

Approved: 3-6-96  
Date

## MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE

The meeting was called to order by Chairperson David Corbin at 10:00 a.m. on March 5, 1996 in Room 423-S of the Capitol.

All members were present .

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

Conferees appearing before the committee:  
Gary Bothwell, Director of the Kansas Grain Inspection Department (KGID)  
Jamie Clover Adams, Kansas Grain and Feed Association

Others attending: See attached list

A motion to approve the minutes of February 20, 21, 22 and 23 was made by Senator Clark. The motion was seconded by Senator Sallee. Motion carried.

Fiscal note for HB 2641 and HB 2643 was distributed.

The hearing was opened on: HB 2641 - concerning the Grain Inspection Department, increase in hourly fee rate; repeal statute concerning Kansas City, Missouri earnings tax relating to department employees, no longer applicable. HB 2643 - concerning the Kansas State Grain Inspection Department, relating to cooperative agreements, grain warehouse charges and establishing fees. Chairperson Corbin called on Gary Bothwell, from the Kansas Grain Inspection Department.

Gary Bothwell said HB 2641 would amend the statutes dealing with the fees that are paid KGID by grain warehouses in order to license their grain warehouses with the KGID. The bill also would repeal K.S.A. 75-1712, which allowed the KGID to reimburse employees for the Kansas City, Missouri earnings tax they were required to pay when the inspection laboratory was located in Kansas City, Missouri. The laboratory was moved in 1985 so the statute is no longer applicable.

Mr. Bothwell testified on HB 2643. This bill would allow the KGID to license elevators in bordering states when they have operations headquartered in Kansas. It also would eliminate non-productive paperwork for the elevators and for warehouse division personnel. Finally, it would give the KGID more authority to set inspection fees (Attachment 1). Mr. Bothwell responded to several questions.

Jamie Clover Adams supported both bills, as they would assist KGID in remaining competitive and providing Kansas warehousemen with a choice between a federal and state warehouse license and efficient grain grading services (Attachment 2). Ms. Adams responded to questions concerning the history of the KGID

Staff briefly reviewed the history of the KGID.

Written testimony from Joe Lieber, Kansas Cooperative Council, supporting HB 2641 and HB 2643 was distributed (Attachment 3 and 4).

Chairperson Corbin closed the hearing on HB 2641 and HB 2643. Chairperson Corbin said since they were non-controversially in nature would the committee be willing to have both bills placed on the Consent Calendar. Senator Karr moved that HB 2641 and HB 2643 be passed and placed on the Consent Calendar. The motion was seconded by Senator Morris. Motion carried.

The meeting adjourned at 10:35 a.m. The next meeting is scheduled for March 6, 1996.



CHAIRMAN CORBIN AND DISTINGUISHED MEMBERS OF THE COMMITTEE --

I am Gary Bothwell, Director of the Kansas Grain Inspection Department. Thank you for allowing me to appear before you today.

H.B. 2641 proposes to raise the maximum charge for amending a warehouse license and to raise the hourly maximum charge for additional voluntary audits of an elevator. Presently, the maximum license amendment charge is \$75. We propose to increase the maximum to \$300, then raise our fee from \$75 to \$100. We propose to increase the maximum hourly charge from \$20 to \$50, then set the hourly fee at \$30. H.B. 2641 also would repeal K.S.A. 75-1712, which allows our agency to reimburse employees for the Kansas City, Missouri earnings tax they were required to pay when our inspection laboratory was located in Kansas City, Missouri.

H.B. 2643 would allow us to license elevators in bordering states when their operations are headquartered in Kansas. The bill also would allow elevators to file once, instead of annually, their maximum and minimum handling charges, unless there is a change. This will eliminate non-productive paperwork for the elevators and for Warehouse Division personnel. Finally, H.B. 2643 gives the Grain Inspection Department more authority to set inspection fees. The director would set the fees, with approval received from the Grain Advisory Commission and the Federal Grain Inspection Service. Under our designation, all fees must be approved by F.G.I.S.

