

Approved: 2-9-94
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson David Corbin at 10:00 a.m. on February 8, 1994 in Room 423-S of the Capitol.

All members were present except:

Committee staff present: Raney Gilliland, Legislative Research Department
Jill Wolters, Revisor of Statutes
Lila McClaflin, Committee Secretary

Conferees appearing before the committee:
Don Guthals, Watershed Owner, Turkey Creek Watershed
Philip Lorson, Watershed Owner, Turkey Creek Watershed
Jim Lorson, Watershed Owner, Turkey Creek Watershed
George Austin, Division of Water Resources

Others attending: See attached list

Chairperson Corbin asked for action on the minutes of February 4, 1994. A motion was made by Senator Sallee to approve the minutes. The motion was seconded by Senator Downey. Motion carried.

Chairperson Corbin recognized Senator Sallee. Senator Sallee asked what the status was of a proposal to exempt from taxation a berm or property around a hazardous material site that must be built in order to comply with the Environmental Protection Regulations. Staff reported it was being drafted.

Chairperson Corbin opened the hearing on SB 600 - tax exemption of certain property contiguous to dams and reservoirs. He called on Senator Downey to introduce the conferees from the Turkey Creek Watershed, in Dickinson County.

Don Guthals, Watershed Owner, Turkey Creek Watershed Association, testified in support of SB 600. Their organization believe this bill would encourage landowners to donate easements (Attachment 1) He responded to questions.

Philip Lorson and Jim Lorson, both from the Turkey Creek Watershed Association, stated they supported the legislation.

George Austin, Division of Water Resources, presented testimony stating the additional work of inspecting the dams would require an additional two positions to handle the work load (Attachment 2).

Senator Sallee suggested the language in lines 37 through 39 be struck and insert the language "as long as they are maintained in satisfactory condition", and this would take care of the need for an annual inspection, and the extra work load.

Chairperson Corbin called attention to the written testimony from Lowell Abeldt, Legislative Liaison for the State Association of Kansas Watersheds, in support of SB 600, and from Lowell Davidson, President, of The Board of Directors of Turkey Creek Watershed a resolution supporting the proposal (Attachment 3).

Also, Chairperson Corbin said a handout from the Kansas Measurement Center (Attachment 4) had been distributed, and he asked for a show of hands of all who plan to take the tour of the Metrology Division on Thursday. All senators indicated they would be able to attend.

The meeting adjourned at 11:03 a.m.

The next meeting is scheduled for February 9, 1994.

GUEST LIST

COMMITTEE: Senate Agriculture

DATE: 2-8-94

[illegible]

Don Luthals

to: State Senator Jerry Karr
Fax # 296-0103

Statement to be presented to the Senate Agricultural Committee concerning the amending of K. S. A. 79-201g

We are here in support of Senate Bill 600, concerning certain tax properties contiguous to watershed structures.

The purpose of this statement is to present reasons why we, a group of landowners and tenants, feel K. S. A. 79-201g should be amended. The amendment would extend a 20-year real property tax exemption on all real property falling within the elevation of the top of the dam, to read

"An exemption shall be applicable to such property for each taxable year that such dam or reservoir is maintained in a condition satisfactory to the chief engineer after the original certification of the dam or reservoir."

We wish to make the amendment applicable to all watersheds in the state.

Turkey Creek Watershed District was established in the late 1960's. The original policy was to encourage landowners to donate easements to the watershed district where reservoirs were to be built. In exchange for the donated easement the landowner would retain control of the area and receive a 20-year's real property tax exemption for the land within the elevation of the top of the reservoir or dam. There are fifteen (15) structures within the Turkey Creek Watershed District.

With reference to Turkey Creek Watershed, we have met with the board of directors, who adopted a resolution to support this amendment. The State Association of Kansas Watersheds also supports the adoption of this amendment.

This exemption has expired on several structures and several others will expire in the coming year. Thus the landowners will not receive this tax exemption under current law. This exemption, dollar-wise, will vary from several dollars to as much as \$500 to \$700, depending on the value of the area exempted. By amending K. S. A. 79-201g this exemption would be granted as long as the structure is properly maintained. These structures have a built-in life of 100 years.

During the period of flooding in the summer of 1993 these structures worked remarkably well. Water stored by them reached record heights and then was drawn down slowly over a longer period. Those storing the water, however, left farm ground littered with debris and trash, drowned grass, destroyed fences, lost crops, and in some cases private roads and lanes washed out.

*Senate Ag Co
2-8-94
attachment 1*

Statement to Senate Agriculture Committee
Turkey Creek Watershed District
p. 2

In contrast, persons living and farming below these structures had little flooding, reduced fence damage, less crop loss, and little or no road damage.

It is the feeling of those who donated easements to the Turkey Creek Watershed District that they should be allowed to share in the benefits of the watershed program as do those who live below the structures. Our benefit is, or has been, the tax exemption; theirs is the reduction of flood damage.

