Kansas Water Authority Meeting
Ramada Inn Downtown
Topeka, Kansas
January 25, 2017

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### Kansas Water Authority Meeting
Ramada Inn Downtown
Topeka, Kansas
January 25, 2017

#### Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Agenda Item</th>
<th>Presenter</th>
<th>KWA Advice</th>
<th>KWA Decision</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00 a.m.</td>
<td>Call to Order/Introductions</td>
<td>Gary Harshberger</td>
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<tr>
<td>8:05 a.m.</td>
<td>Approval of Meeting Minutes</td>
<td>Gary Harshberger</td>
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<tr>
<td></td>
<td>December 15, 2016 Meeting</td>
<td></td>
<td></td>
<td>X</td>
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<tr>
<td>8:10 a.m.</td>
<td>KWA PWS Committee</td>
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<tr>
<td></td>
<td>Capital Development Plan</td>
<td>Katie Mitchell, Cara Hendricks</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8:20 a.m.</td>
<td>KWA RAC Committee</td>
<td>Greg Graff, Ginger Harper</td>
<td></td>
<td>X</td>
<td></td>
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<tr>
<td>8:40 a.m.</td>
<td>Rattlesnake Creek Update</td>
<td>David Barfield</td>
<td></td>
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<tr>
<td>9:20 a.m.</td>
<td>John Redmond Update</td>
<td>Matt Unruh &amp; Cara Hendricks</td>
<td></td>
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<tr>
<td>9:40 a.m.</td>
<td>Federal Activities</td>
<td>Earl Lewis</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10:00 a.m.</td>
<td>NSF Grant on Produced Water</td>
<td>Ted Peltier</td>
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</tr>
<tr>
<td>10:15 a.m.</td>
<td>Legislation &amp; Budget Overview</td>
<td>Ginger Harper, Earl Lewis, Susan Metzger</td>
<td>X</td>
<td></td>
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<tr>
<td>10:45 a.m.</td>
<td>BREAK</td>
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<tr>
<td>11:00 a.m.</td>
<td>Hydrosuction Technology</td>
<td>John Shelley, USACE</td>
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<tr>
<td>11:40 a.m.</td>
<td>Governor Brownback</td>
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<tr>
<td>12:00 p.m.</td>
<td>Director’s Report</td>
<td>Tracy Streeter</td>
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<tr>
<td>12:20 p.m.</td>
<td>New Business</td>
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<tr>
<td>1:00 p.m.</td>
<td>Adjourn</td>
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#### Upcoming Meetings:
- May 17-18, 2017, Garden City, KS
Minutes

KANSAS WATER AUTHORITY
Wichita, Kansas

December 15, 2016

Regular Meeting

CALL TO ORDER: Chairman Gary Harshberger called the December 15, 2016 Kansas Water Authority meeting to order at 10:00 a.m. at iSi Environment, Wichita, Kansas.

MEMBERS PRESENT: Gary Harshberger, Chairman; Mike Armstrong; John Bailey; Rex Buchanan; Dan Devlin; Jay Emler; Mark Fischer; Greg Graff; Randy Hayzlett; Robin Jennison; Alan King; Calvin Kissick; Brad Loveless; Rolfe Mandel; Edward Martinko; Gary Mason; Karma Mason; Susan Metzger; Rob Reschke; Sue Schlapp; Dennis F. Schwartz; Tracy Streeter; Lynn Wobker

MEMBERS ABSENT: Jon Starns; Jay Emler; John Floros; David Barfield; Jackie McClaskey; Antonio Soave

APPROVAL OF MINUTES:
Motion No. 12-15-32 It was moved by Brad Loveless and seconded by Greg Graff that the October 19, 2016 Minutes for the Regular Meeting of the Kansas Water Authority be approved as corrected (adding that Brad Loveless moved and Dennis Schwartz seconded to approve the September minutes). Motion carried with no dissenting votes.

KWA PWS COMMITTEE:
Surplus Water Report

Dennis Schwartz presented the Surplus Water Report for approval.

It was moved by Dennis Schwartz and seconded by Brad Loveless to approve the Surplus Water Report and give authority to the Director to enter into surplus water supply contracts for water defined as surplus by the report. Motion carried with no dissenting votes.

Lower Smoky Access District

Dennis Schwartz presented the Lower Smoky Access District for approval.

Motion No. 12-15-33 It was moved by Dennis Schwartz and seconded by Vin Kissick to authorize the Director of the KWO to proceed with negotiations on the sale of storage from Kanopolis to the Lower Smoky Hill River Water Supply Access District. Motion carried with no dissenting votes.