Both House Bill 2641 and 2643 have been passed by the House favorably.

Thank you for allowing me to appear today. These two bills will allow us to generate more income and adjust our fees to keep up with rapid changes in the grain industry.

*Senate Ag. Co  
3-5-96  
attachment 1*

Mr. Chairman and members of the Committee, I am Jamie Clover Adams, Vice President of Government Affairs for the Kansas Grain and Feed Association (KGFA). We appreciate the opportunity to appear today in support of H.B. 2641 and H.B. 2643.

KGFA is a voluntary state organization founded in 1896 to provide government representation, educational opportunities and a wide variety of other services to the vast and indispensable grain and feed marketing system. The 1200 members of the KGFA include both independent and cooperative country elevators, subterminal and terminal elevators, feed manufacturers, grain merchandisers and allied industries such as railroads, grain exchanges, equipment manufacturers and insurance firms.

### Background

KGID is divided into two (2) divisions.\* The Warehouse Division is the regulatory arm of KGID. First passed in 1907, the Kansas Public Warehouse Law requires all elevators in the state storing producer's grain to have a warehouse license. The law permits an elevator to have either a state or federal license. The license, with its bond requirements and audit procedures ensures that producer grain will be stored securely in a financially stable warehousing operation.

The KGID requested state general funds to supplement fees to operate the warehouse division in the past two fiscal years -- the only time in its nearly 90-year history. They were appropriated \$131,787 in fiscal year 1995 and \$90,000 in fiscal year 1996. However, no state general funds have been requested for fiscal year 1997. KGID has taken the direction of the legislative budget committees to heart -- make the warehouse division self-sufficient.

The Inspection Division was founded in 1897 and provides official grain grading services to the grain industry. However, elevators do not have to use official grading services in all circumstances since unofficial grades are permitted if the parties to the trading contract agree. Consequently, grading services are considered permissive. The KGID Inspection Division is the agency designated by the Federal Grain Inspection Service (FGIS) to perform official grading services in Kansas. They derive their authority to issue official grades from this designation which must be renewed every three years. The current designation runs through August, 1997. Currently, 8 coastal states are FGIS delegated (FGIS does the work in those states) and 10 states are designated (like Kansas). The remainder of the country is covered by 48 different private agencies

### H.B. 2641

This bill amends the Kansas Public Warehouse Law and impacts only the Warehouse Division of KGID -- the regulatory arm. First, it increases the statutory maximum charge for warehouse (elevator) license amendments from \$75 to \$300. Second, it increases the statutory maximum hourly charge for requested warehouse audits -- above and beyond the mandatory examination -- from \$20 to \$50.

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\* See attached organization chart.

*Senate Ag Co  
3-5-96  
Attachment 2*

The KGID Warehouse Division has been told by the appropriations committees to become self-sufficient. This can be done in one of two ways. First, KGID can cut costs. They have done this. I would like to outline briefly what the Department has done administratively to cut costs. A table showing total estimated savings follows.

1. They changed the examiner's standard work week to four nine-hour days and four hours on Friday. They are required to be home on Thursday evening and to work on files on Friday. KGID estimates the annual per diem **savings at approximately \$20,000.**
2. They increased the minimum mileage for an overnight stay to 60 miles. The annual per diem savings is included in the figure in number one above.
3. They exchanged the mini vans leased from the central motor pool for compact cars. KGID estimates **an \$8000 savings each year.**
4. They obtained new office space in North Topeka and are combining the general office with the North Topeka laboratory. The Department is **saving approximately \$27,000 per year** in lease costs.
5. The Warehouse Division examiners and headquarters management now hold one meeting annually instead of two.
6. The Inspection Division is now operating under fluctuating hours with an **approximate annual savings in overtime of \$45,000.**

ADMINISTRATIVE CHANGES	ANNUAL SAVINGS
Proposal 1 - Work Week & Overnight Stay	\$ 20,000
Proposal 3 - Compact Cars	\$ 8,000
Proposal 4 - New Office Space	\$ 27,000
Proposal 6 - Fluctuating Hours	\$ 45,000
<b>TOTAL ANNUAL SAVINGS</b>	<b>\$100,000</b>

