

Approved: 03/08/11
Date

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on February 22, 2011, in Room 159-S of the Capitol.

All members were present.

Committee staff present:

Tamera Lawrence, Office of the Revisor of Statutes
Jason Thompson, Office of the Revisor of Statutes
Heather O'Hara, Kansas Legislative Research Department
Laura Younker, Kansas Legislative Research Department
Judy Seitz, Committee Assistant

Conferees appearing before the Committee:

Others attending:

See attached list.

Senator Teichman moved the approval of the February 9, Committee minutes; seconded by Senator Bruce. Motion carried.

Chairman Taddiken noted the Committee had received copies of the Fiscal Note for **SB 147 – Interstate water litigation fund**. The Committee also received reports from the Kansas Grape and Wine Industry Advisory Council (Attachment 1) and Kansas Dairy Marketing Advisory Board (Attachment 2) provided by the Kansas Department of Agriculture.

Tamera Lawrence, Office of the Revisor of Statutes, reviewed a draft copy of a **Substitute for Senate Bill 147 – Interstate water litigation fund** (Attachment 3). The substitute bill covers funds received from both the Republican River compact and Arkansas River compact litigation. Flow charts showing the water litigation moneys under the current law (Attachment 4) and the water litigation moneys in the **Substitute for Senate Bill 147** (Attachment 5) were distributed.

Ms. Lawrence answered questions from the Committee.

Senator King moved to adopt the **Substitute for Senate Bill 147**. Senator Teichman seconded the motion. Motion carried.

Senator King made a motion to report **Substitute for Senate Bill 147** favorably out of Committee. The motion was seconded by Senator Teichman. Motion carried.

The meeting was adjourned at 9:15 a.m.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 22, 2011

[illegible]



**Report of the Kansas Grape and Wine Industry Advisory Council
to
The Standing Agriculture Committees of the Kansas Legislature
February 2011**

The Kansas Legislature created the Kansas Grape and Wine Industry Advisory Council in 1988 with the enactment of K.S.A. 74-551- 74-553. This board reports annually to the Senate and House Agriculture Committees.

The council is a nine-member body that is appointed by the Kansas secretary of agriculture. Council members are appointed to two-year terms and can be reappointed. Membership on the council includes representatives from Kansas State University, the commercial grape growing industry, licensed farm winery industry, wine distributors industry, retail liquor store industry, tourism industry and one member representing the public having experience in marketing.

The current board members are Chairman Dennis Reynolds, of Somerset Ridge Vineyard and Winery in Paola; Vice-Chairman Norm Jennings, of Smoky Hill Vineyard and Winery in Salina; James Pat Murphy, of Kansas State University; Steven Berger, owner of The Wine Cellar in Lawrence; R.E. "Tuck" Duncan, who represents Kansas Wine and Spirits Wholesalers; Susie Pryor, Ph.D., of Washburn University; Dr. John Brewer, of Wyldewood Cellars in Mulvane; Jo Ann Kuhlmann, of Eagle Creek Vineyards in Olpe; and Michelle Meyer, of Holy-Field Vineyard and Winery in Baschor.

The Kansas grape and wine industry

The grape and wine industry continues to grow in Kansas. In 2010, 24 wineries were licensed across the state. Many of these wineries were featured in the Bluestem building at the Kansas State Fair in September. The Kansas Department of Commerce hosted "Meet the Winemaker" events where Fair patrons could meet the producers and purchase their wine.

In 2011, Kansas Agricultural Statistics and the National Agricultural Statistics Service will conduct a survey of the impact of the Kansas grape and wine industry on the Kansas economy. The survey, funded by a USDA Specialty Crop Block Grant awarded to the Kansas Department of Agriculture in 2009, will gather valuable data about the different grape varieties grown in the state, the different fruits used to make wine, the type and amount of wine produced, the level of tourism tied to grape and wine production, and other economic data.

*Senate Agriculture Committee
2-22-11
Attachment 1*

Legislative initiatives

The council has in the past recommended legislative changes for the industry. In recent years, including 2011, council members have not recommended changes to Kansas laws on behalf of the grape and wine industry.

Staff changes

The Kansas Department of Agriculture provides administrative assistance in coordinating meetings and the council's other affairs. However, because of budget reductions and open staff positions, the council has not submitted an annual report since at least 2009. Agency restructuring in mid-2010 opened a portion of a position to resume coordination of the council.