Because landowners saw that having a watershed structure on their property was not beneficial, it became increasingly difficult for the watershed district to procure donated easements. Thus, in the past, districts were forced either to purchase the land or purchase the easements. This fact in itself has greatly slowed down the watershed program.

There are a number of watersheds in the state in either the planning stage or waiting to accumulate funds to purchase easements that could receive substantial benefit through this amendment. This amendment would provide a longer period of tax exemption and encourage landowners to donate easements.

If there are any questions, we will be glad to answer them and/or clarify our position.

We, whose names are listed below, feel that this is a fair and reasonable request. We would appreciate your support.

Maurice Lorson
James Lorson
Don Guthals
Ed Reiff
Paul Kohman
Paul Lorson
Dwight Meuli
Philip Lorson
William Lorson
Robert Lorson

Dale Gantenbein
Anthony Lorson
Atellia Heins
Theresa Lorson
Michael Lorson
Jimmy Srajer
John Murphy
Vincent Lorson
Robert Hoffman

February 7, 1994

Senate Bill No. 600 and House Bill No. 2750 in a literal interpretation apparently would require annual inspections by DWR or after an initial inspection, dam owner-prepared reports to DWR of dams receiving tax exemption. It may be that the public sponsor of many of the dams could be responsible for the initial inspection and annual reporting. Correspondence with the county appraiser on each dam or tract of land is presumed to be needed annually. Both actions are currently done only once, at time of completion of the dam. The added expense and effort would be enormous excessive expenditures.

Since 1974 the Division of Water Resources has issued 1,749 certificates on 960 dams. 591 of these dams were within 72 watershed districts. Since the watershed dams could be inspected by the watershed districts and reported to the DWR, then the greatest impact to the DWR is the 369 non-watershed dams.

The non-watershed dams were eligible for only the ten-year limit so those prior to 1984 have already expired. Only 52 dams certified since 1984 need follow-up inspections and are eligible for continued tax exemption.

Section 3 & 4 - Expenditures and Assumptions

The Division of Water Resources has assumed that the bills did not intend to require the annual inspection and certification that a literal interpretation of the bills' language might indicate. The DWR has assumed that the Chief Engineer would be free to require whatever documentation necessary to conclude that the dams are in satisfactory condition. As a consequence, the DWR has considered the expenditures in connection with these bills to be related to the mailing of annual inspection or report notices on 643 dams, issuance of certificates on 643 dams, inspecting 52 dams, and receipt and review of reports on 591 dams in 72 watershed districts, in addition to its normal duties. The first year would require inspection of all 52 non-watershed dams and those years following, inspections on less than 10 percent of the 643 dams.

The conduct of the program under the previous assumption would require additional positions at a moderate cost. The benefits received by dam owners probably will not greatly exceed the cost of the program.

Section 5

The provisions of the bills would affect an already high workload area. As a consequence, the Division of Water Resources believes that an additional two positions are required to address the additional work assumed in the agency's analysis. The Bill's fiscal impact is not contained in the Governor's Budget Report. Additional detailed information is attached.

Section 6

<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>
116,688	99,439	101,678

Additional detailed information is attached.

*Senate Ag 6
2-8-94
attachment 2*

FISCAL SUMMARY INFORMATION

KANSAS STATE BOARD OF AGRICULTURE
901 SOUTH KANSAS AVENUE
TOPEKA, KANSAS 66612
(913) 296-3556

Bill Number: SB 600 & HB 2750 As Amended By: _____

Prepared By: _____ Title _____ Date _____

Agency Explanation of Estimated Fiscal Impact

NOTE: Use this section to explain the assumptions and rationale employed in determining the estimated fiscal impact of the attached bill. Please note if this bill's fiscal impact is contained, in whole or in part, in the Governor's Budget Report. (Use additional sheets as necessary.)

Section 1 - Brief Analysis

Senate Bill No. 600 and House Bill No. 2750 are identical in language. The bills will amend K.S.A. 79-201g which involves actions by the Chief Engineer, Division of Water Resources. The existing statute prescribes the extent of tax exemption for which dam owners or those who donate easements for reservoir and dam construction to the state or any of its agencies or subdivisions qualify. K.S.A. 79-201g was originally part of and now complements what is known as the Kansas Water Storage Law, K.S.A. 82a-405 to 409. There are two major changes proposed in the bills. The first change would remove the ten-year limit of tax exemption eligibility for privately-built dams. The bills replace it with an annual eligibility dependent on "a condition satisfactory to the chief engineer..." The second change similarly removes a twenty-year eligibility limit of tax exemption on land, easements or rights-of-way donated to the state or any of its agencies or subdivisions. The main state subdivisions which utilize this statute are watershed districts.