Water Marketing Capitol Development Plan

Dennis Schwartz presented the Water Marketing Capitol Development Plan.

BLUE RIBBON FUNDING TASK FORCE:

Tracy Streeter presented the Blue Ribbon Funding Task Force report for approval.
Motion No. 12-15-34  It was moved by **Greg Graff** and seconded by **Karma Mason** to support the recommendations of the Blue Ribbon Funding Task Force. **Motion carried with no dissenting votes.**

**KWA BUDGET COMMITTEE:**

**Karma Mason** presented the KWA Budget Committee report.

Motion No. 12-15-35  It was moved by **Karma Mason** and seconded by **Mike Armstrong** to accept the budget committees recommendation with following change: to change the title of sediment removal to new sources of supply and changing line item amount to 10 million per year. **Motion carried with no dissenting votes.**

**VISION/KANSAS WATER PLAN:**

**Tracy Streeter** provided an update on the Vision/Kansas Water Plan.

*Drought Tournament*  **Margaret Fast** provided an update on the Drought Tournament held December 1, 2016 in Emporia, Kansas.

*WCA/LEMA Update*  **Susan Metzger** provided an update on WCAs and LEMAs.

*Streambank Stabilization*  **Rob Reschke** provided an update on Streambank Stabilization.

**LEGISLATIVE UPDATE:**


*KDA-WCA and Impairment Legislation*  **Susan Metzger** provided an update on the Kansas Department of Agriculture’s WCA and Impairment Legislation.

**SECURING WATERS LEAVING THE STATE:**

**Tracy Streeter** and **Earl Lewis** presented the scope of the project and details on “Securing Waters Leaving the State” for approval.

Motion No. 12-15-36  It was moved by **Karma Mason** and seconded by **Randy Hayzlett** to advance this study for funding consideration and including this as a funding recommendation of $200,000 in the KWA Annual Report. **Motion carried with no dissenting votes.**

**KWA ANNUAL REPORT TO THE GOVERNOR AND LEGISLATURE:**

**Earl Lewis** presented the 2017 Annual Report to the Governor and Legislature for approval.

Motion No. 12-15-37  It was moved by **Brad Loveless** and seconded by **Karma Mason** to move $332,363 to Irrigation Technology Adoption and $200,000 to fund the Water Transfers Study, eliminating the Aid to Conservation Districts line item in the table on page 18 of the Annual Report. **Motion carried with no dissenting votes.**
Motion No. 12-15-38  It was moved by Dennis Schwartz and seconded by Brad Loveless to give the KWO approval to complete the 2017 Annual Report to the Governor and Legislature using the decisions made at today’s meeting and to prepare it for printing and distribution. Motion carried with no dissenting votes.

REPUBLICAN RIVER COMPACT ACTIVITIES

Earl Lewis, Chris Beightel and Pete Gile provided an update on Republican River Compact Activities.

DIRECTOR’S REPORT:  Tracy Streeter provided the Director’s Report.

UPCOMING MEETINGS:

January 24-25, 2017 Topeka, Kansas KWA Meeting.

Adjournment  The KWA adjourned at 4:10 p.m.
During 2016, the Kansas Water Office (KWO) through contractor Great Lakes Dredge & Dock Company removed and disposed of 3,000,000 cubic yards of sediment from John Redmond Reservoir. This project represents a first of its kind in the nation with a non-federal agency sponsor conducting a large-scale inland dredging project on a U.S. Army Corps of Engineers reservoir and can serve as a model both in Kansas as well as nationwide for water supply restoration efforts within federal reservoirs.

This interim draft report has been developed to chronicle the planning, permitting and implementation process which has taken place up through January 2017 in conjunction with Phase I dredging of John Redmond Reservoir. Additional information will be included within future versions of this report as disposal site restoration and streambank stabilization efforts move forward.

KWO also sees great value in having the opportunity to meet with project partners to discuss various aspects of the projects to enhance the after-action component of this report. With this in mind, KWO plans to meet with the U.S. Army Corps of Engineers, the Kansas Department of Health and Environment, the Kansas Department of Agriculture - Division of Water Resources and other project partners for debriefing discussion following the completion of Phase I dredging operations at John Redmond Reservoir. These conversations will provide the opportunity to discuss what when right, what went wrong, and what improvements in the project planning and implementation process could be made to benefit future dredging efforts in Kansas. The results of these partner debriefing discussions would be included within future versions of this report as well.

