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Date: February 14, 2023
To: Representative Jim Minnix Chairman, House Committee on Water
From: Shahira Stafford, Kansas Cooperative Council
RE: Proponent, Written Only Testimony on House Bill 2302

Mr. Chairman and Members of the Committee,

On behalf of the Kansas Cooperative Council (Co-op Council), thank you for the opportunity to provide comments on House Bill 2302. The Co-op Council is a statewide association that works on behalf of all types of cooperatively structured businesses in Kansas. Some of the industries organized as cooperatives include agriculture, utility, financial, and insurance. Simply, cooperatives differ from other businesses because they are member-owned, member-controlled, and profits are returned to its member-patrons.

The majority of the Co-Op Council's members are agricultural retail cooperatives that are owned by farmer producers directly impacted by drought conditions and the continued reduction of water resources in Kansas.

Global food prices have reached a record high in 2022, in part due to climate factors like drought. According to the National Oceanic and Atmospheric Administration (NOAA), in 2022, maximum drought coverage reached 63% of the United States on October 25 - the largest contiguous U.S. footprint since the drought of 2012. We know that drought stressors are becoming common place, not just in Kansas but across the country.

The Co-op Council has past supported the current statutory framework and maintaining state water plan fees on industry at their current level. However, the State Water Plan Fund (SWPF) has only recently received its statutorily required funding and is now severely depleted of the resources needed to implement the current State Water Plan.

House Bill 2302 creates a new funding mechanism through a portion of the state sales tax to replace the current \$8 million to the SWPF from the State General Fund and Economic Development Initiative Fund. The Kansas Water Office (KWO) has reported needing \$70 million to fully fund existing programs each year. The sales tax carve-out in HB 2302 would generate roughly \$66 million a year.

The new dollars would go to retire a portion of state debt on two reservoirs, agricultural water conservation education, a cost-share program with municipalities to replace lead pipes, assistance in applying for federal grants, and the hiring of additional water engineers within the Kansas Department of Agriculture and KWO.

The Kansas Cooperative Council supports a more long-term funding solution found in HB 2302, which is desperately needed to begin addressing the water crisis impacting all Kansans.