



DATE: February 19, 2013

TO: Senate Committee on Federal and State Affairs

FROM: Randy E. Stookey, General Counsel
Kansas Grain and Feed Association (KGFA)
Kansas Agribusiness Retailers Association (KARA)

Leslie Kaufman, President and CEO
Kansas Cooperative Council (KCC)

RE: Joint Testimony in support of SB 147, regarding anhydrous ammonia; permits; fees; liability insurance requirements; and the creation of an anhydrous ammonia fee fund.

Chairman Ostmeyer and members of the Committee on Federal and State Affairs, thank you for allowing us the opportunity to testify in support of SB 147. The KGFA is a voluntary state-wide trade association with a membership encompassing the entire spectrum of the grain receiving, storage, processing and shipping industry in the state of Kansas. KARA's membership includes over 700 agribusiness firms that are primarily retail facilities which supply fertilizers, crop protection chemicals, seed, petroleum products and agronomic expertise to Kansas farmers. The Kansas Cooperative Council represents all types of cooperative businesses in Kansas including agriculture marketing and supply, utilities, financial co-ops and consumer cooperatives.

The Department of Agriculture (KDA) currently regulates the storage, handling, and transportation of all anhydrous ammonia used as commercial fertilizer in Kansas. The purpose of this bill is to ensure that the KDA retains exclusive jurisdiction over all anhydrous ammonia in Kansas, and we support this goal and the proposed changes.

It is imperative that regulations on the storage, handling, and transportation of anhydrous ammonia remain at the state level rather than local, and that the state-level over-sight remain with the KDA. This will ensure a standard and consistent regulatory framework across the state that will allow Kansas producers continuous access to a safe and economically viable source of nitrogen fertilizer.

Currently, a tonnage fee is collected at the initial point of sale on all anhydrous ammonia fertilizer sold in Kansas. SB 147 would create a new fee to be assessed on all anhydrous ammonia sold in Kansas that is not sold as a commercial fertilizer. It is our understanding that this fee will be collected in the same manner as the fee on anhydrous ammonia fertilizer, and would not result in a double-assessment on anhydrous ammonia fertilizer. We initially questioned some of the bill language, but KDA has indicated that this language mirrors wording in statutes concerning the commercial fertilizer fee, and this ensure consistency between the fee structures.

We likewise support the new "permit to fill" system created by this bill. It is our understanding that, following passage of SB 147, regulatory amendments may be necessary. We appreciate the department's willingness to work with us on that language.

We thank this Committee for the opportunity to share our comments. We would ask the Committee to pass SB 147 out of the committee favorably, and I will stand for questions at the appropriate time.