

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 124** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill, as printed with House Committee of the Whole amendments, as follows:

On page 1, in line 5, before "Section" by inserting "New";

On page 2, in line 7, before "Sec." by inserting "New"; in line 14, before "Sec." by inserting "New"; in line 27, before "Sec." by inserting "New";

On page 3, in line 23, before "Sec." by inserting "New"; in line 38, before "Sec." by inserting "New"; in line 42, before "Sec." by inserting "New";

On page 4, in line 6, before "Sec." by inserting "New"; in line 16, before "Sec." by inserting "New"; in line 33, before "Sec." by inserting "New";

On page 5, in line 38, before "Sec." by inserting "New";

On page 6, in line 1, before "Sec." by inserting "New"; in line 10, before "Sec." by inserting "New"; in line 19, before "Sec." by inserting "New"; in line 28, before "Sec." by inserting "New"; in line 30, before "Sec." by inserting "New"; in line 34, before "Sec." by inserting "New"; also in line 34, by striking "river";

On page 7, in line 11, before "Sec." by inserting "New"; in line 24, before "Sec." by inserting "New";

On page 8, in line 15, before "Sec." by inserting "New";

On page 9, in line 7, before "Sec." by inserting "New"; in line 31, before "Sec." by inserting

"New"; in line 37, before "Sec." by inserting "New"; in line 40, before "Sec." by inserting "New"; following line 41, by inserting the following:

"New Sec. 25. (a) The chief engineer may administer a water rights conservation program. An eligible water right in good standing may be enrolled in the program, subject to the approval of the chief engineer.

(b) A water right may be enrolled in the program for a period that shall not exceed 10 years. A water right enrolled in the program may be re-enrolled within two years of the expiration date of the previous enrollment period, subject to the approval of the chief engineer.

(c) Each application for enrollment in the program and each application for renewal of enrollment shall include a non-refundable fee not to exceed \$300.

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

(e) The chief engineer shall adopt rules and regulations to effectuate and administer the provisions of this section.

Sec. 26. K.S.A. 2010 Supp. 82a-718 is hereby amended to read as follows: 82a-718. (a) All appropriations of water must be for some beneficial purpose. Every water right of every kind shall be deemed abandoned and shall terminate when without due and sufficient cause no lawful, beneficial use is henceforth made of water under such right for five successive years. Before any water right shall be declared abandoned and terminated the chief engineer shall conduct a hearing thereon. Notice shall be served on the user at least 30 days before the date of the hearing. The determination of the chief engineer pursuant to this section shall be subject to review in accordance with the provisions of K.S.A. 2010 Supp. 82a-1901, and amendments thereto.

The verified report of the chief engineer or such engineer's authorized representative shall be prima facie evidence of the abandonment and termination of any water right.

(b) When no lawful, beneficial use of water under a water right has been reported for three successive years, the chief engineer shall notify the user, by certified mail, return receipt requested, that: (1) No lawful, beneficial use of the water has been reported for three successive years; (2) if no lawful, beneficial use is made of the water for five successive years, the right may be terminated; and (3) the right will not be terminated if the user shows that for one or more of the five consecutive years the beneficial use of the water was prevented or made unnecessary by circumstances that are due and sufficient cause for nonuse, which circumstances shall be included in the notice.

(c) The provisions of subsection (a) shall not apply to a water right that has not been declared abandoned and terminated before the effective date of this act if the five years of successive nonuse occurred exclusively and entirely before January 1, 1990. However, the provisions of subsection (a) shall apply if the period of five successive years of nonuse began before January 1, 1990, and continued after that date.

(d) Notwithstanding the provisions of subsection (a), an eligible water right enrolled in and continually in compliance with the water rights conservation program, pursuant to section 25, and amendments thereto, shall be deemed to have due and sufficient cause for nonuse and shall not be deemed abandoned.

~~(d)~~(e) Notwithstanding the provisions of subsection (a), a groundwater right, which has as its local supply an aquifer area that has been closed to new appropriations by rule, regulation or order of the chief engineer and where means of diversion are available to put water to a beneficial use within a reasonable time, shall be deemed to have due and sufficient cause for nonuse and shall not be deemed

abandoned.

Sec. 27. K.S.A. 2010 Supp. 82a-731 is hereby amended to read as follows: 82a-731. There is hereby created in the state treasury the water appropriation certification fund. The chief engineer of the division of water resources of the Kansas department of agriculture shall remit all moneys received under K.S.A. 82a-708a, 82a-708b and 82a-727, and amendments thereto, and section 25, and amendments thereto, to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the water appropriation certification fund. All expenditures from the water appropriation certification fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of agriculture or by a person designated by the secretary.

Sec. 28. K.S.A. 2010 Supp. 82a-736 is hereby amended to read as follows: 82a-736. (a) As used in this section:

(1) "Base average usage" means: (A) The average amount of water actually used for a beneficial use under a groundwater water right during calendar years ~~1992~~2000 through ~~2002~~2009, excluding any amount used in any such year in excess of the amount authorized by such water right; or (B) if the holder of a groundwater water right shows to the satisfaction of the chief engineer that the holder has implemented significant water conservation measures during calendar years ~~1992~~2000 through ~~2002~~2009, the average amount of water actually used for a beneficial use under such right during the five calendar years immediately before the calendar year when such measures were implemented, excluding any amount used in any such year in excess of the amount authorized by such water right.

