165 has to offer will allow the state to just keep pace with State Water Plan funding of the past. Without this increase and the before mentioned budget cuts, Kansas will not go forward, but will see a major decline in the efforts to preserve and enhance this state's most precious commodity, water.

Mr. Chairman, SAKW thanks you and the Ways and Means Committee for the opportunity to present our testimony in support of SB165.

Herbert R. Graves Jr.
SAKW Executive Director

Senate Ways & Means Cmte

Date 2-24-2009

Attachment 7



Kansas Association of Conservation Districts

Representing Local Conservation Districts

**Testimony to Ways and Means Committee
By Patrick T. Lehman, Executive Director
Kansas Association of Conservation Districts
SB 165
February 24, 2009**

Thank you, Mr. Chairman and members of the committee. I am Pat Lehman, Executive Director of the Kansas Association of Conservation Districts.

KACD is a voluntary, nongovernmental, nonprofit organization that was established in 1944. Our members are the conservation districts located in the state's 105 counties. Each district has five elected supervisors.

At KACD'S annual convention in November, the members voted unanimously to support the 50-percent increase in fees to fund the State Water Plan Fund. These come from a variety of sources, including municipalities, stock water and industrial users, fertilizer tonnage, pesticide registration and sand royalty fees. The current fees have been in place since the State Water Plan Fund fees were developed in 1989 and have remained unchanged, even though costs have increased and needs have expanded over the last 20 years.

I urge you to give favorable consideration to these fee increases and support SB 165.

Thank you and I will stand for questions at the appropriate time.

Senate Ways & Means Cmte
Date 2-24-2009
Attachment 8



Setting the Standard for
Utility Excellence

Water District No. 1 of Johnson County

TESTIMONY OPPOSING
SENATE BILL 165

To: Members of Senate Ways and Means Committee
From: Darci Meese, Governmental Affairs Coordinator
Date: February 24, 2009
RE: Senate Bill 165—Increase in Water Plan Fee

On behalf of Water District No. 1 of Johnson County, (“WaterOne”), I am testifying in opposition to Senate Bill 165 proposing to increase fees paid to the Kansas Water Office. We do not believe that during an economic downturn, the Legislature should pass laws that will increase costs to consumers.

I would like to express WaterOne’s appreciation to Tracy Streeter with the Water Office who met with WaterOne staff and presented the proposal to increase the water plan fund fee and an explanation of the projects the agency plans to undertake with the funds. Mr. Streeter presented essentially a 50% increase across the board to all users paying into the fund. It has been discussed that the original version SB 165 included a 100% increase to the fee paid by municipal and industrial users as well as an increase to the Clean Drinking Water fee (a separate fee paid by municipal water users). I confirmed with Tracy Streeter on February 2nd, 2009 that the 100% increase and inclusion of the Clean Drinking Water fee was a mistake. The Water Office sent out an email communicating the mistake. Per Tracy Streeter with the Water Office, it is our understanding that the fee increase intended is 50% across the board and the Clean Drinking Water fee will not be included in the proposal. We will adamantly oppose the bill if it is not corrected to be consistent with the intent the Water Office has communicated to us.

Currently, WaterOne’s five year average annual payment into the fund is \$604,948. While we understand the fiscal dilemma faced by all agencies across the State and we do appreciate the efforts of the Water Office to communicate the fee increase, we have serious questions about the benefit Johnson County receives from the projects funded. Most projects are geared towards rural and agricultural interests. Representation of large municipal users on the Water Authority is inadequate. Payment of the increased fee might be more palatable if we were allowed additional representation on the Authority.

At this time, WaterOne respectfully requests your opposition to Senate Bill 165. We realize the revenue shortage of the Kansas Water Office however we do not think the Legislature should increase consumer costs during a time when our economy is struggling. If the bill is passed, WaterOne respectfully requests two additional positions on the Water Authority to represent large municipal water utilities. Additionally, we believe the funds generated by the increase should be specifically allocated to the purchase of additional storage in the federal reservoirs.

Darci Meese, Governmental Affairs Coordinator
Water District No. 1 of Johnson County, Kansas
913-895-5516 direct
913-579-9817 cell
dmeese@waterone.org

Senate Ways & Means Cmte
Date 2-24-2009
Attachment 9



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Senate Ways & Means Committee

February 24, 2009
Topeka, Kansas

SB 165 - Increasing state water plan fees.