**Report of the Kansas Dairy Marketing Advisory Board
to
the Standing Agriculture Committees of the Kansas Legislature**

February 2011

The Kansas Legislature created the Dairy Marketing Advisory Board in 1994 with the enactment of K.S.A. 74-555. This board reports annually to the Senate and House Agriculture Committees.

The Kansas Dairy Association may make nominations to the governor for consideration as appointments on the board. The members of the board shall be appointed by the governor and is made up of two dairy producers, one dairy processor, one consumer and the secretary of agriculture or his or her designee. The current board members are: Steve Ohlde, producer; Lynda Foster, producer; Rabecca Harris, dairy processor; Kerri Ebert, consumer; and Acting Secretary of Agriculture Dale Rodman.

The dairy marketing advisory board is tasked with three duties: 1) to study and evaluate the need for establishing a statewide milk marketing order; 2) to make recommendations as to the implementation of milk marketing orders; and 3) to prepare and submit to the standing agriculture committees of the legislature a report of its findings and recommendations.

The Kansas Dairy Industry

The Kansas dairy industry continues to change. As we have reported the last few years, the state continues to have fewer dairy farms but with higher milk production per cow and per farm. The increase in production since about 1999 has been dramatic, with Kansas showing a 12.3 percent increase in total production in the reporting period of 2004 to 2009. This is attributed to not only the growing industry in western Kansas but the overall increase in dairy farm size throughout the state.

For benchmarking purposes, we can compare the early 1980s dairy picture with present numbers. There were 1,327 Grade A dairies and 738 manufacturing grade operations in 1981. Those dairies had 123,000 cows that produced nearly 1.4 billion pounds of milk. By the end of 2010, Kansas was down to 345 Grade A dairies and 42 manufacturing grade dairies. Those dairies had approximately 121,000 cows that produced more than 2.4 billion pounds of milk. Kansas ranks 9th in production per cow and is in the top 20 milk producing states, coming in at 16.

The Kansas dairy manufacturing industry has been relatively stable. Dairy processing plants in Kansas have not grown as much as milk production from Kansas dairy farms. Kansas

*Senate Agriculture Committee
2-22-11
Attachment 2*

is a net exporting state for raw milk. Total dairy farm production in Kansas is approximately 135 tankers of milk each day. Kansas dairy processing plant capacity is approximately 26 tankers each day. There is some interest in building a large cheese plant in western Kansas to process some of this excess production, however regional processing plant capacity must be considered. When one considers the dairy manufacturing plant capacity within 300 – 400 miles of southwest Kansas, we see that there is a demand of more than 1000 tanker loads per day to fill currently existing dairy processing plants. The economics of investing millions of dollars in a new processing plant must be weighed against milk transportation costs before a new Kansas cheese plant becomes a reality.

Changing National Picture

Nationwide, United States milk production has increased 10.8 percent from 2004 to 2009. Nationally, the dairy growth areas continue to be in the west and southwest, including New Mexico, west Texas, west Oklahoma and southwest Kansas due to favorable environmental conditions. Southwest Kansas is benefitted by the drier climate with the added advantage of nearby dairy feed sources. The nationwide trend to larger regional processing plants continues.

Dairy product consumption has changed substantially over the past several decades. These changes have important implications for all involved in production, processing and marketing of milk and dairy products. A strong positive trend in per capita consumption of all dairy products has been shown since the mid 1970s, increasing by some 72 pounds per person (+13.4 percent). When one examines this increase in per capita consumption we see that cheese consumption has increased 130.3 percent while fluid milk and cream consumption has decreased 21.5 percent. The popularity of Hispanic foods and pizza, both utilizing large amounts of cheese, has fueled this overall increase in dairy consumption.

Milk Prices

Federal milk marketing orders have been an integral part of the U.S. dairy industry for many years. Milk orders were first implemented in the 1930s and have been a fixture ever since. They have been continually amended and updated, however, to accommodate industry modernization and changing marketing conditions. Fluid milk markets are inherently unstable due to the uncoordinated nature of fresh milk supply versus demand, which is compounded by milk's perishability and seasonal production variability. Federal milk orders were conceived and implemented with the goal of counteracting the inherent instability in fluid milk markets. The primary objective is to provide a framework to make buying and selling milk a more orderly process for producers and processors.

Milk prices received by dairy farmers hit a 30-year low in March 2009. The year 2009 was a difficult one for dairy producers. Plummeting prices in the dairy industry coupled with rising feed, energy and other input costs left many producers financially weaker. Producers who survived 2009 looked forward to a predicted milk price recovery in 2010. However 2010 milk prices did not recover to the extent expected.