The second way to become self-sufficient is to increase price. H.B. 2641 allows the Warehouse Division to do this by increasing the statutory maximum charge for warehouse (elevator) license amendments from \$75 to \$300. The Department indicates that the actual increase will be approximately \$25. Warehouse license amendments require the Department to visit the facility, determine the capacity of the additional storage and measure the grain. They must also determine if additional bonding is required and review the company financial records to ensure the company meets the statutory net-worth requirements. Warehouse audit files and billing records must be updated. All of this takes time and resources. Current charges have not kept pace with costs and must be changed to reflect the true costs of these transactions.

H.B. 2641 also increases the statutory maximum hourly charge for requested warehouse audits -- above and beyond the mandatory examination -- from \$20 to \$50. The Department indicates the price would increase to \$30 per hour. The current maximum charge established in statute does not reflect today's costs. By comparison, the going rate for a private firm to perform such an audit is in the range of \$40-50 per hour. This is a service and should be funded by those who use the service.

#### H.B. 2643

H.B. 2643 does three (3) things. First, it would permit Kansas to enter into agreements with surrounding states to license the warehouses of Kansas based companies. Second, it would repeal the requirement that elevators annually submit storage charges to KGID requiring that elevators only submit changes when they occur. Third, KGFA proposes to establish inspection fee setting as an exempt rule and regulation under K.S.A. 77-415.

*Reciprocal agreements.* H.B. 2643 authorizes KGID to license warehouses in other states under a reciprocal agreement with that state if the company is headquartered in Kansas. KGID Director Gary Bothwell has discussed reciprocal agreements with Missouri, Nebraska, Colorado and Oklahoma and all are amenable. Many times companies with facilities in two states will select a federal license so they only have to deal with one regulatory agency. Reciprocal agreements with surrounding states would give these firms the opportunity to return to the state system and still only have to deal with one regulatory agency. It also allows KGID to increase its client base and therefore its revenue.

*Storage Charges.* We are requesting a change to the storage charge submission procedure for several reasons. First, the range which is set by the Kansas Grain Advisory Commission does not change each year. Storage charges do not change that frequently either. Consequently, the elevators and KGID are processing forms on an annual basis that make no real changes in storage charges. H.B. 2643 eliminates the annual filing requirement but retains the requirement that elevators file storage charge changes when they occur. Further, they are still required to post their storage charges at the facility. Warehouse auditors monitor compliance.

*Inspection Fee Setting Changes.* H.B. 2643 modifies the method by which fees for inspection services are set. We ask for this change for several reasons. First, KGID inspection services must remain competitive since they are a fee for service function -- the industry is not required to use their service if both parties to the contract agree to another method. Consequently, like private business they must be able to meet the needs of their customers. Meeting changes in the marketplace is difficult, if not impossible under the formal rule and regulation system. For example, this past year KGID decided to offer a new service -- official commercial grades. It took nearly eight months to move the change through the rule and regulation process and they nearly missed the wheat harvest.

H.B. 2643 amends 77-415 by adding inspection fee setting to the list of exempt rules. What this means is that fee increases or new services would be submitted to the Department of Administration for form and the Attorney General for legality. A public hearing would also be held. Further, a notice similar to the attached would be printed in the Kansas Administrative Regulations (K.A.R.) so the public is properly notified. Current federal law would remain in force which requires all inspection fees and service changes of Federal Grain Inspection Service (FGIS) designed agencies -- KGID -- to be approved by FGIS at USDA. Fee maximums established in state statute also remain.

