

SESSION OF 2005

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2280

As Amended by House Committee on
Agriculture

Brief*

HB 2280 would enact a new section of law to authorize the Secretary of Agriculture or authorized representative to sample any commodity contained in a licensed warehouse whenever indications of quality problems with the potential of causing a loss of value are observed. The bill would outline some of the observations which may serve as the basis for the quality sample including:

- ! odor consistent with spoiled or rotten grain;
- ! insect damage;
- ! distinct discoloration of the kernels;
- ! insect webbing;
- ! sprouting from the kernels;
- ! crust on the top layer of the grain; or
- ! any other evidence consistent with grain quality.

The bill would require the warehouseman to assist in the sampling and if a sample is taken, the results would be required to be shared with the warehouseman.

The bill would provide for the actions which the Secretary may take if the examination indicates a quality problem. These actions would include:

- ! Order the warehouseman to have all commodities suspected of quality problems sampled and officially graded in a manner sufficient to accurately determine the nature and extent of the problem;

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

- ! Arrange for the sampling and grading of the suspected commodities, if the warehouseman fails to do so within the time ordered by the Secretary and assess the costs to the warehouseman; and
- ! Order the warehouseman to take immediate management and handling steps in response to the quality problem.

The bill would provide that any failure by a warehouseman to maintain grain quality, comply with any order of the Secretary related to quality, or to remit funds to cover sampling and grading costs would be deemed a violation of the provisions of Kansas Grain Warehouse Law.

Background

The original bill was introduced at the request of a spokesperson from the Kansas Department of Agriculture. At the hearing on the original bill, the spokesperson stated that the bill was intended to address several concerns raised by a legislative post audit, including funding difficulties. A representative of the Kansas Grain and Feed Association spoke as a proponent of the original bill. Other conferees appeared as proponents with concerns. These included representatives of the Kansas Farm Bureau, the Kansas Agricultural Alliance, and the Kansas Soybean Association.

The House Committee on Agriculture amended the bill to strike the provisions of the original bill which would have:

- ! Provided the agency with authority to impose civil penalties for violations of the Grain Warehouse Law; and
- ! Increased maximum licensure fees for grain warehouses based upon the capacity of the grain warehouse facility.

The fiscal note on the original bill states that it would have allowed a 30.0 percent increase in licensing fees for the Grain Warehouse Fee Fund. It also indicated that the agency had intentions of raising license fees by 15.0 percent in FY 2006. The fiscal note indicates that this would have generated \$49,728 in additional revenue for the Grain

Warehouse Fee Fund. This change in fees is not accounted for in *The FY 2006 Governor's Budget Report*. These fees are deposited in the agency's fee fund and are exempt from the requirement to deposit 20.0 percent in the State General Fund. Therefore, the original bill would have had no fiscal effect on State General Fund revenues.