For historical purposes we can compare late-year statistical uniform prices (SUP) in Central Federal Order No. 32. We see \$20.36 for December 2007; \$18.63 for December 2008; \$14.96 for December 2009 and \$15.29 for December 2010. In recent years the Cooperatives Working Together (CWT) program has tried to stabilize prices in a voluntary effort by producers to take cows out of production to help boost milk prices. The recent reduction in the number of Kansas dairies can mostly be attributed to CWT buy-out programs. Late in 2010 it was announced that the CWT programs would discontinue dairy buy-outs and focus more attention on increasing demand and sales of dairy products both domestically and exported.

The outlook for 2011 farm prices is somewhat better. Even though the future looks brighter, it is going to take time for dairy farmers to gain back the equity that they lost in past years.

Dairy Consumer Issues

Consumers of milk and dairy products have never had as many choices as today. Prices for whole milk in retail stores are currently averaging just over three dollars per gallon. Milk labeled "natural" or "rbST free" command higher prices and organic milk is priced even higher in the stores. Consumers are confused by the many labels they are confronted with in stores. Furthermore, processors sometimes label milks as "antibiotic free", "pesticide free" or "milk from cows not treated with rbST". All milk is tested repeatedly to assure it to be completely free of antibiotics and pesticides. The U.S. Food and Drug Administration approved the use of rBST in 1993. However, many dairy farmers and producer groups believe these label statements are misleading to consumers. Some producers fear that approved technologies such as rBST that allow them to efficiently produce milk may not be available to them in the future. The dairy industry has learned that it must listen closely to consumers and provide innovative ideas, products, ingredients and packaging to meet their needs.

Several Kansas dairy producers are pasteurizing, bottling and packaging dairy products on-farm in an effort to take advantage of consumer demand for "natural" dairy products. The success or failure of these operations will depend on the producer's ability to successfully compete with regional dairy processors in the market place. Small on-farm dairy processors trying to establish niche markets must somehow reach confused consumers trying to do the right thing while managing food budgets in a down economy. In the end high quality dairy products, produced locally can still command premium prices.

Regional Dairy Compacts

The Kansas Legislature acted in 1999 to allow the Kansas secretary of agriculture to enter into a southern interstate dairy compact if it was determined it would benefit Kansas producers. The Kansas Dairy Association supported this action. The goal of compacts was to stabilize prices paid to farmers for fluid milk, thus reducing business uncertainties and stabilizing the regional milk supply. There has been no action to form such a compact in the past year, and none is expected in the near future.

Conclusion

The dairy industry continues to change at a fast pace. Historically, dairy markets were local with farm produced milk being processed and marketed in the nearest city of any size. However with the advent of better refrigeration and transportation, the dairy industry has become regionalized. Global markets now affect even the smaller producers as evidenced by the pressure on United States milk regulators to lower somatic cell count levels. Kansas is adapting with many positive changes. Increases in total milk production improves the state's chances of attracting a new processing plant with jobs and economic benefits. Also, several smaller producers are developing ideas to produce cheese or bottled milk for niche markets.

At this time the Kansas Dairy Marketing Advisory Board does not see a current need to establish a statewide milk marketing order and respectfully recommends to the Kansas Legislature that it continues to monitor these issues and their impact on the production practices and the milk prices paid to the Kansas Dairy Industry. We thank the Kansas Legislature for its interest. The Board stands ready to appear before the Senate and House Agricultural Committees, if appropriate, to discuss these ongoing issues and any recent developments.

2011

11rs0995

SUBSTITUTE FOR SENATE BILL NO. 147

By Committee on Agriculture

AN ACT concerning water; relating to moneys recovered from certain litigation; amending K.S.A. 82a-1801 and 82a-1802 and K.S.A. 2010 Supp. 82a-1803, 82a-1804 and 82a-1805 and repealing the existing sections.

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

Section 1. K.S.A. 82a-1801 is hereby amended to read as follows: 82a-1801. (a) ~~Amounts~~ All moneys recovered by the state of Kansas from ~~a settlement, judgment or decree in the litigation brought in 1985 by the state of Kansas against the state~~ the states of Colorado ~~or Nebraska~~ to resolve disputes arising under the Arkansas river compact ~~or the Republican river compact~~ shall be deposited in the state treasury and credited as follows:

(1) ~~Until the aggregate amount of moneys credited to the interstate water litigation fund equals the aggregate of all amounts certified by the attorney general under subsection (b), 100% shall be credited to the interstate water litigation fund~~ All moneys received from the state of Colorado in any litigation arising under the Arkansas river compact shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of such remittance, the state treasurer shall credit:

