



**Senate Ways and Means Committee
on the
Kansas Water Office – State Water Plan Fund
Earl Lewis
January 19th, 2017**

Chairwoman McGinn and members of the Committee, I am Earl Lewis, Assistant Director of the Kansas Water Office. I appear before you today to discuss the State Water Plan Fund.

Overview

First, I want to thank you for your interest in and support of water related issues and projects with in the State of Kansas.

In 1989, an important step in current water planning was taken with the creation of the State Water Plan Fund (SWPF) (K.S.A. 82a-951). The Fund is used for establishing and implementing water related programs or projects identified in the Kansas Water Plan. Revenue for the SWPF is received from fees assessed to municipal, industrial and agricultural water-related users as shown in the table below.

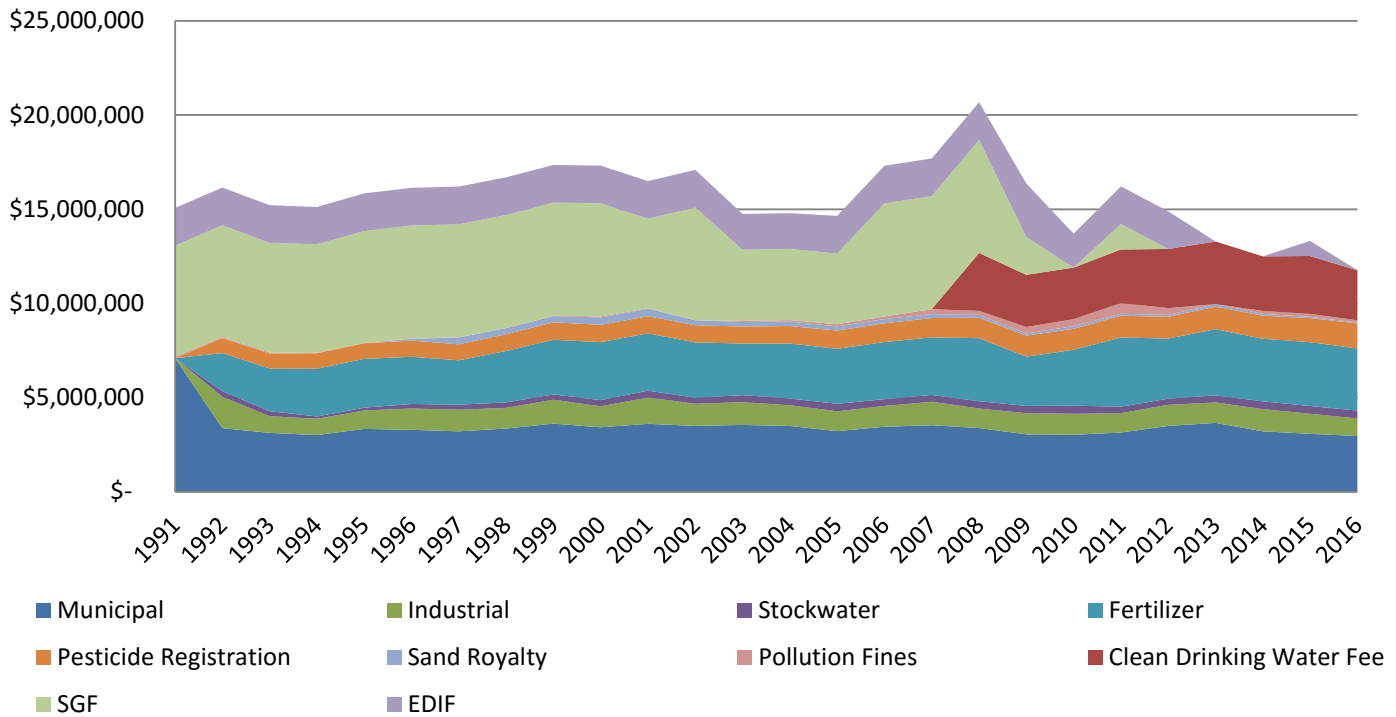
The fee structure that supports the State Water Plan Fund has remained virtually unchanged since the fund has been in place. Sand Royalty Receipts were added to the funding stream in FY 1996 and the Clean Drinking Water Fee began in FY 2008.

The graphic below shows that there was some growth in revenue in the early 1990's and again in the middle portion of the 2000's. The gains were primarily due to increase in water usage and the addition of the two aforementioned fees. These were offset by subsequent declines in revenue. The declines were during times of overall fiscal stress on the state and elimination of a portion or all of the State General Fund transfer to the SWPF. The recommendations for FY 2014 and 2015 also eliminated the transfer of Economic Development Initiative Fund monies to the SWPF.

Source	Rate
Municipal Water Use	3 cents/1000 gal
Clean Drinking Water Fee	3 cents/1000 gal
Industrial Water Use	3 cents/1000 gal
Stockwater Use	3 cents/1000 gal
Pesticide Registration	\$100/ Registration
Fertilizer Inspections	\$1.40/ton
Pollution Fines and Penalties	Est. \$150,000
Sand Royalty Receipts	\$0.15 / ton
EDIF Transfer - Statutory	\$ 2,000,000
State General Fund Transfer	\$ 6,000,000

In FY2016 revenue totals came in below revenue estimates due to wetter conditions across the State of Kansas. The Agencies and Budget Committee decided to continue the level funding in FY2017, however, reducing funding in FY2018 and FY2019 to correct the reduced revenue estimates. The FY2018 and FY2019 revenue estimates are based on 20 years of revenue data, correcting the anomalies that were seen during the drought, instead of the more recent approach of using only the last five years.

State Water Plan Fund Fee Revenue Fiscal Years 1991 - 2016 Actuals



The Kansas Water Authority each year recommends restoration of the statutory State General Fund and Economic Development Initiative Fund demand transfers. The proceeds of the restoration are recommended for the implementation of the following projects to support the Long-Term Vision for the Future of Water Supply in Kansas. This can be found in the Annual Reports to the Legislature and Governor. The following table outlines the priority projects for Fiscal Year 2018.

ADDITIONAL FUNDING REQUESTS	
	FY2018
Streambank Stabilization	\$2,000,000
Irrigation Technology Adoption	\$1,532,363
Watershed BMP Implementation	\$2,000,000
Less Water Intensive Crop Research	\$500,000
Securing Interstate Waters Study	\$200,000
Shortfall	\$1,767,637
Total SGF & EDIF Transfer	\$8,000,000

Thank you for the opportunity to appear before you and discuss the State Water Plan Fund. I will be happy to stand for questions at the appropriate time.