

SESSION OF 2010

SUPPLEMENTAL NOTE ON SENATE BILL NO. 395

As Amended by House Committee on
Agriculture and Natural Resources

Brief*

SB 395, as amended, would make amendments to the provisions of law administered by the Kansas Department of Agriculture and which regulate the dairy, milk, and milk products industry in the State.

Specifically, the bill would:

- Add new definitions for the terms “bulk milk pick up tanker,” “milk plant,” “milk tank truck,” “milk tank truck cleaning facility,” “milk transport tank,” and “milk transportation company”;
- Add a new requirement that milk tank truck cleaning facilities be licensed annually and pay a maximum annual license fee of \$100;
- Add a new requirement that milk tank trucks be inspected annually and pay a maximum annual inspection fee of \$50;
- Increase the dairy manufacturing plant and milk distributor annual license fee from \$155 to \$200 until June 30, 2015, when it would revert to \$120;
- Increase the inspection fee for packaged Grade A pasteurized milk or milk products sold; Grade A raw milk for pasteurization delivered to a processor; and milk or cream produced for manufacturing purposes from \$.01 to

*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>

\$.02 until June 30, 2015, when it would revert to a prior rate;

- Increase the inspection fee for frozen dairy dessert or dessert mix from \$1.50 to \$2.00 per thousand gallons until June 30, 2015, when it would revert to \$1.00 per thousand gallons;
- Increase the license fee for operators of milk or cream transfer stations and receiving stations and for manufacturers of single service dairy containers and container closures from \$65 to \$100 until June 30, 2015, when it would revert to \$50; and
- Add new provisions which would authorize and direct the Secretary of Agriculture to decrease the fees if it is determined the cost of the program decreases and to increase the fees (not beyond the statutory provisions) if costs of administration of the program of inspection increases.

Background

This bill was introduced at the request of a spokesperson from the Department of Agriculture. At the hearing on the bill, a representative of the Department of Agriculture indicated that without the increases the dairy inspection program might be unfunded in 2012 and that the dairy industry may not be able to ship its milk across state lines. The conferee stated that agency representatives had met with representatives of the dairy industry and their respective associations in order to resolve questions of agency efficiencies. Other proponents included representatives of the Kansas Livestock Association and the Kansas Dairy Association. Written testimony in opposition to the bill was provided by a representative of the Dairy Farmers of American.

The House Committee on Agriculture and Natural Resources amended the bill to decrease the inspection fee for

milk tank truck inspection to \$50 from \$100. The Committee also amended the bill by adding clarifying language to the provisions authorizing the Secretary of Agriculture to increase or decrease fees. Increases could not exceed the statutory maximum amounts.

The fiscal note on the original bill indicates that the Department of Agriculture estimates increases in revenue to the Inspection Fee Fund as follows:

Milk tank truck cleaning facility fee	\$	200
Dairy manufacturing, distributors, transfer/receiving stations		3,575
Milk distributors, processors, and dessert processors		55,300
Milk tank truck inspections		<u>13,000</u>
Total	\$	<u>72,075</u>

Any fiscal effect resulting from the passage of this bill is not reflected in *The FY 2011 Governor's Budget Report*.