



Kansas Grain and Feed Association
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February 24, 2021

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

Chairman Kerschen 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 be exhausted soon, creating a budget gap. KDA indicates that, going forward, they will need about an additional \$117,000. To fill this budget gap, KDA has introduced SB 143 to authorize an increase to the cap on annual license storage capacity fees for public grain warehouses. The fees would be set forth in agency regulations. The bill would also allow the agency to extend the warehouse examine schedule to an 18-month cycle.

The proposed increase would raise industry fees more than 80%, and will lead to an increase of thousands of dollars in bushel capacity license fees on many grain elevators. The grain industry is willing to absorb a reasonable fee increase, and for that reason we stand in support of this bill.

Additionally, in order to set the proposed increase at a more reasonable level, KGFA has also asked for a slight increase in the current level of state general funds the agency receives for the grain warehouse program. State general funds are appropriately used for the grain warehouse inspection program because the program provides a public good to Kansas farmers by ensuring sufficient levels of stored grain. If received, the additional SGF will reduce the proposed fee increase to a more reasonable level for the Kansas grain industry and our farmer customers.

For the reasons stated above, 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.