(A) To the interstate water litigation fund, the amount equal to the total of 5% of the aggregate moneys received from the state of Colorado in such litigation plus the amount equal to the aggregate of any expenses incurred by the state, which are attributable to the deposit from any such litigation arising under the Arkansas river compact;

(B) one-third of all moneys remaining recovered from the state of Colorado in such litigation to the state water plan fund for use for water conservation projects, with priority given to conservation projects that directly enhance the ability of the state of Kansas to remain in

Senate Agriculture Committee
2-22-11
Attachment 3

compliance with the Arkansas river compact; and

(C) two-thirds of all moneys remaining recovered from the state of Colorado in such litigation to the Arkansas river water conservation projects fund.

~~(2) When the aggregate amount of moneys credited to the interstate water litigation fund equals the aggregate of all amounts certified by the attorney general under subsection (b), 33 1/3% shall be credited to the state water plan fund for use for water conservation projects and 66 2/3% shall be credited to the water conservation projects fund.~~ All moneys received from the state of Nebraska in any litigation arising under the Republican river compact shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of such remittance, the state treasurer shall credit:

(A) To the interstate water litigation fund, the amount equal to the total of 5% of the aggregate moneys received from the state of Nebraska in such litigation plus an amount equal to the aggregate of any expenses incurred by the state, which are attributable to the deposit from any such litigation arising under the Republican river compact;

(B) one-third of all moneys remaining recovered from the state of Nebraska in such litigation to the state water plan fund for use for water conservation projects, with priority given to conservation projects that directly enhance the ability of the state of Kansas to remain in compliance with the Republican river compact; and

(C) two-thirds of all moneys remaining recovered from the state of Nebraska in such litigation to the Republican river water conservation projects Nebraska moneys fund.

(3) All moneys received from the state of Colorado in any litigation arising under the Republican river compact shall be remitted to the state treasurer in accordance with the

provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of such remittance, the state treasurer shall credit:

(A) To the interstate water litigation fund, the amount equal to the total of 5% of the aggregate moneys received from the state of Colorado in such litigation plus an amount equal to the aggregate of any expenses incurred by the state, which are attributable to the deposit from any such litigation arising under the Republican river compact;

(B) one-third of all moneys remaining recovered from the state of Colorado in such litigation to the state water plan fund for use for water conservation projects, with priority given to conservation projects that directly enhance the ability of the state of Kansas to remain in compliance with the Republican river compact; and

(C) two-thirds of all moneys remaining recovered from the state of Colorado in such litigation to the Republican river water conservation projects Colorado moneys fund.

(b) The attorney general shall certify to the director of accounts and reports any expenses incurred by the state in ~~the any~~ litigation brought ~~in 1985~~ by the state of Kansas against the ~~state states~~ of Colorado or Nebraska to resolve disputes arising under the Arkansas river compact or the Republican river compact and in preparation for such litigation.

Sec. 2. K.S.A. 82a-1802 is hereby amended to read as follows: 82a-1802. (a) There is hereby established in the state treasury the interstate water litigation fund, to be administered by the attorney general.

(b) Revenue from the following sources shall be credited to the interstate water litigation fund:

(1) Amounts provided for by K.S.A. 82a-1801, and amendments thereto; and

(2) moneys received from any source by the state in the form of gifts, grants, reimbursements or appropriations for use for the purposes of the fund.

(c) From the moneys first credited to the interstate water litigation fund, persons or entities that contributed moneys to the court cost fund account of the office of the attorney general for use in the litigation described in subsection (b)(1) shall be reimbursed the amount contributed. The balance of moneys credited to the fund shall be expended only for the purpose of paying expenses incurred by the state in:

(1) Current or future litigation or preparation for future litigation with another state, the federal government or an Indian nation to resolve a dispute concerning water; or

(2) monitoring or enforcing compliance with the terms of an interstate water compact or a settlement, judgment or decree in past or future litigation to resolve a dispute with another state, the federal government or an Indian nation concerning water.

(d) Interest attributable to moneys in the interstate water litigation fund shall be credited to the state general fund as provided by K.S.A. 75-4210a, and amendments thereto.

(e) All expenditures from the interstate water litigation 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 attorney general or a person designated by the attorney general.

