



**Before the
House Committee on Water and Environment
Testimony on HB 2241
Tracy Streeter, Director, Kansas Water Office
February 7, 2017**

Mr. Chairman, members of the Committee, thank you for the opportunity to appear this morning regarding House Bill 2241. My name is Tracy Streeter, and I am the Director of the Kansas Water Office. I am here on behalf of the Kansas Water Authority to provide comments relative to HB 2241, which proposes to establish additional fees associated with the State Water Plan Fund (SWPF).

The Kansas Water Authority (KWA) is responsible for advising the Governor, Legislature and Director of the Kansas Water Office on water policy issues and for approving the *Kansas Water Plan*, federal contracts, administration regulations and legislation proposed by the KWO. The KWA provides the leadership to ensure that water policies and programs address the needs of all Kansans.

Gary Harshberger, Chairman of the KWA appeared before the committee on January 24th to discuss the work of the KWA, and the process it would go through to distribute any additional funds. He made apparent there is a need for increased funding to adequately manage the state's water resource in the future. The KWA did not take official action in support or opposition to HB 2241. However, the KWA took official action in December to support the findings of the Blue Ribbon Funding Task Force (BRFTF) for Water Resource Management as it relates to additional funding. As he stated last week, those are as follows:

- Existing fees into the SWPF be maintained at current levels,
- One-tenth of one percent of the existing statewide sales tax be dedicated to funding Vision implementation,
- It is preferable that the dedication of the one-tenth of one percent sales tax be protected for this purpose by constitutional amendment and subject to referendum every 10 years,
- A review of all existing user fees by the legislature five years after successful collection of the state sales tax, to continue every 5 years thereafter,
- That the State General Fund & Economic Development Initiatives Fund statutory demand transfers be provided to the SWPF by the legislature during the 2017 session for the FY2018 and 2019 budgets, or until the proposed sales tax revenue is successfully collected, and
- The Legislature and the KWA look at the statute relative to the makeup of the KWA, and seek to include demographic and user fee participation as guidelines for representation and appointments.

During the course of discussion, the BRFTF did evaluate and consider increases to existing and new fees to provide additional revenue to implement the Governor's Water Vision. However, the Task Force did not include changes to existing or new fees as part of its' recommendations stated above.

The fees proposed in HB 2241 would affect current or future water supply contract holders under KWO's Water Marketing Program. There are currently two types of contracts, fixed rate at \$.010 per 1000 gallons, and variable rate at \$0.38 per 1000 gallons. These contracts are structured such that the water user is required to pay for a minimum of 50 percent of the total contracted volume, regardless of actual use. Payment above 50 percent of the total contracted volume is based on actual use. The table below contains a list of current contract holders and indicates whether the contract is a fixed or variable rate contract and includes an expiration date for each. The expiration dates for the fixed rate contracts begin in December of 2017 and conclude in December of 2023. Each entity will then have the opportunity to renegotiate the contract and may adjust the total quantity and length of contract but will be required to pay the appropriate variable rate established annually by the KWA. The Water Marketing Program's Capital Improvement and Storage Maintenance Plan project the variable rate to be established at \$0.40 per 1000 gallons in 2023.

Contract Entity	Reservoir	Rate / 1,000 gal	Contract End Date
Baldwin City	Clinton	\$ 0.10	12/29/2019
Lawrence	Clinton	\$ 0.10	12/29/2019
Douglas Co. RWD #1	Clinton	\$ 0.10	12/29/2019
Douglas Co. RWD #3	Clinton	\$ 0.10	12/13/2021
Douglas Co. RWD #4	Clinton	\$ 0.10	12/29/2019
Douglas Co. RWD #5	Clinton	\$ 0.10	12/29/2019
Douglas Co. RWD #6	Clinton	\$ 0.10	12/13/2021
Emporia	Council Grove	\$ 0.10	10/21/2023
Coffeyville	Elk City	\$ 0.10	12/16/2023
Miami Co. RWD #2	Hillsdale	\$ 0.10	10/21/2023
Westar Energy - Wolf Creek	John Redmond	\$ 0.10	12/31/2017
Hillsboro	Marion	\$ 0.10	12/22/2021
Marion	Marion	\$ 0.10	10/3/2023
Westar Energy - Jeffrey	Milford	\$ 0.10	12/5/2022

Contract Entity	Reservoir	Rate / 1,000 gal	Contract End Date
PWWSD #4	Big Hill	\$ 0.38	4/17/2038
Lawrence	Clinton	\$ 0.38	1/1/2031
Douglas Co. RWD #1	Clinton	\$ 0.38	1/1/2031
Douglas Co. RWD #2	Clinton	\$ 0.38	1/1/2031
Douglas Co. RWD #4	Clinton	\$ 0.38	10/26/2035
Douglas Co. RWD #5	Clinton	\$ 0.38	10/26/2035
Douglas Co. RWD #6	Clinton	\$ 0.38	1/1/2031
Council Grove	Council Grove	\$ 0.38	9/13/2033
Coffeyville Resources	Elk City	\$ 0.38	12/3/2039
HAWC	Hillsdale	\$ 0.38	1/1/2053
Post Rock RWD	Kanopolis	\$ 0.38	7/12/2041
Peabody	Marion	\$ 0.38	4/9/2039
Burlingame	Melvern	\$ 0.38	7/15/2033
Harveyville	Melvern	\$ 0.38	8/11/2045
Osage City	Melvern	\$ 0.38	4/22/2033
PWWSD #12	Melvern	\$ 0.38	1/1/2032
Osage Co. RWD #3	Pomona	\$ 0.38	7/10/2048

The irrigation water use fee proposed in HB 2241 was considered by the BRFTF and received considerable debate. As I stated previously, the Task Force did not reach a consensus on changes to existing SWPF fees or any new fees, including a fee on irrigation water use. I have attached a map developed for the BRFTF illustrating the impact of the irrigation fee, by planning region.

The KWA appreciates the work of the House Water and Environment Committee as it considers measures to address our state's future water resource concerns. I will be happy to stand for questions at the appropriate time.