Section 2 - Impact on Operations and Responsibility

The Division of Water Resources, in connection with dams, reviews plans, issues permits, approves watershed district organization, conducts construction inspections, conducts final inspections, reviews ownership records in county courthouses, issues certificates of completion, and inspects dams which failure could cause loss of life. To accomplish these existing tasks, 4 engineering positions and clerical assistance equivalent to 1 FTE are currently utilized.

Feb. 2, 1994

Dear Legislator: *Senator David Corbin*

Enclosed find resolution from the Turkey Creek Watershed,
relative to H B 2750 and S B 600.

The State Association of Kansas Watersheds is in support of
these two bills and recommend their passage.

Respectfully,

Bill Hamm-President

Bill Hamm

Lowell Abeldt- Legislative liaison.

Lowell R. Abeldt

*Senate Ag Co
Attachment 3
2-8
3-1*

RESOLUTION

WHEREAS, watershed districts formed pursuant to K. S. A. 24-1201 et seq. have made significant and continuing contributions to the citizens of the State of Kansas by alleviating damages which result from floodwater, erosion and sediment and by furthering the conservation, development and utilization of water resources; and,

WHEREAS, many of the watershed district projects have been or will be financially feasible only with the donations of necessary real property rights and easements by landowners; and,

WHEREAS, the donations of such real property rights and easements and the construction of watershed projects made possible by such donations result in losses of use and benefit to the landowners which continue throughout the life of the watershed project; and,

WHEREAS, due to changes in the market value of real property devoted to agricultural uses and the method of assessment and taxation of such real property since the enactment of the watershed district law, K. S. A. 24-1201 et seq., and the related tax exemption law, K. S. A. 79-201g, the benefits derived by a landowner who donates necessary real property rights and easements to a watershed district, are no longer sufficient financial inducement to assure such donations or to fairly compensate those landowners who have previously made such donations;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF TURKEY CREEK WATERSHED, JOINT DISTRICT NO. 32, DICKINSON COUNTY AND MARION COUNTY, KANSAS, THAT:

The Legislature of the State of Kansas is hereby encouraged to favorably consider and enact into law the House Bill introduced by Representative Kejr, which is entitled, "AN ACT relating to property taxation; concerning the term of exemption of certain property contiguous to dams and reservoirs; amending K. S. A. 79-201g; and repealing the existing section."

Adopted on this 18th day of January, 1994, by unanimous vote of the Board of Directors.



LOWELL DAVIDSON
President

*Senate Ag Co
Attachment 3
2-8 3-2*

KANSAS MEASUREMENT CENTER

The gold plated standards in the foyer were provided to all the states in the 1860's. These standards, along with the volumetric devices and balance located in the foyer and the main office area were the first major attempt by the United States government to "Standardize" all transactions between states and in foreign trade to assure accuracy in weights and measures.

The office staff is involved in registration of over 500 service technicians and the licensing of 197 companies who perform work on commercial weighing and measuring devices in Kansas.

Two of the office staff are involved in entering data from service companies and field staff. This data helps monitor the weighing and measuring devices to assure they have been tested and we monitor the activities of facilities where products are checked for accuracy of weight and measure as well as labeling.

The smaller office in the back of the large office is that of the technical specialist for refined fuels.

The Small Mass Lab is used by metrologists to perform testing and calibration of mass. Mass is the technical term used to describe the weights used by our staff, service companies and industry. This area is climate controlled to prevent radical changes in temperature and humidity. Knowledge of temperature, humidity, barometric pressure, type of material tested and what it is compared to by the metrologists is necessary to accurately establish the values of mass. Work is performed for FGIS, Merriam Labs, Wolf Creek, Eagle Picher, Goodyear, Quaker Oats, Colgate, etc., along with service companies, city, other state agencies, and our own regulatory staff.

The Large Mass Lab differs from the Small Mass Lab in that the mass or "weights" are much larger. These weights are used to check truck and large hopper (grain shipment scales). They range from 50 lbs to 3,000 lbs. The Large Mass Lab also provides a workshop for repair and adjustment of weights and lab equipment.

The truck bay contains a movable stand that permits our metrologists to test and certify volumetric provers up to 750 gallons. These provers are used by pipelines/terminals for the delivery into transports. Service companies use their provers to test the meters on LP-gas delivery vehicles and "bob tails" used to deliver fuels to farms and ranches. This truck bay also provides means of loading and unloading weights from trucks and trailers.

The kitchen area is currently being used for various activities. We were recently involved in testing, along with other states, the delivery of toothpaste from tubes and dispensers. This information is used by both regulatory officials as well as industry.

The Volumetric Lab is utilized for testing and calibrating small volume liquid testing devices such as the test measures used by service companies testing gas pumps and state and local regulatory officials involved in service work.

*Senate Ag Co
Attachment 4
2-8-94*