This update is for informational purposes only. No action is required at this time.
MEMO

DATE: January 20, 2017
TO: Kansas Water Authority
FROM: Ginger Harper
RE: 2017 Legislative Session Update

The 2017 Legislative Session has started and KWO has provided testimony before several House and Senate Committees. Each week, KWO testimony will be posted in the Legislative News section of the kwo.org website.

Legislation has been introduced by Chairman Tom Sloan in the House Water and Environment Committee to adjust fees paid into the State Water Plan Fund. HB 2032 would increase receipts to the State Water Plan Fund by approximately $6,362,604, annually. The breakdown is below. No hearings have been held on this legislation.

- Increase Fertilizer Fee $0.70
- Increase Chemigation fee by $50 from $150 to $200
- Increase Municipal Fee from $0.03 to $0.06
- Increase Industrial Fee from $0.03 to $0.045
- Increase Stockwater Fee from $0.03 to $0.045

<table>
<thead>
<tr>
<th>Current</th>
<th>Proposed</th>
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<tbody>
<tr>
<td>Units</td>
<td>Revenue Generated</td>
</tr>
<tr>
<td>Municipal Fees</td>
<td>c / 1000 Gal</td>
</tr>
<tr>
<td>Industrial Fees</td>
<td>c / 1000 Gal</td>
</tr>
<tr>
<td>Stockwater Fees</td>
<td>c / 1000 Gal</td>
</tr>
<tr>
<td>CDWFF</td>
<td>c / 1000 Gal</td>
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<tr>
<td>Irrigation Use Fee</td>
<td>c / 1000 Gal</td>
</tr>
<tr>
<td>Irrigation Use Fee</td>
<td>$/ Af</td>
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<tr>
<td>Fertilizer Fees</td>
<td>$/ Ton</td>
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<tr>
<td>Sand Royalties</td>
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<tr>
<td>Pesticide Fees</td>
<td>$/ License</td>
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<tr>
<td>Sales Tax</td>
<td>%</td>
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<tr>
<td>Bottled Water Fee</td>
<td>c / Bottle</td>
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<tr>
<td>Electric Generation</td>
<td>c / MwH</td>
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<tr>
<td>Electric Residential</td>
<td>c / KwH</td>
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<tr>
<td>Watershed Reservoirs</td>
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<tr>
<td>Rec/Hunting Marsh</td>
<td>c / 1000 Gal</td>
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<tr>
<td>Sand/Gravel Pit Evap</td>
<td>c / 1000 Gal</td>
</tr>
<tr>
<td>Total SWPF Fees</td>
<td>$12,506,172</td>
</tr>
</tbody>
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<th>Units Fee</th>
<th>Current Revenue Generated</th>
<th>Proposed Revenue Generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Fees</td>
<td>¢ / 1000 Gal 3</td>
<td>$ 3,318,143</td>
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<tr>
<td>Industrial Fees</td>
<td>¢ / 1000 Gal 3</td>
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<td>Stockwater Fees</td>
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<td>CDWFF</td>
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<td>Irrigation Use Fee</td>
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<td>$ -</td>
</tr>
<tr>
<td>Irrigation Use Fee</td>
<td>$/ Af 0</td>
<td>$ -</td>
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<tr>
<td>Fertilizer Fees</td>
<td>$ / Ton 1.4</td>
<td>$ 3,416,703</td>
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<td>Sales Tax</td>
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<tr>
<td>Bottled Water Fee</td>
<td>¢ / Bottle 0</td>
<td>$ -</td>
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<tr>
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<td>¢ / 1000 Gal 0</td>
<td>$ -</td>
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<td>¢ / 1000 Gal 0</td>
<td>$ -</td>
</tr>
<tr>
<td>Sand/Gravel Pit Evap</td>
<td>¢ / 1000 Gal 0</td>
<td>$ -</td>
</tr>
<tr>
<td>Total SWPF Fees</td>
<td>$ 12,506,172</td>
<td>$ 18,868,776</td>
</tr>
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</table>

This item is information only. No action required.
AN ACT concerning the state water plan fund; increasing certain fees credited to such fund; amending K.S.A. 2016 Supp. 2-1205, 2-2204 and 82a-954 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2016 Supp. 2-1205 is hereby amended to read as follows: 2-1205. An inspection fee shall be collected upon all commercial fertilizers sold, offered or exposed for sale, or distributed in Kansas, which shall be at a rate per ton of 2,000 pounds fixed by rules and regulations adopted by the secretary of agriculture, except that such rate shall not exceed $1.67 $2.37 per ton of 2,000 pounds. The secretary of agriculture may adopt rules and regulations establishing the inspection fee rate under this section. Each person registering any commercial fertilizer shall pay the inspection fee on such commercial fertilizer sold, offered or exposed for sale, or distributed in Kansas. Each such person shall keep adequate records showing the tonnage of each commercial fertilizer shipped to or sold, offered or exposed for sale, or distributed in Kansas. The secretary, and duly authorized representatives of the secretary, shall have authority to examine such records and other pertinent records necessary to verify the statement of tonnage.

