

STATE OF KANSAS

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HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
CHAIRMAN: VISION 2020

MEMBER: AGRICULTURE AND NATURAL
RESOURCES
TRANSPORTATION

March 18, 2015

To: Governor Sam Brownback
Tracy Streeter, Kansas Water Office
Gary Harshberger, Kansas Water Authority
Jackie McClasey, Dept. of Agriculture
Greg Foley, Dept. of Agriculture
Ed Martinko, Kansas Biological Survey
Rex Buchanan, Kansas Geological Survey
Elmer Ronnebaum, Kansas Rural Water Association
Eric Sartorius, League of Kansas Municipalities

Re: Vision 2020 Recommendations Concerning Water Funding and Prioritization

More than the Legislature, your organizations are involved in the day-to-day and generational water policies and programs that will largely determine the economic health of our state. The Vision 2020 Committee held four weeks of hearings and deliberations, culminating in the attached White Paper that we hope will aid you and your associates and constituencies. We identified policy priorities and State Water Plan funding opportunities for your consideration. Committee members are available to answer any questions you may have or to provide elaboration on our recommendations.

Thank you for your consideration of our deliberations and recommendations. We look forward to being active partners with you as we move to more sustainable Water Plan funding and policy development/implementation.

Sincerely,

A handwritten signature in black ink that reads "Tom Sloan". The signature is written in a cursive, flowing style with a large, prominent "T" and "S".

Tom Sloan, Chairman

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Vision 2020 Committee Water Priorities Recommendations:

Even more than educational opportunities and economic development incentives, the availability and quality of water will determine the long-term future of our state. The Kansas Geological Survey and Kansas Biological Survey have both testified that without concerted action by State government and citizenry over the next few decades, water will not be available to sustain our economy and “way of life.”

The Vision 2020 Committee heard testimony over several weeks from multiple water policy stakeholders, ranging from state agencies to Ground Water Management Districts and Watershed Districts. With each conferee, the Committee members posed questions related to what water program and funding priorities should exist and how water planning might better be conceptualized and organized. Following are summaries of the ideas we heard and our effort to integrate the various perspectives of the stakeholders in a manner that may better guide discussions at the Legislature, within the Kansas Water Authority, between and within state agencies, and among water “consumers” across the state.

- A. Issues in Eastern and Western Kansas require different policies: The Vision 2020 Committee members recognize that the water supply, water quality, and costs of water vary between the Eastern and Western parts of our state. The economies of both parts of Kansas depend on the quality and quantity of water available, and the willingness of our citizens to contribute financially and through conservation practices to extend the lives of our water supplies.

Committee members heard several weeks of testimony from water stakeholders about the need to prioritize programs and projects, and to finance the necessary investments. Some of the testimony and Committee member comments focused on increasing existing State Water Plan funding, while others suggested innovative funding enhancements.

In the interest of stimulating thoughtful discussion and policy/funding recommendations to the Governor and the 2016 Kansas Legislature, below are the Vision 2020 Committee members’ recommendations.

B. Western – Extend Lives of Declining Sub-Aquifer Reservoirs

1. Administrative Priorities:

- a. Establish Water Depletion Fund (similar to oil & gas depletion fund) with 80% of funds to affected counties and 20% to state
- b. Support grassroots conservation efforts with technical information (e.g., LEMAs, expansion of existing or development of new GMDs)
- c. Provide education on technological innovations and cost-sharing programs to reduce water use

2. Program Priorities:

- a. Retire water rights through purchases and cost-share transition to alternative crops
- b. Multi-purpose small lake development where feasible
- c. Sustainable crop research support
- d. Small water purification system research in cooperation with national oil & gas industry's work researching well drilling fluid treatment that could be suitable for use in communities

C. Eastern Kansas – Protect & Extend Lives of Surface Water Sources

1. Sedimentation Reduction Priorities:

- a. Stream bank stabilization, including vegetative work
- b. Watershed dams
- c. Data collection and analysis to determine project/program performance and integrate interagency data sets for analytical and policy-making purposes
- d. Municipal drinking water supply lake restoration partnerships
- e. Acquire available water storage in federal reservoirs

2. Technical Assistance Priorities:

- a. On-site technical assistance for drinking and wastewater treatment operators
- b. Conservation District and watershed dam support programs
- c. Equus and other recharge programs
- d. Multi-purpose small lake partnerships

D. Funding Policy Recommendations:

- 1. Establish value of water to consumer and/or state relative to other substitutable liquids or added value or consequences of having/not having sufficient, suitable water. In part, this will be a cost vs. value analytical table by consumer category or sub-category.

