

SESSION OF 2011

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2357

As Amended by Senate Committee on
Ways and Means

Brief*

HB 2357 would establish the Arkansas River Gaging Fund in the State Treasury. The fund would be administered by the Secretary of Agriculture and the first expenditures from the Fund would be used for the operation and maintenance of the gages along the Arkansas River to manage the River under the Arkansas River Compact. After moneys are expended for the operation and maintenance of the gages then the bill would authorize up to \$20,000 in a fiscal year to be expended for the purposes of livestock market reporting. If there continue to be moneys available in the Fund, then up to \$5,000 in any fiscal year may be expended for the purpose of funding the bluestem pasture report.

The bill would require moneys from the royalties from the state's oil and gas leases in Hamilton, Kearny, Finney, Gray, and Ford counties to be credited to the Fund. In addition, the bill would end the credit to the Fund when there has been an amount equal to or exceeding \$80,000.

Background

At the hearing on the bill, a spokesperson from the Division of Water Resources (DWR), Kansas Department of Agriculture, indicated that DWR is responsible for administering the Arkansas River Compact and allocating river flows among entities that have water rights. The

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Committee learned that due to budget issues, the agency is no longer funding the state's share of operation and maintenance costs for certain streamgages. The House Committee was told that the bill would be an alternative means to help fund the costs associated with operation and maintenance costs for these streamgages along the Arkansas River. The spokesperson spoke as a proponent of the bill. In addition, a representative of Southwest Kansas Groundwater Management District No. 3 spoke in favor of the bill indicating that the restoration of funding would aid in the management of the water available from the Arkansas River in southwest Kansas. Written testimony in support of the bill was provided from the Garden City Company. There were no opponents to the bill at the hearing.

The House Committee on Agriculture and Natural Resources amended the bill by implementing a cap on the amount of money to be credited to the Arkansas River Gaging Fund and set that amount at \$75,000. In addition, the Committee amended the bill to permit expenditures from the Fund of up to \$20,000 on livestock market reports once the amount of money in the Fund was sufficient to cover the cost of the operation and maintenance of the streamgages. These amendments also would permit, if there are additional moneys in the Fund, that up to \$5,000 could be spent on the bluestem pasture report. Other amendments were technical in nature.

The fiscal note on the original bill states the amount of oil and gas royalties that would be credited to the fund in FY 2012 and in subsequent years is not known by the Kansas Department of Agriculture. The Department would resume, in priority order, operation and maintenance of streamgages as revenues allow. Currently, there is a need to resume operation of two discontinued streamgages on the Arkansas River, and three discontinued streamgages on irrigation ditches fed by the Arkansas River in Hamilton, Kearny and Finney counties. The current cost to the state for resuming U.S. Geological Survey's operation and maintenance of these five stream gages in \$51,360. Any fiscal effect associated

with HB 2357 is not reflected in *The FY 2012 Governor's Budget Report*.

Representative Moxley spoke as a proponent of the bill. Written testimony in support of the bill was provided by the Garden City Company and the Kansas Livestock Association.

The Senate Committee on Ways and Means amended the bill by increasing the cap on the amount of money to be credited to the Arkansas River Gaging Fund from \$75,000 to \$80,000.

According to information provided by the Department of Revenue, the royalty amount estimated for these counties is \$91,000 in FY 2012. HB 2357 would reduce State General Fund revenues by \$80,000.