Each person registering any commercial fertilizer shall file an affidavit semiannually, with the secretary, within 30 days after each January 1 and each July 1, showing the tonnage of commercial fertilizer sold or distributed in Kansas for the preceding six-month period. Each such person shall pay to the secretary the inspection fee due for such six-month period, except that the registrant shall not be required to pay the inspection fee or report the tonnage of commercial fertilizers or fertilizer materials sold and shipped directly to fertilizer manufacturers or mixers. The fertilizer manufacturers or mixers shall keep adequate records of the commercial fertilizers sold or distributed in this state, and report to the secretary the tonnage and pay the inspection fee due. If the affidavit is not filed and the inspection fee is not paid within the 30-day period, or if the report of tonnage is false, the secretary may revoke the registrations filed by such person. If the affidavit is not filed and the inspection fee is not paid within the 30-day period, or any extension thereof granted by the secretary, a penalty of $10 per day shall be assessed against the registrant,
except that on and after July 1, 2015, a penalty of $5 per day shall be
assessed against the registrant, and the inspection fee and penalty shall
constitute a debt and become the basis for a judgment against such person.
The secretary may grant a reasonable extension of time.

The secretary of agriculture is hereby authorized and empowered to
reduce the inspection fee by adopting rules and regulations under this
section whenever the secretary determines that the inspection fee is
yielding more than is necessary for the purpose of administering the
provisions of this act as listed below and the plant pest act. The secretary is
hereby authorized and empowered to increase the inspection fee by
adopting rules and regulations under this section when it finds that such is
necessary to produce sufficient revenues for the purposes of administering
the provisions of this act, except that the inspection fee shall not be
increased in excess of the maximum fee prescribed by this section. The
secretary shall remit all moneys received by or for the secretary under
article 12 of chapter 2 of Kansas Statutes Annotated, 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 and
shall credit such remittance as follows: (1) An amount equal to $1.40
$2.10 per ton shall be credited to the state water plan fund created by
K.S.A. 82a-951, and amendments thereto; (2) an amount equal to $.04 per
ton shall be credited to the fertilizer research fund; and (3) the remainder
shall be credited to the fertilizer fee fund. All expenditures from the
fertilizer fee 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 or
persons designated by the secretary.

Sec. 2. K.S.A. 2016 Supp. 2-2204 is hereby amended to read as
follows: 2-2204. (a) Every agricultural chemical which is distributed, sold
or offered for sale within this state or delivered for transportation or
transported in intrastate commerce or between points within this state
through any point outside this state shall be registered by the secretary.
The secretary shall have the authority to classify or designate as restricted-
use any pesticide registered for sale, use or distribution in the state of
Kansas, according to rules and regulations promulgated by the secretary.
The secretary may adopt rules and regulations to allow products to be
registered for a period not to exceed three years. All registration of
products shall expire on December 31 of the year the registration is set to
expire, unless such registration shall be renewed, in which event expiration
date shall be extended for each year of renewal registration, or until
otherwise terminated. Products which have the same formula, and are
manufactured by the same person, the labeling of which contains the same
claims, and the labels of which bear a designation identifying the product as the same agricultural chemical may be registered as a single product and additional names and labels shall be added by supplement statements during the current period of registration. Within the discretion of the secretary, or an authorized representative of the secretary, a change in the labeling or formulas of an agricultural chemical may be made within the current period of registration without requiring a reregistration of the product. Any agricultural chemical imported into this state which is subject to the provisions of any federal act providing for the registration and which has been duly registered under the provisions of such federal act, in the discretion of the secretary, may be exempted from registration under this act when such agricultural chemical is sold or distributed in the unbroken immediate container in which such agricultural chemical was originally shipped.

