



# 2020 Legislative Policy Watch Weekly E-Update

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## About Policy Watch E- Updates

**The Legislative and Policy  
Watch Weekly E-Update is a  
project of the Kansas Rural  
Center.**

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## KANSAS WATER AUTHORITY REQUEST

**By Paul Johnson**

The Kansas Water Authority (KWA) presented its annual report to the Governor and the Legislature last week in several committees. The 34-page report listed in detail the challenges to water policy in Kansas and specific program recommendations. KWA continues to demand that the Legislature comply with existing law and provide the full \$8 million/year. This is in contrast to the \$4.5 million from the State in both 2020 and 2021.

The state 'transfers not made' from 1991 to 2019 now totals \$77.4 million. The new chair of KWA is Connie Owen who pleaded for the full funding and detailed how the extra \$3.2 million would be spent by specific programs. Ms. Owen testified to the Senate Agriculture and Natural Resources Committee on the program initiatives while testifying on the funding side to the Senate Ways and Means committee. Most lawmakers talk a good game on full funding but in the final state budget water takes a back seat to other more immediate, pressing priorities.

Without dedicated funding (from the lottery or casinos or increased dedicated fees), water must compete with public education, faltering social services, inadequate public safety institutions and extravagant tax cuts for limited State General Fund dollars. This is in stark contrast to the billions dedicated to highways.

The KWA report gives great detail on the State Water Plan and the myriad of programs now funded. If the extra funding was found, key increases would go to watershed dam construction, streambank stabilization, water supply restoration, and watershed conservation practices.

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**Kansas Farmers Union** is the state's oldest active farm organization working to protect and enhance the economic interests & quality of life for family farmers, ranchers & rural communities. For more information go to: [www.kansasfarmersunion.com](http://www.kansasfarmersunion.com).

There would be two new programs. One would be \$660,000 for 'water injection dredging' to test whether injecting water into Tuttle Creek's reservoir bed would 're-suspend' sediment to be discharged downstream through the low-level outlet. This method is in contrast to actual sediment dredging done at John Redmond reservoir. Approximately 48% of Tuttle Creek's original storage capacity has been lost due to sedimentation. The second would be \$100,000 for a study of the Arbuckle formation and the risks associated with the use of injection and storage wells in south and south-central Kansas. The Governor has requested a report by September 1, 2020.

Other water issues covered by this report include a map of Kansas and the 2019 flood impacts (Pages 17 and 18). Eight percent of storage in Tuttle Creek reservoir was estimated to have been lost to sediment in 2019. Reservoirs in Kansas reached record levels in 2019. 31 counties were put in the presidential disaster declaration.

Pages 29 and 30 cover the water rights disputes concerning Quivira National Wildlife Refuge and the Rattlesnake Creek. Quivira is owned by the U.S. Fish and Wildlife Service (USFWS) that has a senior water right dating back to 1957 for 14,632 acre feet per year. Junior water rights along Rattlesnake Creek were to be curtailed by 15% over the next three years but that order was rescinded when USFWS withdrew their request to secure their water rights. It is hoped a locally-driven solution can be found by this summer.

The cities of Hays and Russell purchased the K9 Ranch in Edwards County years ago in order to secure irrigation water rights that can be converted to municipal use via a water transfer proceeding. This has now been challenged in court by the Water Protection Association of Central Kansas. There are updates on the Wichita Aquifer Storage and Recovery Project, Republican River Compact, Kansas-Colorado Arkansas River Compact and the Waters of the U.S. (WOTUS) rule status. For the full report go to:

[https://kwo.ks.gov/docs/default-source/default-document-library/annualreport2020final2.pdf?sfvrsn=1f698214\\_0](https://kwo.ks.gov/docs/default-source/default-document-library/annualreport2020final2.pdf?sfvrsn=1f698214_0).

## NEW KANSAS HIGHWAY PLAN CHALLENGES



**League of Women Voters of Kansas** is a grassroots, volunteer, non-partisan political organization with nine local Leagues across the state. For nearly 100 years, LWVK has encouraged the informed and active participation of citizens in government and has influenced public policy through education and advocacy. The League never endorses candidates or political parties. For more information, contact [lwwk.org](http://lwwk.org).



**Climate and Energy Project (CEP)** is a Kansas-based non-partisan non-profit working to find practical solutions for a clean energy future. For More information go to: [www.climateandenergy.org](http://www.climateandenergy.org).



**Friends of the Kaw (FOK)** works to protect and preserve the Kansas River for present and future generations. For more information go to: [www.kansasriverkeeper.org](http://www.kansasriverkeeper.org)



**Audubon of Kansas** is a statewide, non-profit organization established to

The new 2020 Kansas Transportation Plan – FORWARD KANSAS – has now been introduced in the Kansas Legislature. This is the fourth multi-year transportation for Kansas. Instead of a ten-year plan where projects are all proposed and selected in the first year, this plan will select projects every two years to respond to changing economic dynamics and always have new projects in development and shovel ready, which is not the case in Kansas today.

