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Before the
House Committee on Agriculture
Kansas Water Authority Annual Report to the Governor and Legislature
Gary Harshberger, Chair, Kansas Water Authority
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Mr. Chairman and members of the Committee, I am Gary Harshberger, and I pleased to be here today on behalf of the Kansas Water Authority to present our 2017 Annual Report to the Governor and Legislature, and provide an update on the activities of both the Water Authority and of the Blue Ribbon Task Force for Water Resource Management, of which I was a member. It is an exciting time with regards to our state's water resource, and also a very critical time for action.

In October of 2013 the Governor issued a call to action to his Administration to develop a 50 –Year Vision for the Future of Water in Kansas. Since issuing the call to action in October, a Vision Team comprised of the Kansas Water Office, Kansas Department of Agriculture and Kansas Water Authority, embarked on a one-year mission to seek input from water users, compile data, conduct research and chart a path forward for our state's water future. The culmination of these efforts was the final Vision document, completed in January, 2015, which details three phases of action to address water issues in the areas of Water Conservation, Water Management, Technology and Crop Variety, and Additional Sources of Supply. Since the Vision was released, additional pieces have been added. First, the state was divided into fourteen regional planning areas, which are served by Regional Advisory Committees who will implement action plans to meet regionally developed goals for their specific water resource conditions.

Another addition to the Vision comes in the form of an Education and Outreach supplement, which guides the development of a statewide marketing and education campaign to connect all Kansans with their water resource. These and so many other items are highlighted within the 2017 Annual Report, and I encourage you to take a look.

The Vision process produced our action items and expected outcomes. It gave us a framework for shaping our states' water future into one which is meeting the needs of all Kansans for generations to come. What it didn't give us was the means, and the funding sources to support it.

In November 2015 the Governor established the Blue Ribbon Task Force for Water Resource Management. The first meeting was held March, 2016. The Task Force met seven times during 2016 to evaluate overall financial needs to implement the Long Term Vision for the Future of Water Supply in Kansas, current revenue sources and alternatives, and develop a recommendation to present to the Governor and 2017 Legislature.

The Task Force is made up of a diverse group of stakeholders from across the state, and represents water users and fee payers, decision makers, and administrative agencies. As the Chairman of the Water Authority, I served on this Task Force. During the meetings, we received background information on the current revenue sources of the State Water Plan Fund, the funding needs of the Vision action items, information on how other states fund their water resource needs, and information on potential revenue sources.

One of our first areas of agreement was the need to fund $55 million worth of projects to successfully implement the Vision. Based on agency presentations and public input testimony, the Task Force recommends that level of funding. It is important to note the Task Force did not prioritize specific projects to be funded, nor did it prohibit funding from any specific project. The Task Force left that up to the Water Authority, and we have laid out those funding priorities in our Annual Report.

Each fee paying group was represented on the Task Force. Fees were key to the discussion throughout the

meetings, and current and potential fees were evaluated on the basis of geographical areas, user groups, household and individual impacts, and overall SWPF contribution. There was also a lot of discussion regarding those who pay fees and those who receive the benefits, and how best to balance the two.

Different revenue options discussed in addition to existing fees included sales tax, bottled water tax, electric generation tax, and additional fees on other water users. The Task Force recommendation is the following:

- Existing fees into the State Water Plan Fund (SWPF) be maintained at current levels,
- One-tenth of one percent of the existing statewide sales tax be dedicated to funding Vision implementation,
- It is preferable that the dedication of the one-tenth of one percent sales tax be protected for this purpose by constitutional amendment and subject to referendum every 10 years,
- A review of all existing user fees by the legislature five years after successful collection of the state sales tax, to continue every 5 years thereafter,
- That the State General Fund & Economic Development Initiatives Fund statutory demand transfers be provided to the SWPF by the legislature during the 2017 session for the FY2018 and 2019 budgets, or until the proposed sales tax revenue is successfully collected, and
- The Legislature and the KWA look at the statute relative to the makeup of the KWA, and seek to include demographic and user fee participation as guidelines for representation and appointments.

The Water Authority took action in December to endorse the report of the Blue Ribbon Funding Task Force, and stands ready to responsibly and effectively manage both existing and new revenues to address the most important water issues we face.

As I have articulated in my letter in the Annual Report, I believe now is a critical turning point for water in our state. We have the plan in the Vision, the resources in the Task Force Report, the dedicated volunteers around the state serving on our RACs, and the ever growing need to shape our states water future into a better looking resource. It takes all Kansans, it takes each of you, and on behalf of the Kansas Water Authority, we thank you for your service.

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.