2. Increase fees for pesticide and fertilizer registrations by 50% and index to CPI – ½ funds to the Water Depletion Fund (Western KS benefit), ½ funds to State Water Plan to address water quality (Statewide KS benefit);
3. Increase sand royalty fee rate for in-river mining by 50% and index to CPI (Eastern KS benefit);
4. Apply sand royalty fee to mining operations within one mile of river because of their impact on river alluvial aquifers at ½ the in-river rate and index to CPI (Eastern KS benefit);
5. Increase municipal OR Clean Drinking Water Fee from 3 cents/1,000 gallons treated water sold at retail (Eastern KS benefit);
6. Increase livestock water fee by 25% - funds to the Water Depletion Fund (Western KS benefit);
7. Establish Recreation Water Protection Fee on boating, water fowl hunting, park permits – funds to recreation preservation and enhancement programs (Statewide benefit);
8. Examine benefits of establishing an allocation process on watershed, drainage, and water assurance districts beneficiaries to fund state-local partnership projects with those groups (Eastern KS benefit);
9. Examine establishment of Infrastructure Development Fee surcharge on building permits or other mechanism to reflect that additional development and populace increase need for water supplies (Statewide benefit).
10. Examine potential for a low interest revolving loan fund to support GMD, Watershed District, Rural Water District, and other water stakeholder groups' large infrastructure projects. Included in that evaluation should be funding options, including a limited year assessment to create the fund, and recommended differential between commercial interest rates and a state revolving loan fund interest rate.

E. Policy Recommendations:

1. Authorize Dept. of Agriculture's Conservation Division to obligate funds for up to 3 years to more cost-effectively partner with local interests for stream bank stabilization, watershed dam construction and rehabilitation, multi-purpose small lake projects;
2. Prioritize program recommendations within and between agencies to provide policy-makers information about comparative benefits, costs, and outcome schedules;
3. Encourage Governor, Legislature, and state agencies to develop a more integrated and coordinated water policy and funding procedure through which agency priorities can better be achieved by coordinating program planning, funding, and implementation.
4. Establish Water Depletion Trust Fund referenced above to assist local and state governments to continue providing services as property values and tax revenues change as a result of declining ground water supplies.
5. Establish Infrastructure Development Fee referenced above to capture contributions from new water demand parties.
6. Establish Recreation Water Protection Fee referenced above to capture the value adequate water supplies have to recreationalists.

7. Establish sand royalty fee for off-river mining operations referenced above that impact the river alluvial system.
8. Evaluate requiring local communities benefiting from State Contamination Remediation investments to contribute to the State's rehabilitation and maintenance of the site on a 80% state, 20% local match.
9. Emphasize importance of having sufficient data and modeling on which to make responsible policy decisions (e.g., does slowing of extreme water flow events prevent sedimentation in reservoirs, but result in more expensive flooding problems; do streambank stabilization projects shift the sediment capture "needs" of flowing water to other sources) and the need to coordinate databases across agencies within the prioritization of intra- and inter-agency Water Plan Fund requests.
10. Evaluate calling available storage in reservoirs into service within 12 months in recognition of the beneficial uses for recreation, tourism, water quality, and drought protection by the State controlling the water releases, rather than the Corps of Engineers continuing to control those waters. Evaluate using Kansas Development Finance Authority's bonding authority and: a) using existing authority within the KWO statutes to pay those bond service obligations, and operation and maintenance costs; and b) requesting legislative authorization to institute a reservoir sustainability fee to pay for the storage purchase and reservoir maintenance and upgrades to improve drought protection and flood control capabilities.

Vision 2020 Committee members appreciate your consideration of our water policy and funding recommendations.



Rep. Larry Campbell
Vice Chairman



Rep. Tom Sloan
Chairman



Rep. Pam Curtis
Ranking Minority

Members:

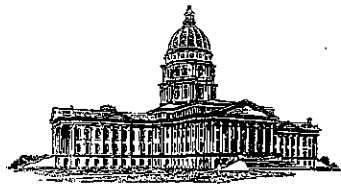
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March 19, 2015

Governor Sam Brownback
Speaker Ray Merrick
Speaker Pro-Tem Peggy Mast
Majority Leader Jene Vickrey

Re: Information Technology Security

Legislative Post Audit released an analysis of State Agency Information Systems: Evaluating Sensitive Datasets and IT Security Resources in July 2014. The Post Audit document details, without revealing information that could be used to exploit vulnerability within State agencies, serious shortcomings in the protection of databases in State agencies, including those that contain citizen identification information.

Post Audit concluded that although the State is responsible for a large number of sensitive or payment systems, there is no enterprise-level (coordinated State) approach to information technology security. As the number of transactions, both direct as with financial filings and indirect through social media, between citizens and businesses with the State increase, the likelihood of a data breach increases. Post Audit also revealed that many State agencies do not comply with the statutory requirement to have a three-year information technology plan, do not have a qualified information security staff or director and have not had an independent evaluation of their security measures within the past three years. Furthermore, the audit states that security reporting structures at seven of the 10 largest agencies audited create a risk that important security issues may not be communicated to senior management.

