

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Derek Schmidt at 8:30 a.m. on March 17, 2004 in Room 423-S of the Capitol.

All members were present.

Committee staff present:

Raney Gilliland, Legislative Research  
Lisa Montgomery, Office of the Revisor of Statutes  
Robert Myers, Committee Secretary

Conferees appearing before the committee:

Adrian Polansky - Secretary, Kansas Department of Agriculture  
Greg Foley - Kansas Department of Agriculture  
Doug Wareham - Senior Vice President, Kansas Agribusiness Retailers Association

Others attending:

See Attached List.

**HB 2622: Fees collected by department of agriculture.**

Chairman Schmidt opened the hearing on **HB 2622**.

Adrian Polansky appeared before the committee as a proponent of **HB 2622** in its original form, before it was amended on the floor of the House of Representatives. He emphasized that the bill only maintains the status quo for the Kansas Department of Agriculture, further stating that it does not increase a single fee. He then referred to the 2005 sunset that was put in place, in certain statutes of the fee bill, back in 2002 in hopes that the state's general fund balances would recover. Pointing out that this desired recovery has not taken place, he explained the need for removing the sunset by way of the bill. He assured the committee that the fees in question have indeed been used efficiently and effectively, and that no concerns from stakeholders have been heard with regard to the amounts paid. Furthermore, he urged the removal of the House amendment to the bill that would allow the sunset to be extended only to 2006 as opposed to being removed altogether.

Adrian continued by stating that the Kansas Department of Agriculture regularly reviews its fee balances, eliminating unnecessary fees and ensuring that only what is needed is being charged. As shown in his written testimony, he proceeded to disclose the specific fees contained in the bill as well as the specific areas that are affected by them. In addition, he brought to the attention of the committee the fact that, prior to the original implementation of the bill in 2002, many fees had not been changed in 10-20 years, thus not keeping up with inflation. Mr. Polansky also listed, among others, the following benefits of the fees: enhanced limited regulatory presence in metropolitan areas, with regard to pesticide operations; more timely and efficiently processed water permit applications as a result of two additional positions added to the water appropriations program; and increased in-store and on-farm consumer protection inspections for milk. In closing, he stated once again that the bill would not increase a single fee, and urged that the committee pass the bill, preferably after having been stripped of the 2006 sunset that had been added by the House of Representatives (Attachment 1).

Chairman Schmidt pointed out to Adrian Polansky and the committee the difficulty with which the original fee bill had been passed back in 2002. He also questioned the concern over extending the bill's sunset at this point, noting that it does not expire until 2005.

Adrian Polansky responded by saying that the current push to extend the sunset is due to the desire to accommodate budget planning, a process that he indicated would begin for the year 2005 in a few months.

Chairman Schmidt further questioned Adrian Polansky with regard to the absence of producer groups at the hearing, noting that they had a strong presence at the hearing for the original fee bill in 2002.

Adrian Polansky responded that the producer groups understand the Kansas Department of Agriculture's

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need for the funds in question in order to operate. He did, however, note that he was hesitant to speak on the behalf of these groups.

Greg Foley appeared before the committee in response to a question from Senator Umbarger regarding whether or not any of the fees in question had been recuperated by the State. His response was that two of the funds had indeed been tapped into, the fertilizer fee fund being one of them, and that \$200,000 had been taken from each of these two.

Senator Downey expressed to the committee her discouragement with regard to the future unlikelihood of being able to remove the fees in question and, thus, being able to support the Kansas Department of Agriculture (KDA) adequately by way of the state general fee fund. She continued by questioning the reasonableness of a mere one year extension of the bill's sunset, stating that it seems ridiculous in terms of being able to allow any real long-term planning within the KDA.

Doug Wareham appeared before the committee as a proponent of **HB 2622**. He reminded the committee that the Kansas Agribusiness Retailers Association did testify in support of the bill when it was initially considered by the House Agriculture Committee in 2002, despite expressing concern and opposition with regard to many of the proposed fees. He then pointed out the specific fees listed within his written testimony as impacting agribusiness retailers in Kansas. Furthermore, he expressed an understanding for the direction being taken by the Kansas Department of Agriculture and others toward more and more support from fees. He noted that the Kansas Agribusiness Retailers Association is actually getting close to being totally fee-funded.

Doug continued by expressing opposition toward the sweeping of dedicated fee funds. Furthermore, he showed support for the House Appropriations Committee's recent reinstatement of money to many of the fee funds that would be impacted by the adoption of the bill in question. He stated that the Kansas Agribusiness Retailers Association's support for the extension or removal of the bill's 2005 sunset is contingent upon the mentioned reinstatement of funds being upheld. More specifically, he noted his disapproval of raiding the same funds whose sunset would be extended or removed by the bill. Included with his written testimony is a listing of Kansas Department of Agriculture fee funds that have had fee increases since the 2000 Session ([Attachment 2](#)).

Adrian Polansky appeared before the committee in order to respond to a question posed by Chairman Schmidt regarding the total amount of money affected by the bill in question (i.e., the total amount of money that would be lost by the Kansas Department of Agriculture upon allowing the fee increases to sunset as planned in the 2002 bill). He responded that the sum would be approximately \$850,000. He also confirmed that approximately \$57,000 of these funds are used for employee pay raises.

Chairman Schmidt expressed concern with regard to the committee having been asked to break the promise of a three year fee increase that had been made upon the original introduction of the bill in 2002. Furthermore, he further acknowledged the use of a portion of the fee money for employee pay raises, questioning this use as opposed to putting the funds toward the programmatic needs originally presented to the committee.

Senator Umbarger expressed his support for the bill, but also noted the difficulty of the decision at hand. He spoke of the difficulty of explaining another fee increase to constituents.

Leslie Kaufman of the Kansas Cooperative Council submitted written testimony to the committee in support of **HB 2622** ([Attachment 3](#)).

Chris Wilson of the Kansas Dairy Association submitted written testimony to the committee in support of **HB 2622** as amended by the House of Representatives ([Attachment 4](#)).

Rock Creek #45, Long-Scott #93, Taub Creek #82, Rock Creek #84, Vermillion Creek #70, and Roy's Creek #75 watershed districts collectively submitted written testimony to the committee in opposition to **HB 2622** ([Attachment 5](#)).

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Chairman Schmidt announced that action was planned to be taken on **HB 2593**, **HB 2594**, and **HB 2622** at the next meeting.

The next meeting is scheduled for Tuesday, March 23, 2004.