### Conclusions

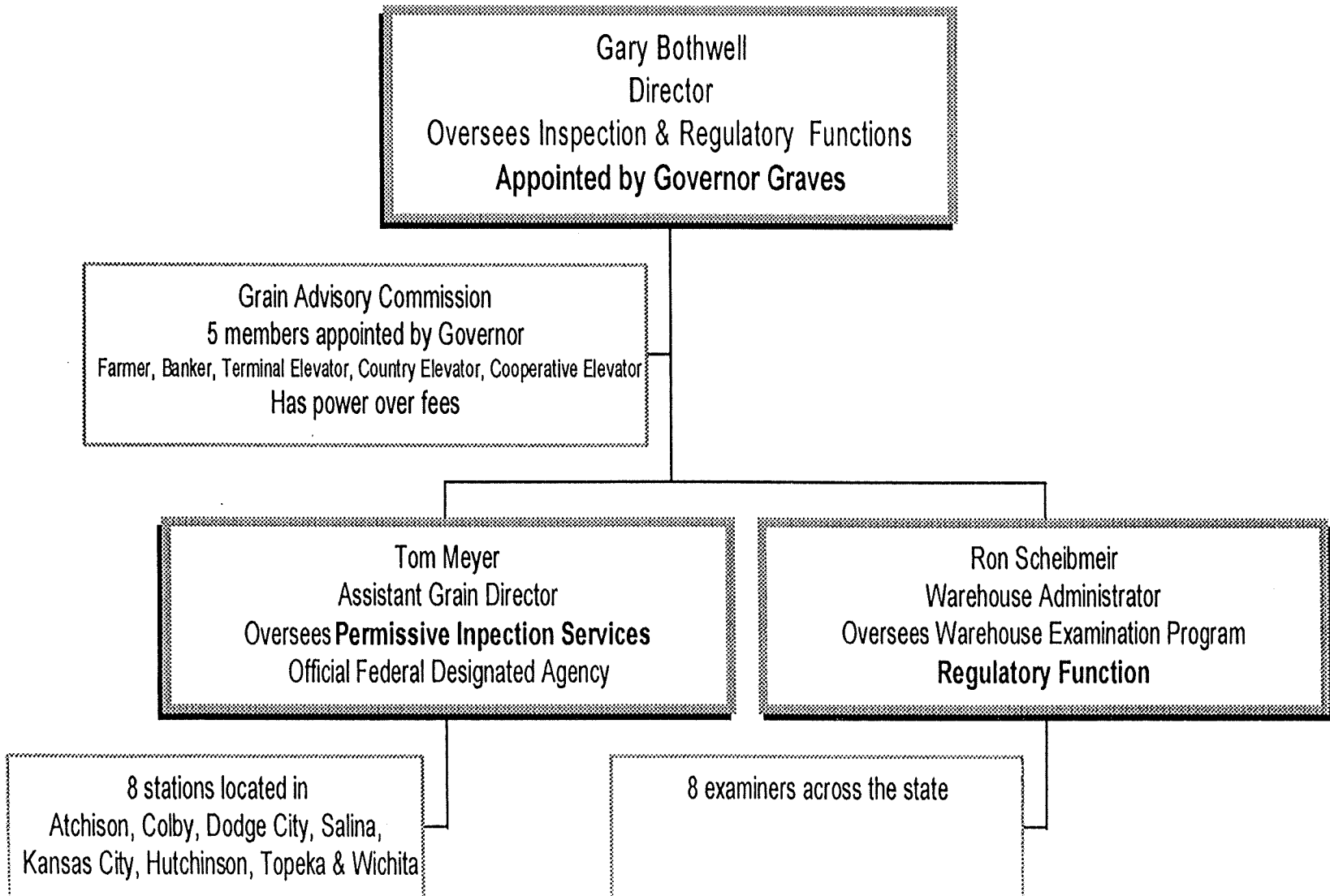
H.B. 2641 and H.B. 2643 represent two bills in a package of three\*\* to assist KGID in remaining competitive and providing Kansas warehousemen with a choice between a federal and state warehouse license and efficient grain grading services. We ask for the Committee's favorable consideration of these measures.

I would be happy to stand for any questions.

