

Approved February 1, 1990
Date

MINUTES OF THE Senate COMMITTEE ON Agriculture

The meeting was called to order by Senator Jim Allen at
Chairperson

10:09 a.m. ~~p.m.~~ on January 30, 1990 in room 423-S of the Capitol.

All members were present except: Senator Francisco (excused)
Senator Harder (excused)
Senator Karr (excused)

Committee staff present: Raney Gilliland, Legislative Research Department
Jill Wolters, Revisor of Statutes Department

Conferees appearing before the committee: Larry D. Woodson, Director, Division of Inspection,
Kansas Board of Agriculture
Nancy Kantola, Committee of Kansas Farm
Organizations

Senator Allen called the Committee to order and called on staff for a review of SB 419, SB 420, and SB 421.

Staff explained that the three bills update the dairy laws of Kansas and that the changes are not policy changes. The proposed changes include some new definitions and eliminate some words/terms no longer used. The Milk Advisory Committee would be given authority to make recommendations on any legislation pertaining to the dairy industry. The elimination of the butterfat tax with restructuring of fees with some increases are proposed. The penalty for noncompliance is proposed to be changed from a Class C to an Unclassified Misdemeanor with a fine not to exceed \$500.

The Chairman called on Mr. Woodson to testify.

Mr. Woodson gave the Committee copies of his testimony (attachment 1) and expressed support for the three bills. Mr. Woodson explained that two changes were suggested; the changes would be to not eliminate the words 'light cream' from line 37 on page one of SB 419 and on page 7, line 32 of SB 419 the word 'dairy' should be changed to the word 'milk'.

In answer to Committee questions, Mr. Woodson answered that there are now 1,106 Grade A Milk producers and 330 manufactured milk producers in the state and this is down some 250 producers over the last few years. Mr. Woodson answered that at present the dairy industry pays about 45% of their laboratory costs and that the proposed changes would have the industry paying about 49%. Mr. Woodson answered that an agreement had been made with the dairy industry regarding laboratory testing; with this agreement the Board of Agriculture cannot alone decide to require that industry do more testing than they are now doing but neither can they alone take away from the industry the amount of testing they are now doing.

The Chairman called on Ms. Kantola to testify.

Ms. Kantola provided copies of her testimony for the Committee (attachment 2) and expressed support and requested that SB 419, SB 420, and SB 421 be recommended favorable for passage.

The Chairman called for action on Committee minutes.

Senator Daniels made a motion that the Committee minutes of January 25 be approved; Senator Sallee seconded the motion. Motion carried.

The Chairman adjourned the Committee at 10:43 a.m.

SENATE AGRICULTURE COMMITTEE

JANUARY 30, 1990

SB 419, 420, 421

Mr. Chairperson, Members of the Senate Agriculture Committee, I am Larry D. Woodson, Director, Division of Inspections, Kansas State Board of Agriculture and I am here in support of Senate Bills 419, 420, 421.

The three bills under consideration have been under active consideration for over two years and have been the subject of numerous staff meetings, dairy advisory meetings, hearings held during legislative session plus interim study hearings.

The objectives were to update the respective laws; increase the fees on the manufacturing grade milk produced and processed; update and adjust license fees (including the license for homemade ice cream manufactures) elimination of the butterfat tax; restate authority for regulations on equipment; and provide for uniform and effective enforcement through suspension orders, stop sale provisions and civil penalties.

We believe the three bills allow us to accomplish our objectives.

With reference to the manufacturing grade fees and the restructuring of the licenses, an additional \$74,000 of revenue is being realized. I have attached a quick reference chart of the proposed license and fee schedules.

Based on this schedule plus existing revenues, the composition of the dairy budget is estimated to be 50.4% fee supported and 49.6% general fund revenue supported.

Final pen and ink changes include the following:

SB 419 page 1 line 37 Light Cream should not be crossed out.

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attachment 1*

Page 7, line 32 the word dairy should be replaced with the word milk. There is no definition in the Grade A Law for dairy products. They are referred to as milk products.

