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**Testimony in Support of SB 61 to  
the House Committee on Agriculture  
by Chad Bontrager, Deputy Secretary  
Kansas Department of Agriculture  
March 8, 2017**

Good afternoon, Chairman Hoffman and members of the committee. I am Chad Bontrager, Deputy Secretary for the Kansas Department of Agriculture (KDA), and I appreciate the opportunity to provide testimony in support of SB 61. SB 61 is the senate version of HB 2135 on which I testified before this committee during the hearing on February 6, 2017.

**Dairy Fees**

- Fees charged by the dairy and feed safety program authorized in K.S.A. 65-778 and 65-781 will sunset to lower levels on July 1, 2018. SB 61 proposes to retain the current fees and extend the sunset to 2028. The difference in fees collected now versus after the sunset represent approximately \$292,000 in revenue for the dairy and feed safety program, roughly 21 percent of the program's budget.
- SB 61 gives the Secretary of Agriculture the authority to adjust fees by order under the fee caps in order to balance revenue and expenses within the program.
- Dairy fees with sunsets extended by SB 61 are:
  - Dairy Manufacturing Plant License
  - Milk Distributor License
  - Milk Hauler License
  - Milk or Cream Station License
  - Single Service Manufacturing License
  - Milk Tank Truck Cleaning Facility License
  - Grade A Milk Producers Inspection Fee
  - Packaged Grade A Milk Product Inspection Fee
  - Grade A Milk Pasteurization Inspection Fee
  - Manufacturing Grade Milk Inspection Fee
  - Grade A Milk Processing Inspection Fee
  - Frozen Dairy Dessert Manufacturing Inspection Fee
  - Frozen Dairy Dessert Import Inspection Fee

- Senate changes:
  - Beginning page 1, line 12, and throughout the bill, wherever the sunset year is referenced, the introduced “2028” was changed by the senate to “2023.” We are comfortable with this change and appreciate the extension of the sunsets.
  - Page 2, lines 21–32, and page 4, lines 32–43, remove KDA’s ability to lower or raise dairy fees by order under the specified fee caps and instead requires that KDA take these actions through regulation. We believe this to be less efficient and offer little in the way of added protection to industry, as in either case we are still controlled by the fee caps set in statute. However, it is a workable change from our perspective.
  - Page 3, lines 11–14 and lines 25–35, sets up an exemption for small on-farm milk processors such that they are only required to pay the milk producer fee of \$0.015 per hundredweight and not the \$0.02 per hundredweight processing fee if they process less than 6 million pounds of milk annually. KDA is neutral on this change requiring on-farm processors to pay the processing fee, but we appreciate the exemption for small operations.

### **Paper Document Processing Fee**

- SB 61 proposes the establishment of an agency-wide paper document processing fee in the K.S.A 74-576 regarding the powers of the Secretary. The fee would be set by order and capped at \$50. Paper documents include applications, registrations, permits, licenses, certifications, renewals, reports and remittance of fees.
- The paper document processing fee would only be applied to those documents in which a paperless option is offered by the department.
- KDA customers have been clear in their expectation that the department offer online processing and the use of credit cards for payment. KDA supports this expectation and is excited to continue to offer more of our processing online. We believe that convenience fees charged for online processing discourage the use of online processes. Rather, we would like to charge a fee for paper processing that helps cover the higher cost of paper processing and incentivizes customers using the online processes.
- Senate Changes:
  - All language regarding charging a paper processing fee was struck from the bill. A proposed amendment is attached to my testimony which would restore our ability to collect the paper filing fee and includes the added condition that an electronic option must exist in order for KDA to be able to charge for paper filing.

Thank you for the opportunity to present testimony in support of SB 61. I will stand for questions at the appropriate time.

**Kansas Department of Agriculture  
Proposed Balloon Amendment for Senate Bill 61**

Amend Section 3, to insert the following language:

Sec. 3. K.S.A. 74-576 is hereby amended to read as follows: 74-576. In addition to the specific powers and duties conferred upon the secretary of agriculture by the laws of this state, the secretary is hereby authorized to:

(a) Make and enter into contracts and agreements necessary or incidental to the execution of the laws relating to the department of agriculture;~~and~~

*(b) charge and collect, by order, a fee necessary for the administration and processing of paper documents, including applications, registrations, permits, licenses, certifications, renewals, reports and remittance of fees which are necessary or incidental to the execution of the laws relating to the department of agriculture when a paperless renewal option is authorized by the secretary. Such fee shall be in addition to any fee the secretary is authorized to charge by law and shall not exceed \$50; and*

(c) foster and promote the development and economic welfare of the agricultural industry of the state.