

February 18, 2019

The Honorable Sean Tarwater, Chairperson
House Committee on Commerce, Labor and Economic Development
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Tarwater:

SUBJECT: Fiscal Note for HB 2223 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2223 is respectfully submitted to your committee.

HB 2223 would amend existing law concerning farm winery licensees to allow the sale of wine manufactured by the licensees to holders of producer permits. Current law allows a person engaged in business as a vineyard with not less than 100 vines to apply to the Director of the Division of Alcoholic Beverage Control (ABC) for an annual vineyard permit. HB 2223 would amend that law to include producers of other specified types of agricultural products and allow them to be issued up to two annual producer permits rather than vineyard permits. The bill also includes the requirements for record keeping by holders of these producer permits.

Estimated State Fiscal Effect				
	FY 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	--	--	--	\$10,000
Expenditure	--	--	--	\$7,750
FTE Pos.	--	--	--	--

According to the Kansas Department of Revenue, enactment of HB 2223 would result in additional expenditures of \$7,750 resulting from the change in the permit name, as well as changes to forms, handbooks, and the ABC website. The agency reports that only one vineyard permit has been issued in the four years since the permit was created. While the agency estimates that a few

more may be issued, it is not expected that the number would exceed ten permits at \$100 each, resulting in \$10,000 in revenues. Without adequate revenues, however, the agency would need funding from the State General Fund to accomplish the requirements of the bill. The Kansas Department of Agriculture states that enactment of HB 2223 would have no effect on agency expenditures or revenues. Any fiscal effect associated with HB 2223 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in cursive script that reads "L. L. Campbell". The signature is written in black ink and is positioned above the printed name and title.

Larry L. Campbell
Director of the Budget

cc: Kellen Liebsch, Agriculture
Lynn Robinson, Department of Revenue