(b) The registrant shall file with the secretary, a statement including:
1. The name and address of the registrant and the name and address of the person whose name will appear on the label if other than the registrant;
2. the name of the agricultural chemical;
3. a complete copy of the labeling accompanying the agricultural chemical and a statement of all claims made and to be made for it and a statement of directions for use; and
4. if requested by the secretary, or an authorized representative of the secretary, a full description of the tests made and the results thereof upon which the claims are based.

(c) The secretary may require the registrant to submit a copy of the product label registered by the EPA under the provisions of FIFRA.

(d) Any time the registrant modifies the label, the modified label shall be submitted to the secretary for review and approval prior to implementing the new label in Kansas.

(e) On the date of registration, the registrant shall pay a fee fixed by rules and regulations adopted by the secretary of agriculture. Such fee shall equal an amount per registered agricultural chemical, not to exceed $150 $200 per year. Such fee shall be deposited in the state treasury and credited as follows: (1) An amount equal to $100 $150 for each year of registration shall be credited to the state water plan fund created by K.S.A. 82a-951, and amendments thereto; and (2) the remainder shall be credited to the agricultural chemical fee fund to be used for carrying out the provisions of this act. The annual fee for each agricultural chemical registered which is in effect on the day preceding the effective date of this act shall continue in effect until the secretary of agriculture adopts rules and regulations fixing a different fee therefor under this subsection. The secretary of agriculture is hereby authorized and empowered, whenever it determines that the fee imposed by this subsection and paid into the state treasury as provided by law is yielding more revenue than is required for...
the purposes to which such fee is devoted by law, to reduce the fee imposed by this subsection for such period as the secretary shall deem justified by adopting rules and regulations under this subsection but not for less than one year. In the event that the secretary, after reducing such fee, finds that sufficient revenues are not being produced by such reduced fee, the secretary is authorized and empowered by adopting rules and regulations under this subsection, to restore in full or in part such fee to an amount which, in the judgment of the secretary, will produce sufficient revenues for the purposes as provided in this section, but not exceeding the maximum amount of the fee imposed by this subsection.

(f) The secretary, or an authorized representative of the secretary, whenever it is deemed essential in the administration of this act, may require the submission of the complete formula or any other data in support of the registration for any pesticide. The complete formula and any other trade secrets submitted to support the registration application shall be considered as confidential. If it appears to the secretary, or an authorized representative of the secretary, that the composition of the product is such as to warrant the proposed claims for the product and if the product and its labeling and other material required to be submitted comply with the requirements of this act, the secretary shall register the product.

(g) If it does not appear to the secretary, or an authorized representative of the secretary, that the product is such as to warrant the proposed claims for it or if the product and its labeling and other material required to be submitted do not comply with the provisions of this act, the secretary shall notify the registrant of the manner in which the product, labeling, or other material required to be submitted fail to comply with the act and rules and regulations adopted pursuant thereto so as to afford the registrant an opportunity to make the necessary corrections. If, upon receipt of such notice, the registrant does not make the required changes within 30 days, the secretary may deny registration of the product. In addition, the secretary may deny registration of a product if the application for registration fails to comply with this act or any rule or regulation adopted pursuant thereto. If the secretary denies a registration, the registrant may request a hearing in accordance with the provisions of the Kansas administrative procedure act.

(h) Any pesticide registration canceled or suspended under the provisions of FIFRA shall be considered to be canceled or suspended under provisions of the agricultural chemical act of 1947, unless such cancellation is due to the nonpayment of registration fees required under FIFRA.

(i) If the secretary determines that a registered product fails to meet the claims made on its label, the secretary may suspend or revoke the product registration after a hearing in accordance with the provisions of
the Kansas administrative procedure act. In addition, if the secretary
determines that a registered product or its labeling fails to comply with this
act, or a rule or regulation adopted pursuant to this act, the secretary may
suspend or revoke the product registration after a hearing in accordance
with the provisions of the Kansas administrative procedure act.

(j) In order to protect the public, the secretary, or a duly authorized
representative of the secretary, on the secretary's own motion, may at any
time, after written notice to the registrant, suspend or revoke the
registration of an agricultural chemical. Any person so notified shall be
given an opportunity for a hearing in accordance with the provisions of the
Kansas administrative procedure act with regard to the secretary's
contemplated action, before any registration is suspended or revoked.

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

(l) Any information required to be filed pursuant to this section, may
be filed electronically pursuant to rules and regulations promulgated by the
secretary.

