

February 16, 2021

The Honorable Dan Kerschen, Chairperson
Senate Committee on Agriculture and Natural Resources
Statehouse, Room 225A-E
Topeka, Kansas 66612

Dear Senator Kerschen:

SUBJECT: Fiscal Note for SB 143 by Senate Committee on Agriculture and Natural Resources

In accordance with KSA 75-3715a, the following fiscal note concerning SB 143 is respectfully submitted to your committee.

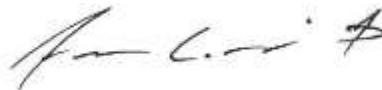
SB 143 would amend existing law concerning grain warehouses. The bill would add definitions applicable to grain warehouses for “functional unit,” “open storage,” “owner,” “deferred payment,” “delayed pricing,” “financial institution,” “standby letter of credit,” and “unpaid balance.” The bill would require applications for public warehouse licenses to be accompanied by functional unit license fees plus a storage fee based on the total storage capacity of each warehouse. These fees would be determined by the Secretary of the Department of Agriculture, with the maximum fee amounts specified in the bill. The bill would require the Secretary to examine specified warehouses not less than once each 18-month period or more frequently as necessary. The bill would also make a number of technical corrections.

Estimated State Fiscal Effect				
	FY 2021 SGF	FY 2021 All Funds	FY 2022 SGF	FY 2022 All Funds
Revenue	--	--	--	\$58,500
Expenditure	--	--	--	\$58,500
FTE Pos.	--	--	--	--

According to the Kansas Department of Agriculture, enactment of SB 143 does not change the statutory functional fee of \$500. The bill would increase the maximum storage fee per total

warehouse capacity in bushels by approximately 85.0 percent. The agency intends to spread the full increase, which would amount to \$117,000, over FY 2022 and FY 2023; therefore, only half of the increased revenue would be captured in FY 2022. While the agency indicates that enactment of the bill would not directly result in additional expenditures, the program has been functioning at a net loss and the revenue would be used to offset that loss for program operations. Any fiscal effect associated with SB 143 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt".

Adam Proffitt
Director of the Budget

cc: Kellen Liebsch, Agriculture