

MINUTES OF THE HOUSE AGRICULTURE AND NATURAL RESOURCES COMMITTEE

The meeting was called to order by Chairman John Faber at 3:30 P.M. on February 6, 2007, in Room 241-N of the Capitol.

All members were present.

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department
Jason Thompson, Revisor of Statutes
Florence Deeter, Committee Assistant

Conferees appearing before the committee:

Tracy Streeter, Director, Kansas Water Office
Steve Frost, State Conservation Commission
Sharon Falk, Groundwater Management, District 5
Mike Beam, Sr. Vice-President, Kansas Livestock Association
Tom Thompson, Kansas Chapter of the Sierra Club
Steve Swaffar, Director of Natural Resources, Kansas Farm Bureau
Mark Rude, Executive Director, Southwest Kansas Groundwater Management, District 3
Tom Bogner, Board Member, Southwest Kansas Groundwater Management, District 3
Mary Jane Stankiewicz, Kansas Grain and Feed Association, Kansas Agribusiness Retailers Association
Leslie Kaufman, Kansas Cooperative Council
Matt Johnson, Director of Feed Ingredient Procurement, Seaboard Farms
Mike Toner, Farmer, Longville, Kansas
Dana Peterson, Kansas Association of Wheat Growers

Others attending:

See attached list.

Hearing on HB 2184

Tracy Streeter, Director, Kansas Water Office, a proponent of **HB 2184**, summarized his testimony stating that the Conservation Reserve Enhancement Program (CREP) is a voluntary, incentive-based program aimed at reducing water usage along the Arkansas River valley (Attachment 1). Funds for this initiative were appropriated by the 2006 Legislature and are held in reserve pending the decision of the 2007 Legislature. Additional money from the Kansas-Colorado-Arkansas lawsuit provides \$7.8 million; by law participants receive payment for land that has been placed in one or more of the conservation programs.

Mr. Streeter indicated that rental rates are set by various entities, including bankers, extension agents, landowners, and others with expertise and knowledge of the irrigation needs of the area affected. If the established rental rates are approved and are similar to the estimates provided, the program could generate \$ 155 million in federal funds over a fifteen year period. He also said that dryland farming is not presently an option in the farm bill. A Kansas State University study conducted to study the impact of taking 100,000 acres from irrigation production and planting grass showed a three percent reduction in agricultural economy; regionally, the study indicated a .1 to .2 percent reduction in economic activity as a result of CREP implementation.

Steve Frost, Water Conservation Programs Manager with the State Conservation Commission (SCC), brought information regarding the position of the upper Arkansas River in the CREP program (Attachment 2). The goal in managing the program is to conserve 150,000 acre feet of water per year. He stated that rules and regulations in the program need to be carefully delineated, and implementation of the program will involve the SCC in training Farm Service Agency personnel on how to process various applications. Because of the complexity of determining water rights, an additional position of an environmental scientist is needed to assist the Conservation Programs Manager in providing cost-effectiveness and efficiency in administering the program.

Sharon Falk, Groundwater Management, District 5, spoke as a representative for the Middle Arkansas River

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Basin in reference to the importance of CREP programs being established in the central part of the state ([Attachment 3](#)). Members of the fifth district are concerned about ground water fluctuations because of the wildlife refuges located in the area. Also of concern is the economic impact on local communities and agribusinesses. She said that this program, in coordination with others available, could be very beneficial to the conservation of water usage in this area of Kansas.

Referring to written testimony from Dennis Dutton, President of the Water Protection Association of Central Kansas, Ms. Falk stated that CREP would retire some water rights and help contribute to greater stability of groundwater resources ([Attachment 4](#)).

Mike Beam, Sr. Vice President, Kansas Livestock Association, expressed the agency's position regarding the future of the beef cattle industry in relation to grain futures and available forage land ([Attachment 5](#)). A very high percentage of grain and hay is used annually to feed beef cattle. Producers are concerned about taking irrigated crop land out of production, when a large amount of grain is beginning to be used for ethanol production. Mr. Beam voiced support for the inclusion of CREP contracts to allow dryland farming.

Tom Thompson, Kansas Chapter of the Sierra Club, a proponent of **HB 2184**, said increased stream flow from the Upper Arkansas River Basin could benefit the ecological systems and recreational opportunities in the Cheyenne Bottoms area ([Attachment 6](#)). He said a 2001 national survey indicated a large number of wildlife watching days contributed over \$128 million in rural Kansas. Mr. Thompson stated further that for healthy habitat and more prolific wildlife, the Sierra Club advocates restoration of riparian areas and streams.

