



January 30, 2024

The Honorable Ken Rahjes, Chairperson
 House Committee on Agriculture and Natural Resources
 300 SW 10th Avenue, Room 112-N
 Topeka, Kansas 66612

Dear Representative Rahjes:

SUBJECT: Fiscal Note for HB 2543 by House Committee on Agriculture and Natural Resources

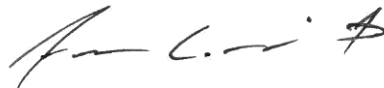
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2543 is respectfully submitted to your committee.

HB 2543 would amend the current law pertaining to the process for an applicant to adopt livestock marks and brands through the Department of Agriculture, Division of Animal Health and would establish an application fee and would increase other fees. The bill would amend the application process and establish a maximum fee of \$100 for a person to have the exclusive right to use a brand in the state. After the application is approved, the Animal Health Commission in the Department would determine that the brand is available for use and may be registered. If approved, the applicant would be required to pay the registration fee. The bill would increase the current registration fee from the maximum amount of \$55 to a maximum amount of \$100. Once the Department receives the registration fee, the brand would be valid for five years and the applicant would be required to pay a renewal fee. The bill would increase the current renewal fee from the maximum amount of \$55 to a maximum amount of \$100.

Estimated State Fiscal Effect			
	FY 2024	FY 2025	FY 2026
Expenditures			
State General Fund	--	--	--
Fee Fund(s)	--	\$245,000	\$252,670
Federal Fund	--	--	--
Total Expenditures	--	\$245,000	\$252,670
Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	\$252,500	\$252,500
Federal Fund	--	--	--
Total Revenues	--	\$252,500	\$252,500
FTE Positions	--	--	--

The Department of Agriculture indicates that the enactment of HB 2543 would establish a new application fee and increase existing fees which would generate additional revenue for the Department's Livestock Brand Inspection Fee Fund. The Department estimates that the new fee structure would generate additional fee revenue of \$252,500 in both FY 2025 and FY 2026. The Department estimates that it would receive approximately 1,500 new livestock brand applications in both FY 2025 and FY 2026 based on historical averages and would propose establishing a \$5 application fee. The proposed fee would generate \$7,500 in new fee revenue in both FY 2025 and FY 2026 (1,500 X \$5 = \$7,500). The Department estimates that it would receive a total of 3,500 livestock brand registration or renewals in both FY 2025 and FY 2026, based on historical averages. The Department would propose increasing the registration and renewal fee to \$70. The proposed fees would generate \$245,000 in additional fee revenue in both FY 2025 and FY 2026 (3,500 X \$70 = \$245,000). The total additional fee revenue generated by HB 2543 would be \$252,500 in both FY 2025 and FY 2026. The Department indicates that previous fee revenue has not covered expenses of the program. The Department estimates that it experienced a \$61,000 shortfall in FY 2023 and again in FY 2024. The Department estimates that the proposed fee revenue would cover program expenses in FY 2025 and FY 2026. The Department estimates total program expenditures of \$245,000 in FY 2025 and \$252,670 in FY 2026 on contractual services for brand investigators, administrative and tag expenses, equipment, repairs, and education. Any fiscal effect associated with HB 2543 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Lita Biggs, Department of Agriculture