~~(f) Unless the attorney general certifies to the director of accounts and reports as of June 30, 2001, that there is on-going litigation or preparation for litigation between the state of Kansas and another state, the federal government or an Indian nation to resolve a dispute concerning water, on July 1, 2001: (1) The director of accounts and reports shall transfer and~~

~~credit all moneys in the interstate water litigation fund to the state general fund; and (2) the interstate water litigation fund shall thereupon be abolished.~~

Sec. 3. K.S.A. 2010 Supp. 82a-1803 is hereby amended to read as follows: 82a-1803.

(a) There is hereby established in the state treasury the water conservation projects fund, to be administered by the director of the Kansas water office. The water conservation projects fund is hereby redesignated as the Arkansas river water conservation projects fund.

(b) Revenue from the following sources shall be credited to the Arkansas river water conservation projects fund:

(1) Amounts provided for by K.S.A. 82a-1801, and amendments thereto; and

(2) moneys received from any source by the state in the form of gifts, grants, reimbursements or appropriations for use for the purposes of the fund.

(c) Moneys credited to the Arkansas river water conservation projects fund ~~may~~ shall be expended only for ~~the purpose of paying all or a portion of the costs of the following water management, conservation, administration~~ conservation projects, utilization efficiency, administrative requirements and delivery projects, and similar types of projects, in those areas of the state lying in the upper Arkansas river basin and directly impacted by the provisions of the Arkansas river compact between this state and the state of Colorado.

(d) The types of projects that may be funded under subsection (a)(1) of K.S.A. 82a-1801, and amendments thereto, include:

(1) Efficiency improvements to canals or laterals owned by a ditch company or projects to improve the operational efficiency or management of such canals or laterals;

(2) water use efficiency devices, tailwater systems or irrigation system efficiency

upgrades;

(3) water measurement flumes, meters, gauges, data collection platforms or related monitoring equipment;

(4) artificial recharge or purchase of water rights for stream recovery or aquifer restoration;

(5) maintenance of the Arkansas river channel; or

(6) monitoring and enforcement of Colorado's compliance with the Arkansas river compact.

Moneys credited to the fund may be expended to reimburse costs of projects described by this subsection that were required by the division of water resources and commenced on or after July 1, 1994.

~~(d) Any person or entity may apply to the director of the Kansas water office for the expenditure of moneys in the water conservation projects fund for the purposes provided by this section. The director of the Kansas water office and the chief engineer of the division of water resources of the Kansas department of agriculture shall review and approve each proposed project for which moneys in the fund will be expended. In reviewing and approving proposed projects, the director and the chief engineer shall give priority to: (1) Projects that achieve the greatest water conservation efficiency for the general good; and (2) projects that have been required by the division of water resources. Upon such review and approval, the director of the Kansas water office shall request the legislature to appropriate, as a line item, moneys from the fund to pay all or a portion of the costs of the specific project, except that any project for which an aggregate of less than \$10,000 will be expended from the fund shall not require a line item~~

~~appropriation.~~

~~(e) Interest attributable to moneys in the water conservation projects fund shall be credited to the state general fund as provided by K.S.A. 75-4210a and amendments thereto.~~

~~(f) All expenditures from the water conservation projects 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 director of the Kansas water office or a person designated by the director of the Kansas water office.~~

Sec. 4. K.S.A. 2010 Supp. 82a-1804 is hereby amended to read as follows: 82a-1804.

~~(a) Moneys recovered by the state of Kansas from the states of Nebraska or Colorado to resolve disputes arising under the Republican river compact shall be deposited in the state treasury and credited as follows:~~

~~(1) 100% of moneys from both Nebraska and Colorado shall be credited to the interstate water litigation fund created by K.S.A. 82a-1802, and amendments thereto. Whenever moneys are credited to the interstate water litigation fund pursuant to this subsection (a)(1), the director of accounts and reports shall transfer all such moneys from the interstate water litigation fund to the interstate water litigation reserve account of the state general fund until the balance in the interstate water litigation reserve account of the state general fund equals \$20,000,000. The attorney general shall certify to the director of accounts and reports any expenses incurred by the state in any litigation brought by the state of Kansas against the states of Nebraska or Colorado to resolve disputes arising under the Republican river compact and in preparation for such litigation.~~

~~(2) Once the balance in the interstate water litigation reserve account of the state~~

~~general fund equals \$20,000,000, all moneys remaining recovered from Nebraska shall be credited to the Republican river water conservation projects — Nebraska moneys fund as directed by subsection (b) of this section, and all moneys remaining recovered from Colorado shall be credited to the Republican river water conservation projects — Colorado moneys fund as directed by subsection (c) of this section.~~

~~(b)~~(a) There is hereby established in the state treasury the Republican river water conservation projects — Nebraska moneys fund to be administered by the director of the Kansas water office.