Sec. 3. K.S.A. 2016 Supp. 82a-954 is hereby amended to read as
follows: 82a-954. (a) On and after July 1, 1989, there is hereby imposed a
water protection fee at the rate of:

(1) Three cents $0.06 per 1,000 gallons of water sold at retail by a
public water supply system and delivered through mains, lines or pipes;

(2) subject to the provisions of subsection (c), three cents $0.045 per
1,000 gallons of water appropriated for industrial use pursuant to a permit
granted in accordance with the Kansas water appropriation act; and

(3) three cents $0.045 per 1,000 gallons of water appropriated for
stockwatering pursuant to a permit granted in accordance with the Kansas
water appropriation act.

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

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

(d) The fee imposed by subsection (a)(1) shall be paid quarterly by the public water supplier and shall be transmitted to the department of revenue not later than 45 days following the end of each quarter. The public water supplier may collect the fee directly from each consumer to which water is sold at retail or may pay the amount owed to the department from moneys in its operating or other fund available for that purpose. The fees imposed by subsections (a)(2) and (3) shall be paid by the owner of the permit. If any retailer or permit owner fails to pay the fee required to be collected and paid under this section, there shall be added, to the unpaid balance of the fee, penalty and interest as prescribed under K.S.A. 79-3615, and amendments thereto, for the late payment of sales tax.

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

(f) The director of taxation shall remit all moneys collected from fees imposed pursuant to this section 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 state water plan fund created by K.S.A. 82a-951, and amendments thereto.

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

Sec. 4. K.S.A. 2016 Supp. 2-1205, 2-2204 and 82a-954 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.
January 19, 2017

CORRECTED

The Honorable Tom Sloan, Chairperson
House Committee on Water and Environment
Statehouse, Room 521-E
Topeka, Kansas  66612

Dear Representative Sloan:

SUBJECT: Corrected Fiscal Note for HB 2032 by House Committee on Water and Environment

In accordance with KSA 75-3715a, the following corrected fiscal note concerning HB 2032 is respectfully submitted to your committee.

Current law establishes a cap on fees collected by the Kansas Department of Agriculture for inspection of commercial fertilizers and registration of agricultural chemicals sold, offered or exposed for sale or distributed in Kansas. A portion of these fee receipts is deposited in the State Water Plan Fund. HB 2032 would amend existing law to increase the cap on the fee charged for commercial fertilizer inspection from $1.67 to $2.37 per ton. The amount then credited to the State Water Plan Fund would be increased from $1.40 to $2.10 per ton. The cap on the annual fee for each registered agricultural chemical would be increased from $150 to $200. The amount then credited to the State Water Plan Fund would be increased from $100 to $150 per year.

Currently, a water protection fee is imposed for water sold at retail by a public water supply system, as well as water appropriated for industrial use or stockwatering through a Kansas Water Appropriation Act permit. HB 2032 would increase the fee for water sold by a public water supply system from $.03 per 1,000 gallons to $.06 per 1,000 gallons. The fee for water appropriated for industrial use or stockwatering would increase from $.03 per 1,000 gallons to $.045 per 1,000 gallons. In the fiscal effect statement originally issued, the increase was incorrectly stated at $.45 per 1,000 gallons.

<table>
<thead>
<tr>
<th>Estimated State Fiscal Effect</th>
<th>FY 2018 SGF</th>
<th>FY 2018 All Funds</th>
<th>FY 2019 SGF</th>
<th>FY 2019 All Funds</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>--</td>
<td>$6,362,604</td>
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<td>$6,362,604</td>
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<td>Expenditure</td>
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According to the Kansas Water Office (KWO), passage of HB 2032 would increase receipts to the State Water Plan Fund by approximately $6,362,604, annually. The Office does not indicate that passage of the bill would have a direct effect on the agency budget. Because the increases to fees charged for fertilizer inspection and agricultural chemicals would be passed directly to the State Water Plan Fund, the Kansas Department of Agriculture (KDA) indicates that passage of the bill would have no effect on its budget. The Kansas Department of Health and Environment (KDHE) also states that its budget would not be affected by passage of HB 2032.

Increases to receipts into the State Water Plan Fund would, however, cause changes to the amounts available to be appropriated from the State Water Plan Fund for water projects conducted by the KDA, KDHE, and KWO although it is not possible to estimate what those changes would amount to for the individual agencies. Passage of the bill also would affect public water supply systems which would experience increased costs for the water protection fee. Any fiscal effect associated with HB 2032 is not reflected in The FY 2018 Governor’s Budget Report.

Sincerely,

Shawn Sullivan,
Director of the Budget

cc: Justin Law, Agriculture
    Ginger Harper, Water Office
    Dan Thimmesch, Health & Environment