Thank you Chairman Emler and members of the Senate Ways & Means Committee, for the opportunity to comment in opposition to SB 165. 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 our members are farmer co-ops. Cooperatives are member-owned, member-governed businesses. For our ag co-op members, their ownership rest in the hands of their farmer/rancher members.

As you know, SB 165 will increase the fees under the state water plan fund (SWPF), by 50 percent. The bill was introduced under the recommendation of the Kansas Water Authority as part of a package to provide new dollars into the fund. That, in turn, could allow for the initiation of new projects and initiatives.

The bill, in its original form, does not alter or expand the participant base subjected to SWPF fees; it simply increases the burden on existing contributors. Our association has real concerns that the fee mix is trending out of balance with the projects currently funded under the state water plan and that anticipated future projects are even more out of sync in terms of who pays and who benefits. These concerns lie at the heart of our opposition to SB 165.

The state's fiscal position is causing even more inequities under the SWPF. You are all aware that the 2009 recession bill cut the SGF transfer to the water plan fund from \$6 million to \$2 million and that the Governor proposes completely eliminating the transfer for FY 2010. Without that full transfer, the water plan projects that benefit "the greater good" are funded solely on the backs of the few.

As noted above, we have been concerned that the revenue structure which supports the state water plan fund relies too heavily on narrowly segmented

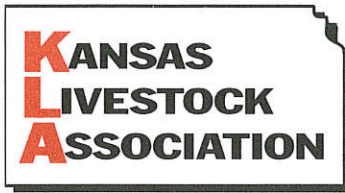
Senate Ways & Means Cmte
Date 2-24-2009
Attachment 10

industry groups. That is why we supported a measure, HB 2296, to broaden the current fee structure to include recreational interest participation. Although the Kansas Department of Wildlife and Parks took issue with the exact mechanism the bill sought to use (specific surcharge on KDWP issued permits and licenses), we certainly think further discussion on how to bring recreational interests into more direct support of the water plan fund is merited.

In our opinion, the current fee structure for the state water plan needs to be broadened and/or restructured. We still believe general state support should be a meaningful component of SWPF resources, because of many program benefits to the "greater good". We fully understand the state's budget situation, but encourage the legislature to restore the full SFG transfer to the water plan fund. If the state is not able to carry-through on this long-standing commitment to the water plan, then immediate action to find broader public support from other sources is needed. Simply increasing fees under the current system, as proposed in SB 165, is not the answer.

Thank you, again, for the opportunity to comment today in opposition to SB 165. We respectfully request the committee refrain from advancing this measure. We do stand ready to work with the legislature, stakeholders and agencies to create a more balanced and sustainable funding plan for the fund. If you have any questions regarding our testimony, please feel free to call me. Thank you.

Leslie Kaufman, Executive Director
Kansas Cooperative Council
785-220-4068



Since 1894

TESTIMONY

To: The Senate Ways and Means Committee
Sen. Jay Emler, Chairperson

From: Mike Beam, Sr. Vice President

Date: February 24, 2009

Subject: **Senate Bill No. 165 (Bill to increase Water Plan fees)**

The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing approximately 5,500 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.

I am appearing today on behalf of the Kansas Livestock Association (KLA) in opposition to SB 165.

First, I would like to acknowledge and express my gratitude to the Kansas Water Authority and Kansas Water Office for their dedicated efforts to identify the water related project needs for the future of all Kansans. Earlier this session they presented the highlights of the Water Plan to this committee and made a credible pitch for the challenges and opportunities of this state to secure and enhance our water resources.

At this time, however, KLA is opposed to the increased fees provided by SB 165. We are opposed to this proposal because of its timing and because we believe the fee structure and its sources create a flawed approach to generating the funding for our state's water infrastructure needs.

Several of these fee increases are proposed at a time of significant economic losses to several sectors of agricultural. For example, the increase in the stock-watering fee (Section 4, page 5) would be a substantial increase in operating costs for feed yards and dairies with a capacity over 1,000 head. The cattle feeding sector is currently experiencing losses of \$200 per animal marketed and the milk prices have plunged to \$10.00/hundred pounds, with a break event cost of \$15.00. This committee should know we have also testified in opposition to other fee increase proposals (Division of Water Resources and Dairy Inspection) that are pending this legislative session. We contend now is a poor time to consider fee increases.