~~(1) One-third of the money deposited to this fund shall be credited to the state water plan fund for use for water conservation projects, with priority given to conservation projects that directly enhance the ability of the state of Kansas to remain in compliance with the Republican river compact; and~~

(b) Revenue from the following sources shall be credited to the Republican river water conservation projects Nebraska moneys fund:

(1) Amounts provided for by K.S.A. 82a-1801, and amendments thereto; and

(2) moneys received from any source by the state in the form of gifts, grants, reimbursements or appropriations for use for the purposes of the fund.

~~(2)(c) two-thirds of the money deposited in this~~ Moneys credited to the Republican river water conservation projects Nebraska moneys fund shall be expended only for conservation projects, utilization efficiency, administrative requirements and delivery projects, and similar types of projects set forth in subsection ~~(d)~~ (g), in those areas of the state lying in the lower Republican river basin between the Kansas/Nebraska border and Milford dam in all or

parts of Clay, Cloud, Dickinson, Geary, Jewell, Mitchell, Republic, Riley, Smith and Washington counties.

~~(e)~~(d) There is hereby established in the state treasury the Republican river water conservation projects — Colorado moneys fund to be administered by the director of the Kansas water office.

~~(1) One-third of the money deposited to this fund shall be credited to the state water plan fund for use for water conservation projects; and~~

(e) Revenue from the following sources shall be credited to the Republican river water conservation projects Colorado moneys fund:

(1) Amounts provided for by K.S.A. 82a-1801, and amendments thereto; and

(2) moneys received from any source by the state in the form of gifts, grants, reimbursements or appropriations for use for purposes of the fund.

~~(2)(f) two-thirds of the money deposited in this~~ Moneys credited to the Republican river water conservation ~~projects--Colorado projects~~ Colorado moneys fund shall be expended only for conservation projects, utilization efficiency, administrative requirements and delivery projects, and similar types of projects set forth in subsection (d), in those areas of the state lying in the upper Republican river basin in northwest Kansas in all or parts of Cheyenne, Decatur, Norton, Phillips, Rawlins, Sheridan, Sherman and Thomas counties.

~~(d)~~(g) The types of projects that may be funded under ~~subsections (b) and (e)~~ paragraphs (2) and (3) of subsection (a) of K.S.A. 82a-1801, and amendments thereto, include:

(1) Efficiency improvements to canals or laterals managed and paid for by an irrigation district or projects to improve the operational efficiency or management of such canals or

laterals;

- (2) water use efficiency upgrades;
- (3) implementation of water conservation of irrigation and other types of water uses;
- (4) implementation of water management plans or actions by water rights holders;
- (5) water measurement flumes, meters, gauges, data collection platforms or related monitoring equipment and upgrades;
- (6) artificial recharge, funding a water transition assistance program; the purchase of water rights for stream recovery or aquifer restoration and cost share for state or federal conservation programs that save water;
- (7) maintenance of the channel and the tributaries of the Republican river;
- (8) reservoir maintenance or the purchase, lease, construction or other acquisition of existing or new storage space in reservoirs;
- (9) purchase, lease or other acquisition of a water right; and
- (10) expenses incurred to construct and operate off-stream storage.

Sec. 5. K.S.A. 2010 Supp. 82a-1805 is hereby amended to read as follows: 82a-1805.

(a) (1) Any person or entity may apply to the director of the Kansas water office for expenditure of moneys in the Arkansas river water conservation projects fund for the purposes set forth in paragraph (1) of subsection (a) of K.S.A. 82a-1801, and amendments thereto.

(2) Any person or entity may apply to the director of the Kansas water office for expenditure of moneys in the Republican river water conservation projects — Nebraska moneys fund and the Republican river water conservation projects — Colorado moneys fund for the purposes set forth in ~~subsection (b) and (c)~~ paragraphs (2) and (3) of subsection (a) of K.S.A.

~~2010 Supp. 82a-1804~~ 82a-1801, and amendments thereto.

(b) The director of the Kansas water office and the chief engineer of the Kansas department of agriculture, division of water resources shall review and approve each proposed project for which moneys in either fund will be expended. In reviewing and approving proposed projects the director and the chief engineer shall give priority to: (1) Projects needed to achieve or maintain compliance with the Arkansas river compact or the Republican river compact; (2) projects that achieve greatest water conservation efficiency for the general good; and (3) projects that have been required by the division of water resources. Upon such review and approval, the director of the Kansas water office shall request the legislature to appropriate, as a line item, moneys from either fund to pay all or a portion of the costs for a specific project, except that any project which an aggregate of less than \$10,000 will be expended from either fund shall not require a line item appropriation.

