STATE WATER PLAN FUND (SWPF) UPDATE

Paul Johnson

The Governors 2024 State Budget details the SWFP for Fiscal Year (FY) 2023 and 2024. Total expenditures in FY 2023 are $28.9 million while for FY 2024 it is $22.3 million. The SWPF is a blend of water fees, pesticide/fertilizer fees, and $8 million in state funds ($6 million SGF and $2 million lottery). Certain pilot projects in 2023 such as water injection dredging of Tuttle Reservoir ($2 million) and water quality buffer initiatives ($635,000) were dropped for 2024. Water resources cost-share was reduced from $4 million in 2023 to $2.7 million in 2024. In 2024 there were increases for irrigation technologies, watershed dam construction, Milford Lake Watershed Project, and water technology farms. The Governor has proposed to pay off the public water storage debt in Milford and Perry reservoirs for $53 million.

State Water Plan Fund Expenditures (p. 263 – Vol. 1)

On Thursday, the Kansas House Water committee held an in-depth water resources information hearing. Earl Lewis – Director and Chief Engineer at the Kansas Department of Agriculture (KDA) Water Resources Division – began by saying water regulation at KDA started in 1927 and now includes 30 different laws. This division has three focuses - water appropriations, water structures and water management. There are four district offices around Kansas with approximately 75 staff. The division’s budget is between $12 and $13 million. In terms of water rights there are 34,000 such rights at 41,000 well sites. The division corresponds with 10,500 water users. Water use involves 3.7 million acre-feet with 3.1 million of that for irrigation. In the attached slides, you will see the division between crop irrigation, municipal and industrial use by county.

Division of Water Resources Report to the House Committee on Water

Water is owned by the people of Kansas and slated for ‘beneficial use’ since 1957. There are now three water conservation programs in statue – Local Enhance Management Area (LEMA’s), Water Conservation Areas (WCA), and Multi-Year Flex Accounts (MYFA’s). Details on use in the slide. There are water use maps by county for 2022 and no county was above the normal amount. Key issues now include the Hays/Russell pipeline from the R9 ranch in Edwards County. There is a case on this before the Kansas Supreme Court and a ‘water transfer panel’ of KDA, KWO and KDHE are starting to
consider this water transfer. Water battles continue over Rattlesnake Creek, junior irrigation rights and the senior water rights for Quivira National Refuge. Earl is struggling to hire key staff with 10% now unfilled because of salaries. View KDA Job Openings

Browne Wilson with the Kansas Geological Survey (KGS) was next to report. KGS’s duties include data gathering and some planning but no regulatory authority. His presentation shows map of precipitation across Kansas from semi-arid west moving to humid in the east. To Kansas’s credit, our state has some of the best water measurement tools among all states. There are 1,400 water wells measured every January to document water table levels. KGS has maps calculating water use horizons especially across the Ogallala. Browne is quick to state that water use predictions rest on the thickness of various parts of the Ogallala and rock conditions. Groundwater Resources in Kansas

The final presenter was Jim Butler who is also with KGS. Beyond the 1,400 pumping wells measured in January, there are also index wells that are not for pumping but recording water tables. 3 were put in in 2007 and now there are 32 with a number that have GPS connections for continual monitoring. Jim reported on 3 LEMA’s and their success with water conservation. The Sheridan 6 LEMA has shown a 30% reduction since 2013. GMD 4 LEMA has shown no conservation since 2018 while the Wichita County LEMA has shown a 26% reduction since 2018. In the slides there is written commentary on these LEMA’s. There are also slides on water quality issues with groundwater. Analytic tools are being developed to gauge future water availability under different development patterns. Extending the Lifespan of the High Plains Aquifer

In light of 60 years of water use and measurements, Kansas policymakers face some difficult decisions concerning the depletion of the Ogallala. Should ‘beneficial use’ be redefined for future generations? What now constitutes ‘wasting water’? Since water rights are considered ‘private property rights’ and Kansas cannot now revoke those rights, are there other paths to conserve groundwater for the future? As for now there are not meaningful funds in the SWPF to buy back water rights on an adequate scale. Since Kansas now has a $1 Billion ‘rainy day’ fund and the Governor proposes adding $500 million more, might a portion of that go into a fund to purchase water rights? Kansas spends $1 Billion annually for highways and barely $25 million for the SWPF. For highways, the fuel tax has not been raised in Kansas since 2003. Fuel taxes should be increased thus freeing up millions for water rights and water conservation incentives. Are we prepared to answer future generations when they ask how water lost out to asphalt?
PROPERTY TAX OVERVIEW

