

MINUTES OF THE SENATE AGRICULTURE COMMITTEE.

The meeting was called to order by Chairperson Derek Schmidt at 8:30 a.m. on February 12, 2002 in Room 423-S of the Capitol.

All members were present except: Senator Huelskamp (excused)

Committee staff present: Raney Gilliland, Legislative Research Department
Gordon Self, Revisor of Statutes
Betty Bomar, Secretary

Conferees appearing before the committee:

Joe Lieber, President, Kansas Cooperative Council
Justin K. Holstin, Executive Vice President, Propane Marketers Association
Pat Lehman, NW Kansas Groundwater Management Dist. #4
Thomas M. Palace, Executive Director, Petroleum Marketers and Convenience Store Association of Kansas
Chris Wilson, Kansas Seed Industry

Others attending: See attached list

SB 438 - - Powers, Duties and responsibilities of secretary of agriculture related to fees and penalties

Joe Lieber, Kansas Cooperative Council (KCC), testified in opposition to **SB 438**, stating that raising fees creates a real hardship for its members. Cooperative businesses presently are experiencing financial hardship, particularly an increase in insurance premiums, which have escalated in some instances by 30 - 46 percent. The fee in **SB 438** adds to the cost of doing business, a cost a large percentage of the businesses cannot afford. The Council opposes any fee increase. (Attachment 1)

Justin K. Holstin, Executive Vice President, Propane Marketers Association of Kansas (PMAK), testified in opposition to **the weights & measures section of SB 438**. PMAK questions the inequality among businesses in the fee structure. An increase in fees does not encourage economic growth. Private service companies may suffer financially if fees are increased. PMAK believe consumers are protected by the good business decision of marketers to employ professional service companies. The current system of private service companies and state testing is working. (Attachment 2)

Pat Lehman, Northwest Kansas Groundwater Management District No. 4, testified in opposition to **SB 438**, stating the purpose of the legislation is to increase filing fees and administrative fees for the Department of Agriculture to replace a state budget reduction. Mr. Lehman stated that the financial responsibility of water use should not be borne only by those directly using the system as everyone should be sharing the responsibility. The level of fee increases in **SB 438** takes into account only the immediate needs of the state agency and not the economic condition of the regulated community. Water is an important resource for all the citizens of Kansas. The Groundwater Management District is against the reliance of user fees to support the agency. (Attachment 3)

Thomas M. Palace, Executive Director, Petroleum Marketers and Convenience Store Association of Kansas (PMCA) testified in opposition to **SB 438**. Mr. Palace stated that in 1996 PMCA, and the petroleum industry supported legislation that enhanced the Department of Agriculture, Weights and Measures Division ability to test fuel dispensers and check the quality of fuel. This legislation established a "self-imposed tax/fee that petroleum marketers pay on a per gallon basis". This program has been successful and a fee of \$.015 per barrel (50 gals) of motor fuel is paid into the Kansas petroleum inspection fee fund. The fee fund is used to pay salaries, travel and the cost to test the pumps and check the quality of fuel. \$250,000 of the fee fund is appropriated to the state general fund. (Attachment 4)

CONTINUATION SHEET

Mr. Palace submitted an amendment to **SB 438**. On Page 36, Line 38 following the “period (.)” by inserting the following: “The authorization fee shall not be assessed upon liquid fuel, vehicle tank meters and motor fuel dispensing devices.”

Chris Wilson, Legislative Counsel, Kansas Seed Industry Association, submitted written testimony opposing **SB 438**. Ms. Wilson stated the Department of Agriculture’s programs are for the protection of the public, and the public should provide for the cost of administration of those programs through the state’s general funds. The Department should not become a fee agency and rely solely on fees levied. (Attachment 5)

The hearing on **SB 438** was concluded.

SB 437 - Regulation of plant, pests, plants and plant products and plant dealers and certain agriculture commodities.

Senator Tyson moved, seconded by Senator Morris, that SB 437 be amended on Page 5, line 31 by striking “\$100” and inserting “\$40”, Line 34 by striking “\$100” and inserting “\$60”.

Senator Umbarger made a substitute motion, seconded by Senator Taddiken, that SB 437 be amended on Page 5, Line 31 by striking “\$40” and inserting “\$30”; and on Line 34 by striking “\$60” and inserting “\$50”. The vote taken by a show of hands was in favor of the substitute motion.

Senator Tyson moved, seconded by Senator Morris, that SB 437 be amended on Page 6, Line 17, by striking the “\$50-\$150” and insert the following: “\$60, and shall not apply to live plant dealers whose total annual retail live plant sales are less than \$10,000.” The voice vote was in favor of the motion.

Senator Umbarger moved, seconded by Senator Corbin that SB 437 as amended be recommended favorably for passage. The voice vote was unanimous in favor of the motion.

Senator Corbin moved, seconded by Senator Umbarger that the Minutes for January 29, February 5 and February 6 be approved as distributed. The voice vote was in favor of the motion.

The meeting was concluded at 9:25 a.m.

The next meeting is scheduled for February 13, 2002.