This concludes my testimony however, we will attempt to answer any questions that the committee may have.

| <u>Source Code</u> | <u>Fee</u> | <u>Delete</u> | <u>Rate</u> | <u>New</u> |
|--------------------|---------------------------------------|---------------|-------------|---------------|
| 2010 | Butterfat Tax | 2,380 | | |
| 2010 | Mfg. Grade Raw Prod. | | | 13,500 |
| 2010 | Frozen Dairy Desserts | 17,000 | | 17,000 |
| 2010 | Mfg. Grade Raw Proc & Grade A Surplus | | | <u>42,675</u> |
| | | <u>19,380</u> | | <u>73,175</u> |
| 2110* | Tester Permits | 200 | 10 | |
| 2110* | Bulk Tester Permits | 2,040 | 10 | |
| 2110* | Tester Permits | | 25 | <u>5,100</u> |
| | | <u>2,240</u> | | <u>5,100</u> |
| 2111 | Counter Freezer | 50,600 | 40 | |
| 2111 | Counter Freezer | | 50 | 63,250 |
| 2111** | Public Dairy Lic. | 400 | 50 | |
| 2111** | Handlers Lic. | 2,500 | 50 | |
| 2111** | Mfg. License | 5,670 | 70 | |
| 2111 | Mfg. License | | 120 | 1,920 |
| 2111 | Receiving Station Lic. | | 50 | 500 |
| 2111 | Single/Service Lic. | | 50 | 450 |
| 2111 | Distributor Lic. | | 120 | <u>10,440</u> |
| | | <u>59,170</u> | | <u>76,560</u> |
| | Total | 80,790 | | 154,835 |

Additional Revenue - \$74,045

*Tester permits - it is anticipated that 20 less licenses will be issued at the higher fee schedule.

**The licenses under the present law require a manufacturer to have more than one license depending on the products manufactured. The new law will require one license per manufacturer regardless of the number of products.

COMMITTEE OF ... KANSAS FARM ORGANIZATIONS

Nancy E. Kantola
Legislative Agent
3604 Skyline Parkway
Topeka, KS 66614
(913) 273-5340

STATEMENT OF POSITION OF THE
COMMITTEE OF KANSAS FARM ORGANIZATIONS

RE: S.B. 419. S.B.420 and S.B.421

Senate Agricultural Committee

January 30, 1990

Mr. Chairman, Members of the Committee: I am Nancy Kantola, Legislative Agent for the Committee of Kansas Farm Organizations. The Committee, or CKFO, is comprised of 22 of the major farm organizations and agribusiness associations in the State. Our membership list is attached.

The members unanimously support the three bills as recommended by the Special Committee on Agriculture and Livestock. The members of CKFO who represent different segments of the Dairy industry moved our support of S.B. 419, S.B. 420 and S.B. 421 to update the dairy law to better conform to the regulation currently practiced. They have no problem with increasing their user fees to support 50% of the program, as long as the self regulation by the industry remains, specifically in regard to testing programs.

We encourage your support of these three bills.

Respectfully submitted,


Nancy E. Kantola

Senate agriculture committee
1-30-90
attachment 2

MEMBERSHIP LIST
COMMITTEE OF KANSAS FARM ORGANIZATIONS
1990

KANSAS AGRI-WOMEN
KANSAS ASSOCIATION OF SOIL CONSERVATION DISTRICTS
KANSAS ASSOCIATION OF WHEAT GROWERS
KANSAS COOPERATIVE COUNCIL
KANSAS CORN GROWERS ASSOCIATION
KANSAS ELECTRIC COOPERATIVES
KANSAS ETHANOL ASSOCIATION
KANSAS FARM BUREAU
KANSAS FERTILIZER AND CHEMICAL ASSOCIATION
KANSAS GRAIN AND FEED DEALERS ASSOCIATION
KANSAS LIVESTOCK ASSOCIATION
KANSAS MEAT PROCESSORS ASSOCIATION
KANSAS MILK PRODUCERS ASSOCIATION
KANSAS PORK PRODUCERS COUNCIL
KANSAS RURAL WATER DISTRICTS ASSOCIATION
KANSAS SEED DEALERS ASSOCIATION
KANSAS SOYBEAN ASSOCIATION
KANSAS STATE GRANGE
KANSAS VETERINARY MEDICAL ASSOCIATION
KANSAS WATER WELL ASSOCIATION
MID AMERICA DAIRYMEN, INC.
WESTERN RETAIL IMPLEMENT AND HARDWARE ASSOCIATION