

February 7, 2013

The Honorable Sharon Schwartz, Chairperson
House Committee on Agriculture and Natural Resources
Statehouse, Room 149-S
Topeka, Kansas 66612

Dear Representative Schwartz:

SUBJECT: Fiscal Note for HB 2051 by House Committee on Agriculture and Natural Resources

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2051 is respectfully submitted to your committee.

HB 2051 would amend current law regarding water transfer permits, dam inspections, multi-year flex accounts, and local enhanced management area (LEMA) orders that are administered by the Kansas Department of Agriculture. The bill would include the following changes:

1. Authorize the limited transfer for beneficial use of up to four million gallons of water from a water right holder. The application fee for such a transfer would be \$200. This would become part of the Kansas Water Appropriation Act.
2. Change permit requirements, inspection fees, and penalties for certain classifications of dams.
3. Allow the carryover of certain water allocations for those enrolled in multi-year flex accounts as incentive to conserve.
4. Add LEMA orders to the list of orders made by the Chief Engineer of the Department of Agriculture that are subject to review in accordance with the Kansas Administrative Procedures Act.

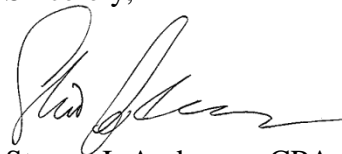
Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	--	(\$76,640)
Expenditure	--	--	--	(\$76,640)
FTE Pos.	--	--	--	(1.50)

The Department of Agriculture indicates that passage of HB 2051 would affect the agency as follows:

1. Obtaining a limited transfer permit would make water available for a temporary appropriation. The Department estimates there would be 200 applications in FY 2014 with a fee of \$200 for each permit. This would result in a \$40,000 revenue increase and a corresponding \$40,000 expenditure increase for providing the service. The expenditure increase would include \$35,000 for the half-time work of an existing FTE position and \$5,000 for operating expenditures.
2. The dam permit exemption would result in a slight reduction in the number of permit applications received, estimated to be five to ten per year. The dam permit exemption would reduce the current number of dams subject to Division of Water Resources (DWR) regulation by 1,492, or 24.0 percent. The federal dam safety grant is currently allocated to states based on the number of dams regulated; therefore the change proposed in the bill would result in a 24.0 percent reduction in the federal grant dollars awarded to the Department, effective during the second quarter of FY 2014. The current federal grant amount is \$486,000; therefore a 24.0 percent reduction in funding would be \$116,640. The federal funding reduction would result in the elimination of 1.50 FTE positions that are responsible for site evaluations and engineering reviews.
3. Dam inspection responsibilities would be assigned to the dam owner; however, the DWR would still inspect some dams. The fee for dam inspections performed by the agency would be set so that the amount would exceed similar fees charged by private dam inspection providers. The combination of fees and penalties would encourage greater compliance with the inspection requirement, resulting in fewer inspections that would have to be completed by the agency. The fiscal effect would be negligible.
4. The carryover of limited amounts of water from multi-year flex accounts to subsequent flex accounts would have no fiscal effect.
5. Requiring that LEMA orders be subject to administrative review would have no fiscal effect.

Any fiscal effect associated with HB 2051 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Mark Heim, Agriculture