(2) "Chief engineer" means the chief engineer of the division of water resources of the

department of agriculture.

(b) Any holder of a groundwater water right which has not been deposited or placed in a safe deposit account in a chartered water bank may establish a flex account where the holder may deposit, in advance, water from such water right for any five consecutive calendar years, subject to the following:

- (1) The water right must be vested or shall have been issued a certificate of appropriation;
- (2) the withdrawal of water pursuant to the water right shall be properly and adequately metered;
- (3) the water right shall not ~~have been~~ be deemed abandoned and shall be in good standing, based on past water usage and compliance with the terms of the holder's permit and all applicable provisions of law and orders of the chief engineer; and
- (4) the amount of water that shall be deposited in the account shall not exceed 90% of the amount of the holder's base average usage times five.

(c) The chief engineer shall implement a program providing for the issuance of term permits to holders of groundwater water rights who have established flex accounts in accordance with this section. Such term permits shall authorize the use of water in a flex account at any time during the five consecutive calendar years for which the application for the term permit is made, without annual limits on such use. ~~Application for any such term permit shall be filed not later than October 10, of the year preceding the first year for which the application is made.~~

- (d) Term permits provided for by this section shall be subject to the following:
- (1) A separate term permit shall be required for each point of diversion.
 - (2) The quantity of water authorized for diversion shall be limited to the amount deposited pursuant to subsection (b)(4).

(3) The authorized place of use for the term permit shall not be greater than that authorized by the existing groundwater right.

(4) The chief engineer may establish, by rules and regulations, criteria for such term permits when the water right authorizes multiple points of diversion or multiple water rights authorize a single point of diversion or overlapping places of use.

(5) Except as explicitly provided for by this section, such term permits shall be subject to all provisions of the Kansas water appropriation act, and rules and regulations adopted under such act, and nothing in this section shall authorize impairment of any vested right or prior appropriation right by the exercise of such term permit.

(e) Unless a term permit is issued pursuant to an application filed before November 1 of the year prior to the first year for which the application is made, the quantity of water used under the water right during the year in which the application for the term permit is filed shall be deducted from the amount of water deposited into the account authorized by the term permit.

~~(e)~~(f) All costs of administration of this section shall be paid from fees for term permits provided for by this section. Any appropriation or transfer from any fund other than the water appropriation certification fund for the purpose of paying such costs shall be repaid to the fund from which such appropriation or transfer is made. At the time of repayment, the secretary of agriculture shall certify to the director of accounts and reports the amount to be repaid and the fund to be repaid. Upon receipt of such certification, the director of accounts and reports shall promptly transfer the amount certified to the specified fund.

~~(f)~~(g) The chief engineer shall submit a written report on the implementation of this section to the house standing committee on environment and the senate standing committee on natural resources

on or before February 1 of each year.

~~(g)~~(h) This section shall be part of and supplemental to the Kansas water appropriation act.

New Sec. 29. (a) (1) There is hereby established in the state treasury the Arkansas river gaging fund, which shall be administered by the secretary of agriculture. All expenditures from the Arkansas river gaging fund shall be for the operation and maintenance of the gages along the Arkansas river necessary to manage the river under the Arkansas river compact, except that, after all expenditures are made during the fiscal year for the operation and maintenance of the gages along the Arkansas river necessary to manage the river under the Arkansas river compact, then, in accordance with the following priorities and subject to the expenditure limitations prescribed therefor:

(A) First, any remaining moneys authorized to be expended from the fund for the fiscal year shall be expended for the purposes of livestock market reporting in an amount not to exceed \$20,000 in a fiscal year; and

(B) second, if there are any remaining moneys authorized to be expended from the fund for the fiscal year after the expenditures for livestock market reporting, then expenditures shall be made from the fund for the purpose of funding the bluestem pasture report in an amount not to exceed \$5,000.

(2) All expenditures from the Arkansas river gaging fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of agriculture or the designee of the secretary of agriculture.

(b) All moneys received as royalties from the state's oil and gas leases in Hamilton, Kearny, Finney, Gray and Ford counties, except those moneys arising from leases on lands under the control of the secretary of wildlife and parks as provided by K.S.A. 32-854, and amendments thereto, shall be

deposited in the state treasury in accordance with the provisions of K.S.A. 75-4215, and amendments thereto, and shall be credited to the Arkansas river gaging fund. During each fiscal year, when the total amount of moneys credited to the fund is equal to \$75,000, no further moneys shall be credited to the fund. The remainder of the moneys received for such royalties for such fiscal year shall be credited to the state general fund.

Sec. 30. K.S.A. 2010 Supp. 82a-718, 82a-731 and 82a-736 are hereby repealed.";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking "and"; in line 2, by striking all before the period and inserting "; water rights conservation program; multi-year flex accounts; Arkansas river gaging fund; amending K.S.A. 2010 Supp. 82a-718, 82a-731 and 82a-736 and repealing existing sections";

And your committee on conference recommends the adoption of this report.

Conferees on part of House

Conferees on part of Senate