I must point out that KLA and several other agriculture/business groups testified in opposition to the 1989 legislation creating the water plan fee structure.

Senate Ways & Means Cmte
Date 2-24-2009
Attachment 11



KANSAS AGRIBUSINESS RETAILERS ASSOCIATION
SAFE AND ABUNDANT FOOD THROUGH SOUND SCIENCE

**Senate Committee on Ways and Means
 February 24, 2009
 SB 165 – State Water Plan Fund Fee Increase**

Good morning Chairman Emler and members of the Senate Committee on Ways and Means. I am Mary Jane Stankiewicz, the COO and Senior Vice President of the Kansas Agribusiness Retailers Association and I appear in opposition of this bill.

KARA is a voluntary state association with approximately 705 members representing the fertilizer, pesticide, seed, propane and other products associated with the production of crops in Kansas. Our members were one of the groups that have paid into the state water plan since its inception in 1989. Our members, who manufacture and distribute pesticides pay \$100 for each pesticide product that is registered and sold in Kansas. A number of you who are farmers understand that the fertilizer tonnage tax is paid on all fertilizer that is sold in Kansas because you will see this charge reflected on your bill when you purchase fertilizer. The fees going into the state general fund are as follows:

Who Pays	Current Fee	Revenue	Proposed Fee	Proposed Revenue
Municipal Water Users	\$.3/1,000 gal	\$3,785,991	\$.045/1,000 gal	\$5,679,987
Industrial Water Users	\$.03/1,000 gal	\$1,079,103	\$.045/1,000 gal	\$1,618,654
Stockwater Use	\$.031/1,000 gal	\$ 404,716	\$.045/1,000 gal	\$ 607,073
Pesticide Registration	\$100/product	\$ 965,000	\$150/product	\$1,447,500
Fertilizer Tonnage Tax	\$1.40/ton	\$2,940,000	\$2.10/ton	\$4,410,000
Sand Royalty	\$.15/ton	\$170,000	\$.225/ton	\$255,000

As you can see from the above chart, the pesticide and fertilizer industry currently contributes \$3,905,000 which represents 42% of the total revenue. While we have not fought to decrease these fees over the past years, we think this is the wrong time to be asking for more money, especially from the same groups.

We think that agriculture and agribusiness are paying their fair share into the fund. We find it ironic that the fertilizer and pesticide industry pays more into the fund than municipal water users. This is especially true in light of the fact that according to the Kansas Water Office a number of the projects that would be the recipients of the funding would be lakes and dams and public water supply systems.

While you have heard from the proponents that everyone needs to think about the bigger picture and assist in doing what is right for Kansas, we would urge the Senate Ways and Means Committee to amend who is paying into the fund so that it does encompass all users and beneficiaries of the state water plan fund. It is time for others to also step up and pay into the fund and not just be takers of the money. Thus it may be time for the groups that are paying into the fund to be larger and reflect the users and beneficiaries of the project, such as boaters and recreational users. Therefore, we urge the Senate Ways and Means to look at having everyone step up and assist in these projects and not put the burden on the same few that have been paying for the past 20 years.

Greater participation by groundwater management districts is one area where an increased connection between benefitting entities and financial contribution could be strengthened. We would suggest regulations or policy be developed to ensure that any hydrologic modeling or other projects done in conjunction with a groundwater management district require the gmd to assist with the funding. We are aware of one gmd that has contributed partial funding for a project that would occur in their area but this is not always the case. We are also aware of another gmd that has not contributed to the funding for a similar project. We think it is only appropriate for the local gmds to be treated fairly and equitably. We also would encourage the KWO to ensure that any participating gmd have a stake in whatever project that they have requested state water plan funds from the Kansas Water Authority.

We oppose the bill because we think the timing of significant raises in these fees comes at a time when neither agribusiness or agriculture needs another fee on them, we oppose the fee increase because we believe are already paying our fair share of the costs and we oppose any fee increase

the category of people paying into the system is amended and expanded to reflect more of the recreational users receiving benefits from the water plan projects and programs.

Thank you for this opportunity to discuss this bill with you. On behalf of KARA, I urge you to either not pass out SB 165 or to amend it to ensure there is a more fair and diverse group of contributors to this fund. I would be happy to answer any questions at the appropriate time.



