

Approved: 4-3-08
Date

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on March 4, 2008 in Room 423-S of the Capitol.

All members were present except:

Tim Huelskamp- excused
Ralph Ostmeyer- excused
Derek Schmidt- excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department
Emalene Correll, Kansas Legislative Research Department
Jason Thompson, Office of Revisor of Statutes
Matt Todd, Office of Revisor of Statutes
Judy Seitz, Committee Assistant

Conferees appearing before the Committee:

Constantine Cotsoradis, Deputy Secretary, Kansas Department of Agriculture (KDA)
Tom Palace, Executive Director, Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas)

Others attending:

See attached list.

Chairman Taddiken noted that the meeting minutes for February 5 and 12 were distributed and will be acted on later.

The hearing was opened on **HB 2660—Payment of petroleum products inspection fees.**

Constantine Cotsoradis, Deputy Secretary, Kansas Department of Agriculture (KDA), offered testimony in support of **HB 2660 (Attachment 1)**. This bill would reduce from \$250,000 to \$100,000, the amount of money the Department of Revenue (DOR) keeps for the State General Fund (SGF) from fees collected for the Petroleum Industry Fee Fund (PIFF). This change is needed to keep the program at current service levels without raising fees.

Mr. Cotsoradis stood for questions.

Tom Palace, Executive Director, Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas), testified in support of **HB 2660 (Attachment 2)**. The fees collected under the PIFF are used to run the Weights and Measures Division to inspect fueling dispensers for fuel quality and quantity. This amendment to the statute relating the PIFF would reduce the amount of funds going into the State General Fund.

Mr. Palace took questions from the Committee.

There were no opponents to **HB 2660** and the hearing was closed.

Senator Francisco made a motion to approve the minutes of the February 5 and 12 meeting; seconded by Senator Pine. Motion carried.

Meeting was adjourned.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: 3-4-08

NAME	REPRESENTING
Austin Hayden	Hein Law Firm
CV Cotsoadiis	KDA
Ettie Swanson	Sen. D. Schmidt
Tom PALACE	PMCA OF KS
Leslie Kaufman	Ks Co-op Council

Testimony on HB 2660
to
Senate Agriculture Committee

by
Constantine V. Cotsoradis
Deputy Secretary
Kansas Department of Agriculture

March 4, 2008

Good morning, Mr. Chairman and members of the committee. I am Constantine Cotsoradis, deputy secretary of agriculture, and I am here to testify in support of House Bill 2660.

HB 2660 reduces – from \$250,000 to \$100,000 – the amount of money the Department of Revenue keeps for the state general fund from the fees collected for the petroleum industry fee fund. The change is needed to keep the program operating at current service levels without raising fees.

The petroleum inspection program provides a valuable service to consumers and to industry as well. We inspect more than 26,000 gas pumps and 300 wholesale meters each year. This ensures that consumers and gas station owners receive the correct amount of fuel for which they have paid. We also sample fuel to ensure it meets established fuel standards.

The primary benefit to the petroleum industry, and the reason they opted to have this fund, is that the petroleum inspection program gives consumers assurance that they are purchasing a quality product and receiving the correct amount of fuel each time they fill up.

The assessed rate has not been increased since the fund was created in 1996. We have used the money effectively, but costs go up over time. Since the success of this program is due to the partnership between our regulatory program and the petroleum industry, we believe it is better to seek a funding solution that does not involve a fee increase. Especially when you consider testimony given last year that the state's cost to administer this program is about \$25,000.

This change will provide ample funding to administer the program today and into the future, so the program can continue to provide consumer and industry protection without raising fees.

I will answer questions at the appropriate time.



Memo To: Senate Agriculture Committee
From: Thomas M. Palace
Date: March 4, 2008
Re: Comments on HB 2660

Mr. Chairman and members of the Senate Agriculture Committee:

My name is Tom Palace. I am the Executive Director of the Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas), a statewide trade association representing over 300 independent Kansas petroleum distribution companies and convenience store owners throughout Kansas.

We appreciate the opportunity to make comments in support of HB 2660.

HB 2660 amends the statute relating to the Petroleum Inspection Fee fund. Currently, the first \$250,000 that is paid into the PIFF is credited to the State General Fund. The amendment would reduce the amount of PIFF funding that goes into the State General Fund to \$100,000. The fees collected under the PIFF are used to run the Weights and Measures Division to inspect fueling dispensers for fuel quality and quantity.

With the proliferation of renewable fuels, fuel quality testing is of greater importance to the consumer as well as the sellers of these products. Many petroleum marketers guarantee their fuel, meaning they will repair engines if the fuel purchased is tainted, and want to make sure that any new product being sold in the marketplace meet state standards so that they continue the practice of guaranteed fuel. More importantly consumer confidence is very important, and quality testing of any new product that enters the market is needed.

This amendment would reduce the amount of PIFF funding that goes to the general fund and remain with the enforcing entity, KDHE's Weights and Measures Division, retain funding in the PIFF Fund where it could be dedicated solely for improved fuel quality testing.

Kansas Consumers and members of our industry would benefit from all PIFF intended funds accomplishing what they were originally intended to accomplish.

Thank you.

Petroleum Marketers and Convenience Store Association of Kansas
201 NW Highway 24 • Suite 320 • PO Box 8479
Topeka, KS 66608-0479
785-233-9655 Fax: 785-354-4374

*Senate Agriculture
Committee*
3-4-08
Attachment 2