

February 6, 2017

The Honorable Tom Sloan, Chairperson
House Committee on Water and Environment
Statehouse, Room 521-E
Topeka, Kansas 66612

Dear Representative Sloan:

SUBJECT: Fiscal Note for HB 2241 by House Committee on Water and Environment

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2241 is respectfully submitted to your committee.

HB 2241 would create the Surface Water Protection Fee, which would impose a fee on any person with whom the Director of the Kansas Water Office has entered into an agreement for withdrawal of surplus water. The fee rate would be \$.40 per 1,000 gallons of water at the point of withdrawal from a reservoir less the rate charged by the Director per 1,000 gallons of water to the person under an existing contract.

The bill would also create the Irrigation Water Use Fee which would be imposed on each owner of a water right or permit to appropriate water for beneficial use who uses water for irrigation purposes. The usage amount would be determined by the Chief Engineer of the Division of Water Resources of the Kansas Department of Agriculture (KDA) and would amount to \$.005 per 1,000 gallons of water used for irrigation. Both fees would be paid annually and credited to the State Water Plan Fund.

The Kansas Water Office reports that creation of these fees by HB 2241 would result in increased revenues of \$10.2 million annually beginning in FY 2019. Of this amount, the agency estimates that \$5.9 million would be from the Irrigation Water Use Fee and \$4.2 million from the Surface Water Protection Fee. The Kansas Department of Agriculture estimates that fee revenues from the Irrigation Use Fee could amount to \$4.9 million to \$7.0 million annually. This estimate is based on the last ten years of water use reported for irrigation. The agency did not provide an estimate for revenue to the Surface Water Protection Fee as KDA is not involved in the surface water contracts. Neither agency expects to experience increased expenditures from

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enactment of the bill. Any fiscal effect associated with HB 2241 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", followed by a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Justin Law, Agriculture
Ginger Harper, Water Office