~~(b)(c)~~ Interest attributable to moneys in the Arkansas river water conservation projects fund. Republican river water conservation projects — Nebraska moneys fund and the Republican river water conservation projects — Colorado moneys fund shall be credited to the state general fund as provided by K.S.A. 75-4210a, and amendments thereto.

~~(e)(d)~~ All expenditures from the Arkansas river water conservation projects fund. Republican river water conservation projects — Nebraska moneys fund and the Republican river water conservation projects — Colorado moneys 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 director of the Kansas water office or a designee of the director of the Kansas water office.

DRAFT

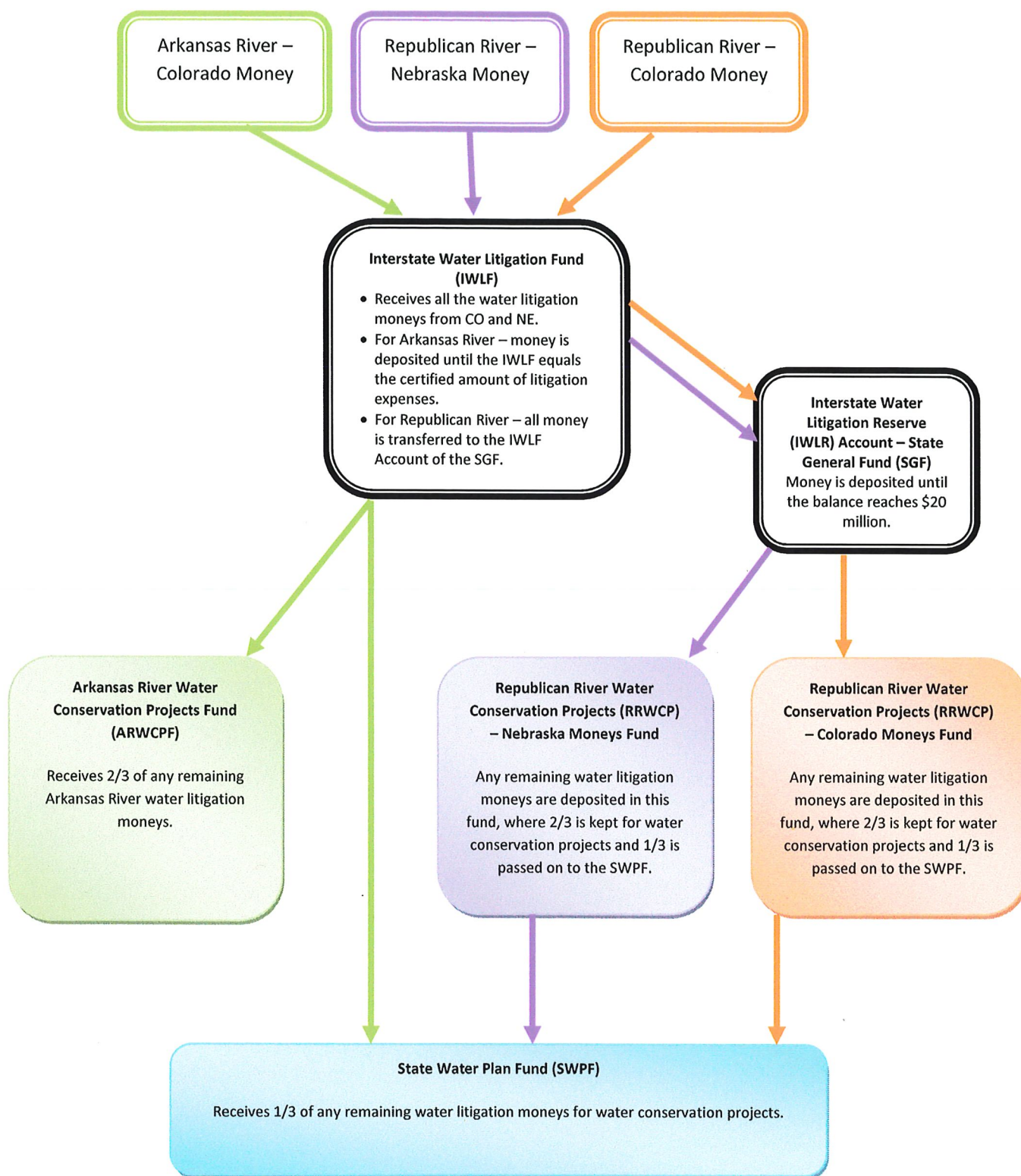
11rs0995

- 12 -

Sec. 6. K.S.A. 82a-1801 and 82a-1802 and K.S.A. 2010 Supp. 82a-1803, 82a-1804 and 82a-1805 are hereby repealed.

