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**Before the  
House Committee on Water and Environment  
Testimony on HB 2726  
Earl Lewis, Assistant Director, Kansas Water Office  
February 13, 2018**

Chairman Sloan and members of the committee, my name is Earl Lewis and I am the Assistant Director of the Kansas Water Office. Thank you for the opportunity to provide testimony regarding HB 2726.

House Bill 2726 would give the Kansas Water Office the ability to issue up to \$50 million in revenue bonds for two purposes:

1. Up to \$40 million to be deposited in the non-corn irrigation grant fund. Moneys in this fund would be used by the Kansas Department of Agriculture, in conjunction with the Kansas Water Office, to provide grants to encourage the growth of crops other than corn or other high water use crops in areas dependent on groundwater irrigation.
2. Up to \$10 million to be deposited in the low-water-use crop grant fund. Moneys in this fund would be used by the Kansas Department of Agriculture, in conjunction with the Kansas Water Office, to provide grants to those wishing to grow low-water-use crops or for development of education and research on such crops.

The bill also authorizes repayment of the bonds would be accomplished by:

1. Gross revenues from all fees and charges from operation of the two programs established by the bill.
2. Proceeds from any grant-in-aid, gift, donation, bequest or other such fund.
3. If the previous two sources are insufficient, payment in priority order from:
  - a. The State Water Plan Fund
  - b. Economic Development Initiatives Fund
  - c. State General Fund

Should the Kansas Water Office issue bonds for the full \$50 million, the following table indicates the general estimate of annual repayment for a variety of term length. A 5 percent interest rate was used to estimate the annual principal and interest payment. For reference, the Kansas Water Office bond related to dredging of John Redmond Reservoir has an interest rate of 4.5 percent.

<b>Years</b>	40	30	20	15	10
<b>Annual Payment</b>	\$ 2,913,908	\$ 3,252,572	\$ 4,012,129	\$ 4,817,114	\$ 6,475,229

Research on low water use crops was identified within the Long Term Vision for the Future of Water Supply in Kansas as a key action item. These action items were based on an understanding that these crops; in particular sorghum, feed wheat and cotton, had not received as much research attention and were falling behind economically when focusing on groundwater usage. Additional research would allow for increased yields and better return on investment for the

producer. The economic return would provide the incentive for the producer to use lower water consumption crops which maintaining the viability of not only their operation, but the entire High Plains-Ogallala Aquifer region.

Providing grants to encourage the growth of crops other than corn, while possible, is difficult at best. In Kansas, there were approximately 1.6 million acres of irrigated corn in 2016. Often producers that are growing corn also grow other crops on a rotational basis. Would grants take corn out of that rotation? And if so, what would they be replaced with? In addition, many producers farm for, and under, multiple legal entities. How would the state insure that subsidies to use other crop varieties would result in permanent change?

Finally, recent successes with water technology farms, local enhanced management areas and water conservation areas are showing producers that they can be successful while using less water. In some cases, substantially less water. Corn remains part of the crop mix in these examples. The use of improved technology and additional management by the producer are showing gains to the resource, and the producer. State efforts should continue to support these initiatives.

Thank you for the opportunity to appear before you today. I will be happy to stand for questions at the appropriate time.