

February 11, 2025

The Honorable Ken Rahjes, Chairperson
House Committee on Agriculture and Natural Resources
300 SW 10th Avenue, Room 112-N
Topeka, Kansas 66612

Dear Representative Rahjes:

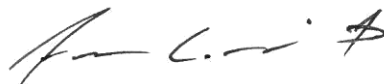
SUBJECT: Fiscal Note for HB 2254 by House Committee on Agriculture and Natural Resources

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2254 is respectfully submitted to your committee.

HB 2254 would require milk processors to hold payments in trust for milk producers until full payment is received, with funds in escrow considered held in trust, and would specify that funds held in trust or escrow are the property of the milk producer. The bill would define milk producer to include any cooperative association that sells or markets milk on behalf of members, exempt milk processors from escrow or trust requirements if certain conditions are not met, prohibit milk processors from purchasing raw milk without compliance with federal milk marketing orders on agreed provisions, and hold milk processors liable for unpaid raw milk including purchase price, interest and attorney fees.

The Department of Agriculture indicates that enactment of the bill would have no measurable effect on operations; however, the Department indicates the bill would impose a monetary burden which could create a deterrent to milk plants conducting business in the state or those considering Kansas for future development. The Department states that HB 2254 could ultimately lead to lost fees for the agency if businesses moved out of state. Any fiscal effect associated with HB 2254 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Lita Biggs, Department of Agriculture