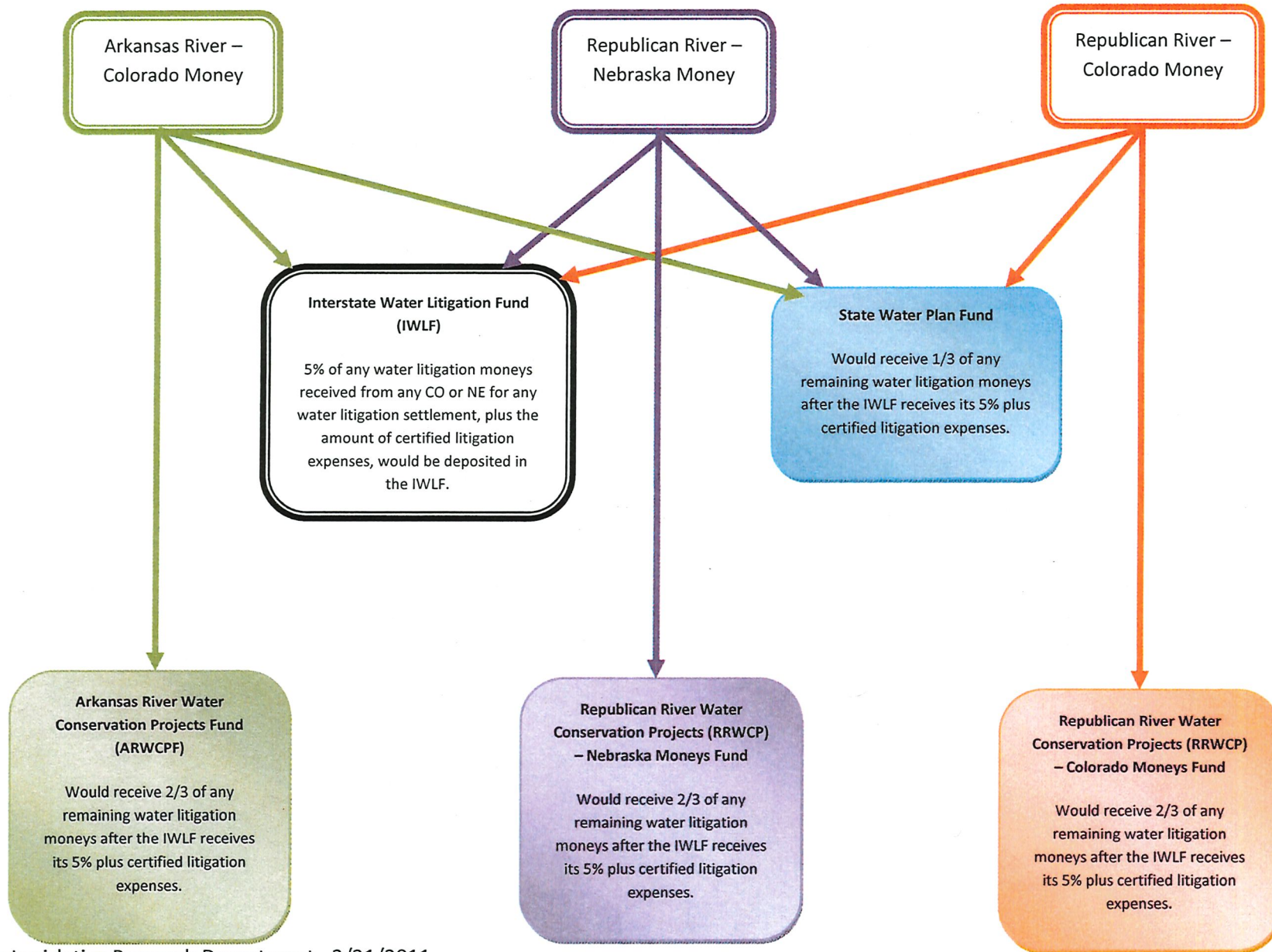
Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.

Water Litigation Moneys – Current Law



Senate Agriculture Committee
2-22-11
Attachment 4

Water Litigation Moneys – Substitute for SB 147



Senate Agriculture Committee
2-22-11
Attachment 5