



Jan. 31, 2013

TO: House Committee on Agriculture and Natural Resources

From: Leslie Kaufman, Kansas Cooperative Council  
Ron Seeber, Kansas Grain and Feed Association and the Kansas Agribusiness Retailers Association

RE: Written Testimony on HB 2049 regarding KDA fees

Chair Schwartz and members of the House Committee on Agriculture and Natural Resources, thank you for the opportunity to share comments today regarding fee funding of the Kansas Dept. of Agriculture (KDA). The Kansas Cooperative Council represents all types of member-owned/member-controlled businesses in Kansas. A significant portion of our members are agriculture cooperatives that are served by or regulated by the KDA. The KGFA is a voluntary state association with a membership encompassing the entire spectrum of the grain receiving, storage, processing and shipping industry in the state of Kansas. KARA's membership includes over 700 agribusiness firms that are primarily retail facilities which supply fertilizers, crop protection chemicals, seed, petroleum products and agronomic expertise to Kansas farmers.

As noted above, our members are regulated by KDA and most fall under several KDA over-sight programs. Reasonable state regulation of industry programs, in many cases, is a benefit to industry in helping assure our member have local, Kansas regulators to deal with rather than remote federal oversight or provides uniform regulation across the state as opposed to piecemeal local by local regulation. But, we understand the benefits of such programs come with a cost.

"User fees", though considered a tax by many, have been a long-standing mechanism for funding, in whole or in part, many of the program areas related to our members' business operations. Our members have understood the need for reasonable and appropriate fees in the KDA funding mix. We have also long-advocated for sufficient state general funds for programs that benefit the safety of the general public or help stabilize the overall agricultural economy/state economy in Kansas.

Over the years, our members have worked to insure these fees are not unduly burdensome or set at a level that builds large fund balances. Historically, the KDA has been cognizant of that as well, even lowering some fees when balances were running in excess of needs. They have been very aware that, in the past, unspent fund balances were too often a target for fee sweeps. We appreciate that greatly and their efforts to manage fund levels have helped build trust between the department and industry.

We also know that many of the changes in fee structures proposed under HB 2049 deal with future, scheduled fee decreases rather than an immediate fee increase. So, although our members do not want unnecessary fee increases, we know that for a good number of our members, the change will just continue the status quo.

We will continue to work with the KDA on budget issues and have confidence that they will continue to manage fee revenues in balance with program needs. Through such a partnership, we will support adequate funding for KDA programs of significance to our membership, maintain state general funding contributions for programs that provide broad-based benefits to the people of Kansas, and insure fee fund balances do not become targets for sweeps.

HB 2049 removes several sunset provisions from many areas of KDA's fee framework. We understand the administrative burden on the KDA and the legislature to re-visit fees on a mandated basis. But, we do think there is wisdom in setting forth a specific time at which fees must be reviewed in order to insure that the re-evaluation is actually performed.

Thank you for the opportunity to share these comments today. Please let us know if you have any questions: Leslie Kaufman, 785-220-4068 or Ron Seeber, 785-234-0461.

House Agriculture & Natural  
Resources Committee  
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