

January 30, 2017

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

Dear Senator Kerschen:

SUBJECT: Fiscal Note for SB 60 by Senate Committee on Agriculture and Natural Resources

In accordance with KSA 75-3715a, the following fiscal note concerning SB 60 is respectfully submitted to your committee.

Current law requires the Kansas Department of Agriculture (KDA) to inspect, license, regulate and register commercial fertilizers, agricultural chemicals, pesticides, pesticide businesses, pest control technicians, private and commercial applicators, and chemigation users. SB 60 would extend the sunset for fees associated with these services to July 1, 2025. In the case of certain receipts that are received by the KDA, remitted to the State Treasurer, and then distributed to state funds or programs outside of the agency, the KDA currently pays for all online licensing and credit card fees before remitting the receipts. SB 60 would allow the Secretary of the KDA to recoup these fees, prior to remitting the receipts to the State Treasurer.

Of the amount of commercial fertilizer fees remitted to the State Treasurer, current law requires \$1.40 per ton to be credited to the State Water Plan Fund (SWPF), \$.04 per ton to the Fertilizer Research Fund and the remainder to the Fertilizer Fee Fund. SB 60 would change this distribution to apply to the amount collected per ton after administrative costs were deducted and would credit 84.0 percent of that amount to the SWPF, 2.5 percent to the Fertilizer Research Fund, and 13.5 percent to the Fertilizer Fee Fund. Of the amount of agricultural chemical fees remitted to the State Treasurer, current law requires that \$100 for each year of registration be credited to the State Water Plan Fund (SWPF) and the remainder to the Agricultural Chemical Fee Fund. SB 60 would change this distribution to apply to the amount collected per ton after administrative costs were deducted and would credit 67.0 percent to the SWPF and 33.0 percent to the Agricultural Chemical Fee Fund.

With regard to dam safety, the Chief Engineer of the KDA is required to order an annual inspection of a dam that is considered unsafe. The class and size of a dam is defined by rules and regulations adopted by the Chief Engineer. Current law establishes two classes of dams:

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Class 3 and Class 4, with associated inspection fees of \$2,500 and \$4,000, respectively. The bill would establish two additional classes of dams: Class 1 and Class 2, each with an inspection fee of \$1,500.

Current law establishes fees for permits to appropriate water to a beneficial use; applications to change the place of use, the point of diversion or the use made of the water; as well as permits to appropriate water for a limited, specified period of time for use or storage. The bill would extend the sunset date for these fees to July 1, 2025. Fees are also established for requests for extensions of time complete diversion works, perfect a water right, or reinstate a water right or permit to appropriate water that has been dismissed. SB 60 would extend the sunset for these fees to June 30, 2025.

Passage of SB 60 would give the KDA authority to directly offset administrative costs associated with the services described in the bill from fee receipts. Currently, the agency is paying 100.0 percent of the charges assessed for online fees and registrations, although the agency's share of the fee receipts is much less. SB 60 would allow the agency to distribute the online charges to the other entities for which KDA is receipting money, such as the Kansas Water Office, Kansas State University, and the Kansas Agricultural Remediation Board. This would reduce KDA expenditures from its fee funds by \$54,507 in FY 2018 and \$81,761 in FY 2019. These amounts are based a 50.0 percent online renewal adoption rate in FY 2018 and a 75.0 percent online renewal adoption rate in FY 2019. The agency estimates that passage of the bill would increase fee fund receipts for dam inspections by \$21,000 in FY 2018 and \$7,500 in FY 2019. Any fiscal effect associated with SB 60 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Justin Law, Agriculture