

SESSION OF 2013

SUPPLEMENTAL NOTE ON SENATE BILL NO. 87

As Amended by Senate Committee on
Agriculture

Brief*

SB 87 would establish new law creating the Kansas Equine Education and Promotion Board (Board). The Board would consist of seven members, who must be Kansas residents, with one member being a representative of the feed and grain industry. The Kansas Horse Council would select board members and will be required to show due regard to select a Board that represents the diverse equine interests of the State. The Executive Director of the Kansas Horse Council and the Secretary of Agriculture, or the Secretary's designee, would serve as *ex officio* members on the Board. Every member of the Board, except for the representative from the feed and grain industry, would be required to be either:

- An equine owner;
- A person fully employed in the Kansas equine industry; or,
- A person servicing the Kansas equine industry.

The bill would charge the Board with the duties, authority, and powers enumerated as follows:

- Conduct a campaign of market development and public awareness through research, education, and promotion;

*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>

- Support research and public education of equine-related issues;
- Accept grants and donations;
- Sue and be sued;
- Enter into such contracts as may be necessary or advisable for the purpose of the Act;
- Appoint an administrator who is knowledgeable about the equine industry, and with the approval of the Board, appoint other personnel as needed;
- Cooperate or contract with any local, state, or national organization or agency engaged in work or activities similar to the work and activities of the board, and to enter into contracts and agreements with such organizations or agencies for conducting a joint campaign of research, education, and promotion;
- Establish an office of the administrator at any place in the state the Board selects;
- Adopt, rescind, modify, and amend all necessary and proper orders, resolutions, and rules and regulations for the procedure and exercise of its powers and the performance of its duties; and
- Submit an independent audit and annual report to the Secretary of Agriculture and the House and Senate Committees on Agriculture within 90 days of the end of each calendar year, detailing the collections disbursements, refunds, administrative expenses and any other information as requested by the Secretary concerning the operating expenditures of the Board.

The bill would require the Board to establish an assessment of no greater than \$2 per ton of commercial equine feed sold in Kansas. The bill would require the Board

to contract with persons to collect, disburse, and refund assessments, and furnish receipt forms to every manufacturer of commercial equine feed that sells, ships, or otherwise disposes of feed in Kansas.

The bill would require manufacturers to deduct the assessment from the amount received from the sale, shipping, or disposal of feed in Kansas. Manufacturers would be allowed to place assessments in a bank account, designated by the Board, twice annually. The bill would allow any consumer who desires a refund of the assessment to make a written demand, including proof of purchase, to the board within one year of the purchase of the feed.

The bill would require the Board to use assessment funds to issue grants for:

- Support of research and public education and assistance programs for equine-related issues;
- Promotion of the development and uses of equines in the state; and,
- Creation of public awareness of the value of equine activities in the state.

The bill also would allow the Board to use assessment funds, as reasonably necessary, for the payment of claims based upon obligations incurred in the performance of the Act and to carry out the administration of the Board's duties. The bill would prohibit the Board from using assessment funds for any political action or political lobbying activities. In addition, the bill would prohibit the Board from using any assessment funds for any rails to trails development or program.

Finally, the bill would define certain terms for purposes of the Act, including "board," "commercial equine feed," "consumer," "equine," and "manufacturer."

Background

The bill was introduced by the Senate Committee on Agriculture at the request of Senator Kerschen.

At the Senate Committee hearing, proponents included representatives from the Kansas Horse Council, Kansas Paint Horse Association, Kansas State University College of Veterinary Medicine, Kansas Star Casino, Kansas Thoroughbred Association, Kansas Trails Council, Kansas Veterinary Medical Association, and Land O'Lakes and Purina.

Proponents stated the bill would help advance the equine industry in Kansas, promote Kansas as a premier equestrian events destination, and help educate horse owners and prospective owners in the proper care and management of equine animals. In addition, proponents stated the bill would afford opportunities to different equine groups to apply for grants to help with equine-related activities and the funding would provide assistance to equine research, specially toward regional diseases. Proponents also stated the assessment fees would have little financial impact on equine owners in the state and would likely go unnoticed by most individuals.

Opponent testimony was presented by the Kansas Farmers Union. The Kansas Farmers Union representative testified the bill would create a mandatory check-off or production tax and would raise feed prices that are currently at all-time highs.

Neutral testimony was presented by the Kansas Grain and Feed Association. The Kansas Grain and Feed Association representative testified their retail members do not want to be part of another check-off program and such members essentially provide the administrative function of the bill free of charge.

The Senate Committee amended the bill to define

manufacturer. The Committee also amended the bill to prohibit the Board from using assessment funds for any rails to trails development or program. The Committee also amended the bill to require the Board to submit an independent audit and annual report to the Senate and House Committees on Agriculture. The Committee also amended the bill to require the Board to submit any other information as requested by the Secretary of Agriculture concerning its operating expenditures.

The Division of the Budget fiscal note on the original bill indicated the Kansas Department of Agriculture (KDA) would have a slight increase in expenditures to reimburse the Secretary of Agriculture for travel and related expenses to attend board meetings. The KDA estimated approximately \$800 in additional expenses from the State General Fund. The fiscal note assumes the KDA would access a fee fund for this purpose rather than use State General Fund and assumes the administrative function of the Board will be attached to the KDA, rather than establishing a new agency.