In the early 1990’s, Kansas changed its tax system fundamentally by lowering the dependence on property tax – particularly for schools – and rebalanced the local and state tax system with higher income and sales taxes. School districts were too dependent on property tax and this led to serious inequities between wealthier districts and poorer districts. The plan in the 1990’s was to establish a balanced tax system of property, sales and income taxes. Since that time Kansas has stayed pretty consistent but slowly favored sales and property over income taxes especially with Governor Brownback’s attempt to overtly cut income taxes. Property taxes are primarily revenue sources for counties, cities and school districts. Property taxes may well be the most disliked by the public but are constant in times of economic turmoil versus sales or income taxes.

It is the appraisal and assessment of property by the counties that determine the tax base. Counties and cities determine the tax rates along with the local school districts. This results in the calculation of the tax bill. The date of assessment for all property and appraisal is January 1. Counties notify taxpayers of property value or change to property value by March 1. This triggers the first of two opportunities for taxpayers to appeal. First with the county appraiser and may proceed to the Board of Tax appeals and potentially to Kansas courts. Tax bills usually come out by mid to late November with tax payments – half or whole - by December 20. Second half payments are due by May 10 of the following year. Assessments to determine fair market value are by a sales approach – comparison of sales prices of similar properties – or a cost approach – a determination of replacement cost less depreciation – or an income approach – capitalization of a rental income stream typically for commercial property or apartments.

Property tax has different assessments for real estate and personal property by class – residential, agriculture land, public utilities, commercial/industrial, etc. Agriculture land is valued on its use value versus its market value while all other classes are valued on their market value. For Agriculture land, it is a rolling average over a few years as to market prices for key commodity crops or pasture rents. In 2021, Kansas collected $5.434 Billion in property tax. 52% came from residential property, 24% came from commercial/industrial property, 12% from public utilities, 7.4% from agriculture land – thus 95% from these sources. The key beneficiaries were counties at $1.563 Billion, schools at $2.4 Billion (one-third from 20 million state levy and the rest on local bonds), and cities at $903 million thus accounting for $4.9 Billion of the $5.434 total. There will be legislation challenging the objectivity of the appraisal and assessment approaches.

LEGISLATIVE NOTES

As the 2023 Kansas Legislature saunters on there have been few committee hearings on specific legislation. As of now there have been 73 Senate bills and 111 House bills filed. There are a few bill hearings starting next week in the House and Senate. In the Thursday – January 19 – House and Senate Calendars the committee hearings are listed for the week of January 23. There have been a number of tax bills filed so tax issues will get serious review this session. The Governor has her tax package and now Legislative leaders will weigh in. There have been numerous election bills filed at this point. The myths of election fraud continue on without any substantive evidence discovered in Kansas. Making it harder to vote for certain groups and classes of Kansans seems to be the plan. After next week, committee deliberations on the State budget will become much more prominent.
Food and Farm Coalition Update

The Kansas Food and Farm Coalition will be providing an informational briefing to the Senate Ag Committee on Wednesday at 8:30.

Kansas Legislature Website

For Legislative Committee and Hearing Information, and how to contact your legislator, and view floor and committee remotely, go to:
http://kslegislature.org/li/current/

League of Women Voters Observer Calls

During the legislative session, the League of Women Voters of Kansas (LWVK) hold weekly Friday (4 pm) zoom calls with their policy observers. The League has offered to open up these calls for interested Policy Watch readers. Cille King is the policy coordinator for the League. You will need to email Cille <cilleking@gmail.com> to be added to the notice list. Agendas come out a day or so before the call.

Here is the link to the LWVK 2023 Legislative Priorities:
https://drive.google.com/file/d/1CP5dYfwGxzIwOyYRGRgbgD7rkRw2Rw2G/view

Contributors to KRC are automatically on the Policy Watch e-list, if they provide an e-mail address. KRC provides Updates to the sponsoring organizations including League of Women Voters of Kansas, Kansas Natural Resource Council, Kansas Farmers Union, Climate and Energy Project, Audubon of Kansas, and Friends of the Kaw, Jayhawk Audubon Society, who make the Updates available to their memberships.

If you are receiving KRC Policy Watch through one of these organizations and have questions, contact the organization directly.

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