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To: Senate Committee on Agriculture and Natural Resources  
Sen. Dan Kerschen, Chair

From: Aaron M. Popelka, V.P. of Legal and Governmental Affairs, Kansas Livestock Association

Re: **SB 194 AN ACT concerning water; relating to groundwater management districts; user charges.**

Date: March 20, 2017

*The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing nearly 5,200 members on legislative and regulatory issues. KLA members are involved in many aspects of the livestock industry, including seed stock, cow-calf, and stocker cattle production; cattle feeding; dairy production; swine production; grazing land management; and diversified farming operations.*

Thank you, Chairman Kerschen and members of the Committee, my name is Aaron Popelka and I am with the Kansas Livestock Association (KLA). KLA opposes SB 194 in its current form, and asks the Committee to reject the bill unless certain changes are made.

The contents of SB 194 increase two Groundwater Management District (GMD) fees as follows:

1. It would increase the cap on the fee charged per acre foot of water used by any person by \$0.50.
2. It would increase the cap on the annual land assessment a GMD can levy against each acre of land owned within the GMD boundaries from \$0.05 to \$0.10 per acre.

The land assessment is an assessment per acre of land regardless of whether the land is irrigated, dryland, or pasture. Not only is it inequitable for non-water users, but a land assessment is a property tax. Therefore, SB 194 is attempting to implement a property tax increase. KLA Policy Resolution #1 states, in part: "The Kansas Livestock Association supports local government funding through the use of sales and/or income tax rather than property taxes." As a result, KLA opposes any increase in the land assessment authority of the GMDs.

The water fee also has caused concern among KLA membership. Prior to this hearing, KLA staff consulted the KLA Water Committee, which is comprised of KLA members who are water users across the entire state, including every GMD. Each member expressed concern about the increase in taxes and fees among numerous state and local government entities, while the agriculture industry is enduring one of its toughest economic climates in decades. Members also questioned why a universal fee cap increase was necessary when only one of the five GMDs were near the current fee cap. Currently, the fees in each GMD are as follows:

GMD	Land Assessment	Water Assessment
Western Kansas GMD#1	\$0.05 per acre	\$0.60 per acre-foot
Equus Beds GMD#2	\$0.05 per acre	\$1.00 per acre-foot
Southwest GMD#3	\$0.05 per acre	\$0.12 per acre-foot
Northwest GMD#4	\$0.05 per acre	\$0.418 per acre-foot
Big Bend GMD#5	\$0.05 per acre	\$0.67 per acre-foot

Given recent legislative proposals in the House of Representatives to force GMDs to max out fee caps before becoming eligible for state cost share programs, and member concern about the increasing cost of doing business, KLA, as a general matter, opposes water user fee increases.

After further discussion, however, KLA members in GMD #2 felt that if GMD #2 was planning to dedicate its fee increase to remediating the Burrton saltwater plume, such an increase in the fee cap might have merit if limited to GMD #2. Using fees for such projects raises another concern. The GMD fee was instituted to “finance the operations of the district . . . .” Using the fee to fund special water quality or quantity projects seems to exceed the scope of the fee. Given where state budgets are, however, there is some willingness among KLA members to acquiesce in such a practice at this time.

As a result, KLA recommends SB 194 be amended to delete the increase in the land assessment on page 1, line 28, and insert the following amendment on page 1, line 11, to limit the fee cap increase for water use to GMD #2:

*Such charge in western Kansas groundwater management district no. one, southwest Kansas groundwater district no. three, northwest Kansas groundwater district no. four, and big bend groundwater district no. five shall not exceed \$1.00 for each acre-foot of groundwater withdrawn within the district or allocated by the water right, except that a groundwater management district may assess a greater annual water user charge not exceeding \$1.50 for each acre-foot of groundwater withdrawn within the district if more than 50% of the authorized place of use for such groundwater is outside the district.*

*Such charge in equus beds groundwater management district no. two shall not exceed \$1.50 for each acre-foot (325,851 gallons) of groundwater withdrawn within the district or allocated by the water right, except that a groundwater management district may assess a greater annual water user charge not exceeding \$1.50 to exceed \$2.00 for each acre-foot of groundwater withdrawn within the district if more than 50% of the authorized place of use for such groundwater is outside the district.*

Thank you for the opportunity to explain KLA’s opposition to the fee and property tax increases contained in SB 194. KLA asks the Committee to reject SB 194, or substantially amend the bill as suggested in the above testimony before approving it for passage.