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\*\* The third bill is H.B. 2595 introduced by the Interim Special Committee on Agriculture and Livestock. It permits KGID to retain the interest on their fee fund as required by federal statute. This bill was approved by the House on January 31 and the Senate Ways and Means Committee on February 28.

# KANSAS GRAIN INSPECTION DEPARTMENT





RKS

approval section on the per-

nt for a guide permit shall take  
unistered guide examination.  
ation shall cover basic knowl-

ishing skills or both;  
ishing safety or both;

lations; and  
, if a boat is used in the hunt-  
service.

permit shall be restricted to  
uide services, the use of a boat  
or any combination thereof.  
ined by the examination sec-  
ed by the applicant.

application for a guide permit  
to the department not later  
the current permit year.

for renewal of a guide per-  
mination at least once every  
ition of permit renewal.  
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uling examination or any  
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ng guide services or each  
s not authorize the use of a  
at any time. Any permittee  
their current permit may  
on forms supplied by the  
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ross or comparable first aid  
resuscitation certification  
prerequisite to the exami-  
of subsection (f) for each  
d by K.S.A. 1989 Supp.  
hapter 141, section 1; im-  
hapter 141, section 1; ef-

s; reporting require-  
mercial guide permittee  
report on forms supplied  
h report shall contain the

(1) the name, address and permit number of  
the permittee;

(2) for each day, the name and license number  
of resident and nonresident individuals guided for  
hunting or fishing or both;

(3) for each day, a listing of the department  
land and water areas used while providing guide  
services for hunting or fishing or both; and

(4) other information as required by the sec-  
retary.

(b) Each commercial guide permittee shall  
submit interim reports to the department that  
contain elements of subsection (a) when re-  
quested by the secretary. Such reports shall cover  
specific hunting or fishing activities and shall be  
due within deadlines established by the secretary.

(c) Failure to submit a requested interim re-  
port by the established deadline shall result in per-  
mit suspension until the interim report has been  
received by the department.

(d) Each report submitted by a commercial  
guide permittee shall include all guiding activity  
of all associate guides employed by the commer-  
cial guide permittee.

(e) Each annual report shall be complete  
through December 31 of the permit year and shall  
be due to the department not later than January  
15 of the following year.

(f) A renewed commercial guide permit or a  
renewed associate guide permit shall be sus-  
pended at 5:00 p.m. on January 15 of the permit  
renewal year if the annual report for the previous  
permit year is not received by the department by  
January 15 of that permit year. (Authorized by  
K.S.A. 1989 Supp. 32-807 and L. 1990, Chapter  
141, section 1; implementing L. 1990, Chapter  
141, section 1; effective Jan. 28, 1991.)

**115-21-3. Provisional guides; registra-  
tion and reporting.** (a) Each individual desiring  
to conduct guide services as a provisional guide  
shall register with the department by providing  
their name and address to the department.

(b) The required registration information may  
be submitted by the individual or for the individ-  
ual by another person.

(c) Each provisional guide shall possess a valid  
provisional guide card issued by the department  
to the provisional guide while the provisional  
guide is conducting guide services.

(d) The registration and provisional guide card  
shall be valid from date of issuance through De-

cember 31 of the year for which the provisional  
guide card is issued.

(e) If required by the secretary, a provisional  
guide shall submit a report to the department  
within 10 days after guiding activities for the cal-  
endar year are completed or December 31,  
whichever event occurs first.

(f) The report shall be submitted on forms pro-  
vided by the department and shall contain:

(1) The provisional guide's name and address;

(2) the number of days guided and the number  
of clients guided per day;

(3) the amount of income received for each day  
of guiding activity; and

(4) other information as required by the sec-  
retary.

(g) This regulation shall be effective January 1,  
1994. (Authorized by K.S.A. 1992 Supp. 32-807  
as amended by L. 1993, Chapter 185, section 2  
and K.S.A. 1992 Supp. 32-964 as amended by L.  
1993, Chapter 278, section 1; implementing  
K.S.A. 1992 Supp. 32-964 as amended by L. 1993,  
Chapter 278, section 1; effective Jan. 1, 1994.)