PUBLIC POLICY STATEMENT

SENATE COMMITTEE ON WAYS AND MEANS

RE: SB 165 an act concerning the State Water Plan Fund

February 24, 2009
Topeka, Kansas

Testimony provided by:
Steve Swaffar
Director of Natural Resources
Kansas Farm Bureau

Kansas Farm Bureau is the state's largest general farm organization representing more than 40,000 farm and ranch families through our 105 county Farm Bureau Associations.

Chairman Emler, and members of the Senate Ways and Means Committee, thank you for the opportunity to appear before you today. I am Steve Swaffar, Natural Resources Director for Kansas Farm Bureau.

Kansas Farm Bureau is supportive of the Kansas Water Plan and many projects and programs supported by water plan funds. Furthermore, we understand the need for effective water and soil conservation programs provided primarily for the protection of the general public. Because the citizens of Kansas are beneficiaries of these voluntary programs it is appropriate that significant funding should come from state general funds.

Kansas farmers and ranchers also acknowledge that the industry shares a partnership role with the Kansas Water Authority and Kansas Water Office in the administration of the programs. As such, they are willing to accept some reasonable user fees. KFB was instrumental in establishing the Water Plan at its inception and made concessions for the existing fee structure when the legislation for the Water Plan was passed. However, in concert with the creation of the Water Plan, our members also developed policy specifically addressing Water Plan fees.

That policy supports funding of the State Water Plan through transfers from the State General Fund and opposes increasing fees or taxes to provide additional funding. As you are well aware, the \$6 million demand transfer for the Water

the Governor's 2009/2010 budget. A little over \$2.3 million was restored in House substitute for substitute Senate Bill 23 for 2009, KFB believes this was appropriate considering the current fiscal circumstances.

The Kansas Water Authority has recommended these increases as a way to "maintain" current funding levels, but the current budget levels include millions of dollars of one-time transfers, for example settlement money from the Kansas vs. Colorado award, that was never intended to fund core programs. We are unable to support the exorbitant (50%) user fee increases to provide "current" funding and as a means to fund programs during budgetary and fiscal shortfalls. Clearly, the state has an interest and an obligation to support these core programs within the appropriate agencies. We encourage the legislature to recognize the importance of voluntary conservation to production agriculture and the programs and practices implemented by producers, but also recognize the benefit these practices provide to all Kansans. Perhaps it is time to take a very close examination of the programs funded within the Kansas Water Plan and determine if the original intent of its creation is being served by all of the current programs.

The proposal in SB 165 is not only excessive, but 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. Increasing the fees on fertilizer, pesticide registrations, stockwatering and municipal water use will only increase input costs and make the business of agriculture even more costly.

It is for these reasons; Kansas Farm Bureau respectfully urges your recommendation to not pass favorably SB 165. 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 Agricultural Alliance

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TESTIMONY

To: The Senate Ways and Means Committee
Sen. Jay Emler, Chairperson

From: John Donley, President

Date: February 24, 2009

Subject: **SB 165 - State water plan fund increases**

The Kansas Agriculture Alliance (KAA) is an alliance of organizations representing agricultural interests in Kansas.

Good morning Mr. Chairman and members of the committee, my name is John Donley, and I am the current president of the KAA. The KAA has taken a policy position to oppose the increase in water plan fees proposed in SB 165.

The agriculture industry recognizes the good work that has been conducted over the years by the Kansas Water Authority and the Kansas Water Office. However, the current fee structure is not set up in an equitable manner because certain sectors pay a substantially larger amount of fees for benefits that all Kansans enjoy.

The many in the agriculture industry opposed the 1989 legislation creating the water plan fee structure. It is the belief in many in the agricultural sector that the structure created in 1989 (which is still in effect today) disproportionately targets the agricultural sector. If the Water Plan is designed to benefit all Kansans, it seems appropriate that the fees assessed should have a base that is more fun.

The KAA strongly supports the testimony of the other agricultural organizations testifying in opposition to this legislation, and concurs in those comments. It is important to note that while all members of the KAA may not have a policy position on this bill, none of the members dissented to having the KAA have an official position on SB 165.

If you have any questions regarding this testimony, please contact me at any time.

Thank you.

Senate Ways & Means Cmte
Date 2-24-2009
Attachment 14