Steve Swaffar, Director of Natural Resources, Kansas Farm Bureau, acknowledged the need for slowing the process of aquifer decline and said the voluntary aspects of CREP could eliminate the need for regulatory action ([Attachment 7](#)). He said the federal funds gained from CREP and combined with state funds could be beneficial to eventual economic impacts. He advocated for local farmers and ranchers holding water rights to have opportunity for enrolling in the programs that benefit the needs of farming operations.

Mark Rude, Executive Director, Southwest Kansas Groundwater Management, District 3, spoke in favor of the proposals put forth in the CREP ([Attachment 8](#)). The issue of water supply in southwest Kansas is critical for commodities and new energy projects. Mr. Rude said that, while this is not a perfect plan, CREP is a cost effective program for Kansas.

Tom Bogner, Board Member, Southwest Kansas Groundwater Management, District 3, as a proponent he reiterated much of the same testimony as Mr. Rude ([Attachment 9](#)). He stated that groundwater management has been a priority issue in western Kansas for many years. The proposals in the CREP appear to have significant solutions to the usage of water along the Arkansas River.

Mary Jane Stankiewicz, Kansas Grain and Feed Association, Kansas Agribusiness Retailers Association, speaking in opposition to **HB 2184**, explained that the proposed savings of 149,000 acre feet of water is only a paper savings ([Attachment 10](#)). She stated the seeming water savings is negligible because there is lack of enforcement on water rights users. Ms. Stankiewicz cited statistics compiled from a study by Kansas State University showing an annual negative impact in loss of tax revenues and the number of years needed to recoup economically if CREP is used as the only option. She commented further saying only one county has enrolled in CREP and the local economy of about ten other counties could experience great loss of incomes.

Leslie Kaufman, Kansas Cooperative Council, spoke in opposition giving a position statement from the agricultural membership of the organization. She stated that some water conservation programs exist which can be supported; however, the Council supports a program that provides for transition to dryland farming ([Attachment 11](#)). Ms. Kaufman said that the economic loss cannot compare with the amount of water saved. She recommended several options be placed in the CREP proposal: continue active agricultural production; consideration of purchased water rights; prioritize of usage based on hydrologic benefit; and provide a high quality level of enforcement and monitoring of water usage in the entire CREP area.

Matt Johnson, Director of Feed Ingredient Procurement for Seaboard Farms, spoke in opposition to **HB 2184**, alluding to the fact that greatly reducing the number of production acres for a period of fifteen years does not bode well for the economy of this region ([Attachment 12](#)). He said Seaboard Farms would be required to pay

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more taxes, employees would be required to do the same, and the region would suffer a loss of \$400,000 annually. Mr. Johnson said 900,000 tons of feed is processed in Kansas facilities to feed the hogs raised at Seaboard Farms. Reducing acreage, which is proposed in CREP, will diminish the supply of Kansas grain, necessitating acquiring grain from other states. He stated further that rural communities may experience greater economic decline.

Mike Toner, a farmer from Longville, Kansas, spoke to members about the amount of money farmers and ranchers paid for equipment to pump water, but have never paid for the amount of water produced. He said taxpayers do not need to be paying the amount of money proposed in CREP to rescue farmers who use irrigation. Mr. Toner spoke extemporaneously and had no written testimony for the committee.

Tim Stroda, President, CEO, Kansas Pork Association, submitted written testimony in opposition to **HB 2184** (Attachment 13). His primary concern is the loss of grain production within the state; a secondary issue is in regard to the loss of property values within the Arkansas River Basin.

Tom Palace, Executive Director, Petroleum Marketers and Convenience Store Association of Kansas, submitted written testimony in opposition to **HB 2184** (Attachment 14). Mr. Palace advocated the inclusion of dryland farming to offset the negative economic impact CREP could cause.

Dana Peterson, Kansas Association of Wheat Growers, spoke from a neutral position, advocating a redirection of water regulation and allocation procedures to establish reliable conservation of water usage (Attachment 15). She said the complicated plan of voluntary enrollment in CREP needs careful consideration of decisions.

Rex Buchanan, Kansas Geological Survey, presented additional material requested from a previous committee meeting (Attachment 16).

The Chairman closed the hearing on **HB 2184**.

The Chairman requested Mr. Streeter bring the full CREP document to the committee.

The meeting adjourned at 5:50 p.m.