



Kansas Agribusiness Retailers Association
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Date: February 8, 2018
To: House Committee on Water and Environment
From: Randy E. Stookey, Senior Vice President of Government Affairs
RE: **Neutral testimony with Concerns on HB 2528, regarding the State Water Plan Fund**

Chairman Sloan and members of the committee, thank you for the opportunity to provide testimony on House Bill 2528. This testimony is submitted on behalf of the Kansas Agribusiness Retailers Association (KARA). KARA is a voluntary trade association that appreciates membership of over 700 agribusiness firms that supply fertilizers, crop protection products, seed, petroleum products, and provide agricultural services to Kansas farmers. Thus, our members have a vested interest in water issues and are integrally connected to the current fee structure for funding the State Water Plan Fund (SWPF).

Funding mechanisms for the Kansas SWPF include various user fees. The agribusiness industry contributes the following agricultural industry-specific funds into the SWPF: \$100 from the total annual fee (\$210) on each agricultural chemical product registered in the state; and, \$1.40 per ton from the total fee (\$1.67 per ton) assessed on each ton of commercial fertilizer is sold in Kansas.

Water user fees, agricultural fees, and sand royalties consistently provide revenue for the SWPF. According to numbers from the Kansas Legislative Research Department, in state fiscal year (FY) 2017, the commercial fertilizer tonnage inspection fee generated \$3.49 million for the SWPF, which represented the single largest funding source to the SWPF. Additionally, registration fees on agricultural chemicals accounted for \$1.36 million paid into the SWPF, which represented the fourth largest funding source to the SWPF. Together, fertilizer and pesticide fees accounted for 37.1% of the fee revenue into the fund.

In addition to user fees to fund the SWPF, state law requires appropriations from the state general fund (SGF) and the Economic Development Initiative Fund (EDIF). However, full funding of the SWPF from SGF and the EDIF has not occurred since 2009, creating a funding deficit for the SWPF of over \$60 million.

As drafted, HB 2528 would require an \$8 million transfer to the SWPF from the EDIF prior to making any other statutory distribution from this fund. Of that amount, at least \$4 million would be allocated annually so that at least 75% would go to state water-related empirical research centers for research and demonstration project grants. The Kansas Water Office would receive the remaining 25% to be used as follows: on-site technical assistance to small water and wastewater systems; matching funds on community water quality or quantity projects; and, by the Kansas Water Authority to evaluate and award grants to state agencies.

KARA supports the intent and goals of the State Water Plan, and supports the portion of HB 2528 which would increase the EDIF transfer and grant priority to the SWPF. However, we have concerns about the new spending directives contained in the bill which seem to remove authority of the Kansas Water Office, Kansas Dept. of Health and Environment, and Kansas Dept. of Agriculture. Thank you for allowing us to testify on this bill.