Article 22 to 24.—RESERVED

Article 25.—EXEMPT REGULATIONS

Article 25 fixes the seasons and establishes creel, size and pos-  
session limits for fish and bag limits and possession limits for  
game birds, game and fur-bearing animals as authorized by  
K.S.A. 77-415. Copies of the regulations may be obtained by  
contacting the Department, Office of the Secretary, Landon  
State Office Building, 900 S.W. Jackson, Room 502-N, Topeka,  
KS 66612-1220.

Article 26 to 29.—RESERVED

Article 30.—BOATING

**115-30-1. Display of identification  
number and decal.** (a) All vessels required to  
be numbered pursuant to 1989 H.B. 2005, section  
142, except sailboards, shall display the identifi-  
cation number stated on the certificate of number  
issued by the department to the vessel owner and  
the decals supplied by the department to the ves-  
sel owner as follows:

(1) each number consisting of a combination of  
capital letters and arabic numbers shall read from  
left to right and shall be preceded by the decal;

(2) each character of the number shall be in  
block form and easily read;

# Example

Division of—Cont  
ages, 99-10-1

40-105  
9-21 et seq.  
wholesalers and distributors,

0-105  
1  
e Packaging and Labeling

panies, 99-30-2 et seq.  
ices, technical requirements  
etroactive provisions,

habilitation Services,

s, Agency 24

ment of, Agency 23, see also

Game animals

, game birds,

-1-2

3-1-11

7

4-21-1

session limit, 23-2-2

ment of, Agency 115

30-6

n, 115-30-5

30-2

7

10

5-17-1 et seq.

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#### Game birds, 115-3-1

#### Game breeders, 115-12-1

##### Permit requirements, 115-12-3

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- Big game, 115-4-12
- Clothing requirements, 115-4-8
- Deer, management units, 115-4-6
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##### Deer, 115-4-5

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##### Permit, 115-4-11

#### Possession of salvaged carcass, 115-4-9

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## Wildlife and Parks, Department of—Cont.

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Testimony on HB 2641  
Senate Agriculture Committee  
March 5, 1996  
Prepared by Joe Lieber  
Kansas Cooperative Council

Mr. Chairman and members of the committee, I'm Joe Lieber, Executive Vice President of the Kansas Cooperative Council. The Council's membership consists of nearly 200 cooperative businesses, having a combined total of nearly 200,000 members.

The Kansas Cooperative Council supports increasing the statutory maximum charge for warehouse license amendments from \$75 to \$300. We also support increasing the statutory maximum hourly charge for request warehouse audits, above and beyond the mandatory examination, from \$20 to \$50.

Even though the provision of HB 2641 will increase fees to our members, our members feel the increases are warranted if the Kansas Grain Inspection Department is to continue to be of service to the industry and the public.

The Council supports the provisions in HB 2641. Thank you for your time and I'll be happy to answer questions.

*Senate Ag Co  
3-5-96  
Attachment 3*

Testimony on HB 2643  
Senate Agriculture Committee  
March 5, 1996  
Prepared by Joe Lieber  
Kansas Cooperative Council

Mr. Chairman and members of the committee, I'm Joe Lieber, Executive Vice President of the Kansas Cooperative Council. The Council's membership consists of nearly 200 cooperative businesses, having a combined total of nearly 200,000 members.

HB 2643 allows the Kansas Grain Inspection Department (KGID) to:

1. License warehouses of elevators across state lines. This would allow more cooperation among our bordering states and help prevent duplication.
2. The director to establish fees after receiving approval from the State Grain Advisory Commission and the Federal Grain Inspection Service prior to implementation. This provision exempts the fee setting from the rules and regulations process.
3. Repeal the requirement that elevators annually submit storage changes to the KGID if there are no changes. Elevators would require submittal only if a change occurs.

The Kansas Cooperative Council supports these provisions and supports HB 2643.

Thank you for your time, and I'll be happy to answer questions.

*Senate Ag Co  
3-5-96  
Attachment 4*