This plan would be a partner in connection with health care, education, jobs and technology. It will be geared to more prevention and maintenance as opposed to more expansion. Local match is important and the percent of local match has fallen from 29% in the first plan in 1989 to 6% in today's plan (known as T-Works). The highway system is a \$32 Billion asset that needs protection and preservation.

The challenges start with the funding. FORWARD KANSAS is patterned completely on the last plan – T-Works – and relies entirely too much on the general sales tax that funds all other essential state services. There is no fuel tax increase proposed for FORWARD KANSAS even though fuel taxes have not been increased since 2003. The federal gas tax has not been increased since 1993.

Kansas' highway system is the 4<sup>th</sup> largest in the country (and per capita Kansans may be the Babe Ruth of highway systems). There are 142,046 miles of public roads of which 9,414 are on the state system. There are 24,833 bridges of which 5,112 are state bridges. There are 2 million+ registered drivers and 2.4 million vehicles. 52% of miles traveled were on state highways compared to 15% on county roads, 27% municipal and 6% turnpike.

It is called a transportation plan. In 2020, \$1.363 Billion was spent on roads and a total of only \$21 million for transit, rail and aviation combined. A highway plan is a more accurate portrayal even as transportation modes are evolving with the expansion of ride sharing options and the necessity to move more weight off highways towards rail.

2020 revenue came from sales tax (\$547 million), motor fuel tax (\$464 million), federal funds (\$418 million), registration/licenses (\$226 million), & local/other (\$53 million). Following the 2009 national recession and unaffordable income

promote appreciation and stewardship of Kansas' natural ecosystems, with special emphasis on conservation of prairies, birds, other wildlife and their habitat. For more information about our organization and programs, please visit [www.audubonofkansas.org](http://www.audubonofkansas.org)

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tax cuts in Kansas in 2011, approximately \$2 billion was transferred from the highway fund (2011 – 2021) to the State General Fund to balance State budgets. Kansas is still struggling to restore essential services and has no rainy-day fund for economic downturns.

FORWARD KANSAS may well be too expensive for Kansas to fund in light of other fundamental needs and that next inevitable recession in a capitalist economy. The highway fund would again be raided or more bonds sold increasing the cost to the next generation. Preservation and maintenance is a good first step but closing down little used highways and bridges must be considered.

Expanding rail service to lessen weight on the highways is absolutely needed. As 80 some counties in Kansas will continue to depopulate to 2044, how is that factored into a realistically affordable transportation plan? FORWARD KANSAS should not be rushed through in 2020. This plan coupled with necessary modifications should be developed over 2 to 3 years while the last T-Works projects are completed.

## **KANSAS ELECTRIC RATE STUDY UPDATE**

The “Study of Retail Rates of Kansas Electric Public Utilities” report developed by London Economics begins Tuesday – February 4 – at 9:00 am in House Energy, Utilities and Telecommunications committee (Rm 281-N) and in Senate Utilities committee at 1:30 pm (Rm 548-S). London Economics will present their findings on Tuesday with testimony by various stakeholders on Wednesday and Thursday in Senate Utilities.

The first recommendation by London Economics is the development of a state energy plan. The Governor has just issued an executive order to take the Kansas Energy Office out of the Kansas Corporation Commission and establish an independent office that is focused on implementing an inclusive data-driven vision for an energy future in Kansas. (See related article below). The Governor supports building an energy market that is affordable, efficient and meets the needs of businesses and communities.

Questions abound with the electric rate study and how to lower rates. For example, the major investor-owned electric and natural gas utilities collected about \$250 million to pay for Kansas income taxes but (with the special exemptions for these investor-owned utilities - IOU’s) zero dollars ended up going to the State. EVERGY – the largest electric IOU in Kansas serving a million customers – has told Wall Street it will not pay state income taxes for several years to come. Senate Bill 126 would end this loophole and lower rates for customers.

The question of who are the investors that own EVERGY remains very unclear? Vanguard, Blackrock LLC, and T. Rowe Price own 25% of EVERGY stock. Now Elliot Management (directed by venture capitalist Paul Singer) has bought another 5%. Can there be a debate under the dome in terms of ownership of a survival service like electricity? How quickly can these speculative investor firms – out to maximize profits for investors with no regard for an impact on captive ratepayers – take board and management control of EVERGY to force a takeover merger? The KCC could halt such a takeover, but the future of EVERGY and the Kansas economy is up for debate.

## **BEGINNING FARMER LOAN PROGRAM REVIEW**

The Beginning Farmer Loan Program - which is a Kansas Development Finance Authority (KDFA) program – was started in 1987. Since the program’s inception, \$102.5 million in loans have been facilitated under the program. Over the last five years, 126 Beginning Farmer projects have been financed for a total amount of \$24.4 million. The top counties for loans have been Marshall, Nemaha, McPherson, Cloud and Harvey.

The KDFA Beginning Farmer Loan program is frequently used in conjunction with the USDA FSA Beginning Farmer Loan Program in part because the FSA program permits FSA proceeds to be used towards the purchase of a dwelling when located on the agricultural site property while KDFA’s loan for a dwelling is severely restricted.