Committee members believe that the Legislative Post Audit report should elicit concerns among the Executive and Legislative branches as the security breach of South Carolina's Department of Revenue that allowed malware to access 400,000 credit and debit card numbers, affecting more than 75 percent of the state's residents, has cost the State \$100 million for credit monitoring, security upgrades, and consultants. Oregon's campaign finance reporting site and central business registry were hacked for nearly three weeks and approximately 300,000 business accounts were affected. Furthermore, Oregon's Employment Department was hacked and personal information and data for 819,000 people were stolen. Oregon has spent tens of millions of dollars addressing the problem. The media has extensively reported successful information hacking at Home Depot, Target, Kansas University, Anthem, and federal agencies. Anthem, a Blue Cross/Blue Shield provider, recently sent a letter stating that all

their customers and customers of allied providers have a two-year paid in full identification protection/restoration plan through AllClear ID and Anthem has retained Mandiant, one of the world's leading cybersecurity firms. This is costing the company millions of dollars.

Kansas is one of only two states that do not have a separate budget item for information security, instead relying on each State agency to fund such activities internally. The State also does not have an aggressive strategy to assist local governments (e.g., County Treasurers, school districts, law enforcement agencies) that regularly provide sensitive citizen information to the State. Accessing a State database can be as easy as an employee going to a contaminated website; a hacker by-passing a fire wall; or contaminated data coming from a citizen, vendor, or other government agency. A New York State school system was hacked and \$3 million transferred from the local bank to a Spanish bank. The access to the local school district could just as easily have been translated into access to the State Departments of Revenue or Education and accessed even larger sums of money and/or citizens' personal information.

The Information Security Strategic Plan developed by the Kansas's Chief Information Security Officer, reveals that the information security capability of the State is insufficient to support its critical mission. Of the ten core functions of information security, few of the functions are fully operational in the State. To increase accountability and prioritization of security, one of the recommendations is that responsibility and authority for the State's information security function be centralized in the same manner that the Attorney General directs and coordinates the legal support for State agencies, rather than spread across the agencies' information technology departments.

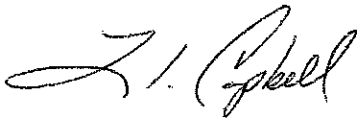
The issue of information technology security is vital to our state because the range of persons succeeding in hacking into public and private sector data bases ranges from two 10-year old British lads who tapped into the Montana Emergency Notification System and broadcast messages about the Zombie Apocalypse, the Russian Mafia who tapped into the South Carolina data bases and now are selling the personal financial information world-wide, and nation states like Korea that hacked into the Sony Corporation. Employee errors and actions that result in information releases range from deliberate acts of sabotage (e.g., the San Francisco computer specialist who changed the master password for the city and effectively shut down the traffic signals, police and court record systems, financial transactions for 5 days and Edward Snowden who released State Department documents to WikiLeaks), to inadvertently permitting access by opening a contaminated attachment. There also are the "hacktivist"s who establish crypto locks on organizations' data files and then hold the data for ransom.

Without commenting on the appropriateness of the recommendations made by Legislative Post Audit and the State's Chief Information Security Officer, Vision 2020 Committee members recommend that, because of the importance of information technology and database security and the very real financial risk to the State and individual Kansans, a much more pro-active information technology security defense be implemented.

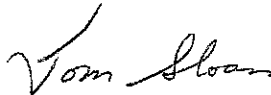
Therefore, we recommend: 1. To the **Governor**: a) evaluate whether an Executive Order restructuring the information technology security responsibilities within and for State agencies should be issued; b) evaluate how information technology security interests can best be coordinated between Regents governed and coordinated institutions and other state agencies; c) ensure that the Kansas National Guard is reviewing critical physical and information technologies infrastructure security for essential state services (e.g., water, electricity, natural gas, gasoline production and supply lines); and d) request a free two-day Cyber Resiliency Review by the U.S. Department of Homeland Security;

2) To **Legislative Leadership**: a) the **Legislative Coordinating Council** appoint an Interim Study on information technology security – risks and organizational responsibilities. The Interim Study to include, but not be limited to: 1) determine the appropriate structure for ensuring information technology security within state agencies; 2) security between local governments and state agencies and state agencies and vendors; 3) training programs and compliance monitoring for state employees regarding cyber security; and 4) assistance programs for local government agencies that interact with state agencies; and b) the Chief Information Security Officer of Kansas be invited to speak before every legislative committee at the beginning of the 2016 Session.

Thank you for considering these recommendations.



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Vice Chairman



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cc: Raney Gilliland
Gordon Self
Tom Day
John Byers