

SESSION OF 2017

SUPPLEMENTAL NOTE ON SENATE BILL NO. 61

As Amended by Senate Committee on
Agriculture and Natural Resources

Brief*

SB 61 would extend the sunset to June 30, 2023, on several fees imposed by the Secretary of Agriculture (Secretary) in relation to milk, cream, and dairy businesses. The following table outlines the fee, the amount the fee would revert to on July 1, 2018, the fee amount that would be extended, and the section number where the change can be found.

**Modifications to Statutory Language Imposing Certain Fees by
the Kansas Department of Agriculture**

Fee	Amount the Current Fee Would Revert to on July 1, 2018	Extended fee under bill	Sec. No.
Dairy Manufacturing Plant License	\$120	\$200	1
Milk Distributor License	\$120	\$200	1
Milk Hauler License	\$25	\$35	1
Milk or Cream Transfer Station License	\$50	\$100	1
Single Service Manufacturing License	\$50	\$100	1
Grade A Inspection - Milk Producer	\$.01 per 100 pounds of milk produced	\$.015 per 100 pounds of milk produced	2
Grade A Inspection - Packaged Milk or Milk Products Sold in Kansas at Retail	\$.01 per 100 pounds	\$.02 per 100 pounds	2
Grade A Raw Milk for Pasteurization	\$.01 per 100 pounds	\$.02 per 100 pounds	2
Milk or Cream for Manufacturing	\$.01 per 100	\$.015 per 100	2

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Fee	Amount the Current Fee Would Revert to on July 1, 2018	Extended fee under bill	Sec. No.
Purposes - Produced by Milk Producers	pounds	pounds	
Milk or Cream for Manufacturing Purposes - Delivered to Dairy Manufacturing Plant	\$.0075 per 100 pounds	\$.02 per 100 pounds	2
Kansas-Manufactured Frozen Dairy Dessert or Frozen Dairy Dessert Mix	\$1 per 1,000 gallons	\$2 per 1,000 gallons	2
Imported Frozen Dairy Dessert or Frozen Dairy Dessert Mix	\$1 per 1,000 gallons	\$2 per 1,000 gallons	2

The bill would require the Secretary, through administrative rules and regulations, to reduce any license or inspection fee whenever the Secretary determines the fee is producing more revenue than is needed for administering the provisions of the statute. The bill also would allow the Secretary, through administrative rules and regulations, to raise any license or inspection fee if the Secretary determines that additional revenue is needed to administer the provisions of the statute.

The bill also would amend two current exemptions from inspection fees. Under current law, any manufacturing plant located on a dairy is exempted from paying the fees for delivering Grade A raw milk for pasteurization or for delivering milk or cream for manufacturing purposes. The bill would amend that exemption to include only dairies where less than 6.0 million pounds of milk is processed annually. This revised exemption would go into effect on January 1, 2018.

Background

The bill was introduced by the Senate Committee on Agriculture and Natural Resources at the request of the Kansas Department of Agriculture (KDA). At the Senate Committee hearing on the bill a representative of KDA testified in support of the bill. According to the representative, the difference between the current fees and the sunset fees

was approximately 21 percent of the Dairy and Feed Safety budget within KDA.

At the same hearing a representative of the Kansas Livestock Association (KLA) testified in opposition to the bill, but stated KLA could support the bill, if amended. The representative proposed reducing the extension of the sunsets from ten years (June 30, 2028) to five years (June 30, 2023). In addition, the representative proposed revising the current exemption for manufacturing plants located on dairies by allowing only small-scale producers to retain the exemption.

No neutral testimony was offered at the hearing.

During its work on the bill, the Committee adopted the following amendments:

- Reduce the time period of extension of sunsets from June 30, 2028, to June 30, 2023;
- Amend existing fee exemption for manufacturing plants located on dairies to include only dairies producing less than 6.0 million pounds of milk annually;
- Specify the effective date of the amended exemption regarding manufacturing plants located on dairies as January 1, 2018;
- Require the Secretary to reduce any license or inspection fee through administrative rules and regulations if the fee is producing more revenue than is needed to administer the provisions of the statute;
- Clarify language regarding the Secretary's authority to raise a license or inspection fee through administrative rules and regulations; and

- Eliminate Sec. 3 of the bill, which would have authorized the Secretary to collect a fee up to \$50 for the processing of paper documents.

According to the fiscal note prepared by the Division of the Budget on the original bill, a failure to extend the fee sunsets included in the bill would result in the loss of approximately \$278,000 in fee fund revenues, annually.