KDFA's Beginning Farmer Loan Program is annually using \$5 million in private activity bonds (which are federally income tax exempt on the bond interest). The 2020 loan limit is \$543,800 and there is no minimum loan limit. The applicant may not have previously owned any substantial amount of farmland. The loan cannot be used to buy farmland that is larger than 30% of the median size of a farm in the county.

The loan can purchase land, livestock and depreciable farm equipment. The term "farm" is broadly defined to cover a broad range of activities from livestock to orchards to truck farms to greenhouses to fish farms. This KDFA program is averaging 15-20 loans a year with an average loan being \$200,000. KDFA promotes this program through bankers across Kansas as well as KSU extension agents statewide. The yearly \$5 million could easily be expanded to \$20 million if the requests for these loans increased.

<https://www.kdfa.org/BeginningFarmer>

### **Governor Kelly Announces Reorganization of Energy Office**

This week Governor Kelly took a bold step for our state's energy future by announcing an Executive Reorganization Order to move the Kansas Energy Office (SEO) out of the Kansas Corporation Commission (KCC) to the Office of the Governor.

The Governor will submit the ERO to the Legislature within the first 30 days of the session. The ERO will become effective on July 1, following its transmittal to the Legislature, unless either the Senate or the House take action on the ERO within 60 calendar days of submission.

For more go to the Climate + Energy Project's news release at:

<http://www.climateandenergy.org/blog.1050486.governor-kelly-to-move-kansas-energy-office?act=view>.

Also Join Climate +Energy Project Executive Dorothy Barnett and Zack Pistora, lobbyist for the Kansas Chapter of the Sierra Club as they discuss state energy issues and the need for a state energy plan on a podcast for CJonline. <https://www.cjonline.com/news/20200119/capitol-insider-podcast-kansas-in-dire-need-of-state-energy-plan>

### **CALENDAR FOR WEEK OF FEBRUARY 3, 2020**

For next week's full committee schedules, go to "Calendars" on the Menu at:

<http://www.kslegislature.org/li/>

**Below are a few highlighted committee meetings:**

#### **HOUSE COMMITTEES:**

**House Children and Seniors Room 346-S**

Monday, February 3 Presentation on: State of the Health of Kansas by Dr. Lee Norman, Secretary of Health and Environment

**House Rural Revitalization Committee Thurs. Feb. 6, 582-N**

Informational Hearing on:

“Ag Credit Conditions in Kansas” by Greg Reno, American Ag Credit of Wichita

**House Energy, Utilities & Telecommunications Tues. Feb. 4, Room 582-N**

Presentation on: "Study of Retail Rates of Kansas Electric Public Utilities," Gabriel Roumy, Managing Consultant, London Economics A.J. Goulding, President, London Economics

**Wednesday Feb. 5** Informational briefing: "Stakeholder Responses to the Retail Rate Study" KEC, Evergy, Kansas Industrial Consumers Group, Clean Energy Business Council, Kansas Corporation Commission

**Thursday, February 6** Informational briefing: "Stakeholder Responses to the Retail Rate Study" KEC, Evergy, Kansas Industrial Consumers Group, Clean Energy Business Council, Kansas Corporation Commission

**House Agriculture Committee 3:30 p.m. 582-N**

**Monday, February 3 Hearing on: HB2462** — Updating provisions related to the Kansas department of agriculture division of conservation.

**Discussion & action on: HB2437** — Prohibiting the use of identifiable meat terms on labels or in advertisements of meat analogs without either an accompanying disclaimer that the product does not contain meat or the inclusion of the word “imitation” before the name of the meat food product being imitated.

**Tuesday, February 4, Hearing on: HB2463** — Amending the Kansas pesticide law's licensure requirements and the Kansas chemigation safety law's permittee requirements.

**Discussion & action on: HB2432** — Creating the Kansas pesticide waste disposal program and allowing up to \$50,000 to be transferred annually from the Kansas agricultural remediation fund to a new Kansas pesticide waste disposal fund.

**SENATE COMMITTEES:**

**Senate Utilities Committee 1:30 p.m. 548-S**

**Tuesday, February 4 Presentation on: London Economics International, phase one Electric Rate Study:** Gabriel Roumy, Managing Consultant, London Economics; A.J. Goulding, President, London Economics

**Wednesday, February 5** Responses to the London Economics International rate study **Thursday, February 6** Responses to the London Economics International rate study

**Senate Ways and Means** Room 548-S 11 a.m.

**Mon. Feb. 3**

**Briefing on Kansas Development Finance Authority**

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If a member of KFU, contact Mercedes Taylor-Puckett at [kfu.mercedes@gmail.com](mailto:kfu.mercedes@gmail.com).

If a member LWVK, contact [lww.kansas@gmail.com](mailto:lww.kansas@gmail.com).

If a member of AOK contact Ron Klataske at [ron\\_klataske@audubonofkansas.org](mailto:ron_klataske@audubonofkansas.org)

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