



Kansas Grain and Feed Association
816 SW Tyler, Topeka, Kansas 66612 | 785.234.0461

March 22, 2021

To: House Committee on Agriculture
From: Randy Stookey, Senior Vice President of Government Affairs
Re: **Proponent Testimony on Senate Bill 143, increasing maximum functional unit license and storage fees relating to grain and public warehouse laws**

Chairman Rahjes and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 143. This testimony is submitted by the Kansas Grain and Feed Association (KGFA).

KGFA is the state association of the grain receiving, storage, processing and shipping industry in Kansas. KGFA's membership includes over 950 Kansas business locations, and represents 99% of the commercially licensed grain storage in the state.

Kansas' agricultural commodity producers continue to grow record bushels of corn, sorghum, wheat, soybeans and other commodities. Across Kansas, our member commercial grain elevators work with those farmers to receive, store, and transport grain to market.

The Kansas Dept. of Agriculture's Grain Warehouse Inspection program administers and enforces the Kansas Public Warehouse Law relating to commercial grain storage. This program serves a sizable portion of the Kansas grain warehouse industry. Many of the warehouses inspected under this program are locations with fewer than 10 locations. Many of the grain warehouses have only one or two locations.

The grain warehouse program is funded by annual fees on industry (\$332,000), state general funds (\$142,000) and a fee fund transfer (\$80,000). The fee fund will soon be exhausted, creating a budget gap. Going forward, KDA will need about an additional \$117,000 annually. To fill this budget gap, SB 143 would authorize KDA to amend agency regulations to increase annual license storage capacity fees on public grain warehouses.

Senate Bill 143 would also allow the agency to extend the warehouse examination schedule from once every 12-months (currently), to once every 18-months. KGFA supports this change as a cost-saving measure for the program.

Because the grain industry is willing to absorb a reasonable fee increase, KGFA stands in support of this bill. However, the proposed increase would raise *annual license storage capacity fees* on grain elevators more than 80%. In order to keep the proposed fee increase at a more reasonable level, KGFA is also seeking a slight increase in the current level of state general funds (SGF) the agency currently receives for the program.

The additional SGF funding will reduce the proposed fee increase to a more reasonable level for the Kansas grain industry and our farmer customers. State general funds are appropriate for the grain warehouse inspection program because the program provides a public good to Kansas farmers by ensuring sufficient levels of stored grain.

For the reasons stated, KGFA stands in support of this bill as it will enable the continued existence of our state grain warehouse program. Thank you for allowing us the opportunity to testify in support of Senate Bill 143. We respectfully request that the committee pass the bill out favorably.