

Approved

Fred A. Kerr 1/25/83
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Senator Fred Kerr at
Chairperson

10:00 a.m./~~p.m.~~ on Thursday, January 20, 1983, 19 in room 423-S of the Capitol.

All members were present except: Senator Ross Doyen (Excused)

Committee staff present: All were present.

Conferees appearing before the committee:

Harland E. Priddle, Secretary, Kansas Board of Agriculture
Donald L. Jacka, Assistant Secretary, Kansas Board of Agriculture

Senator Arasmith moved, seconded by Senator Allen, that the January 19, 1983 minutes be approved. Motion carried.

Senator Kerr then called on Secretary Priddle to bring the committee up to date on duties and issues pertaining to the Board of Agriculture.

Secretary Priddle stated the Kansas Board of Agriculture is 111 years old--the oldest in the United States; he is the ninth secretary; the department has 305 employees with 180 being in the Topeka area. (Note Attachments 1 and 2 distributed to committee members). Through film-strips, Secretary Priddle pointed out, in brief, the various divisions within the department: Inspection and Marketing, Weights and Measures (he remarked they are very pleased with their new building facility), dairy, entomology, control, meat and poultry, water resources (the present chief engineer will be retiring on March 17, 1983), marketing (the legislature authorized funds for a new position of director of international marketing). Secretary Priddle introduced Eldon Fastrup who has just come highly qualified to take that position. Secretary Priddle stated they are stressing the buyer and seller getting together. The department representatives have visited Mexico, Taiwan and Singapore the last year and found numerous products there which had been manufactured in Kansas. The department's motto is--Together We Know We Can Make It Happen. The department had received an award last year from Secretary Block as being 6th out of 50 states in expanding exports. The department has farm organizational informative meetings.

MEAT AND POULTRY INSPECTION PROGRAM

Mr. Jacka gave a rundown on this program as noted in Attachment 3. The program was initiated in 1970. Presently, there are 197 plants in Kansas under full inspection and 46 plants under custom operation. One hundred percent of the animals slaughtered in the state inspected plants are consumed in Kansas. State plants cannot ship interstate. 51% of all meat consumed in Kansas is from state inspected plants. Operating budget for this program is around \$2 million--one-half State General Fund and one-half federal funds.

Relative to Senator Kerr's question as to whether information could be obtained from Minnesota and Nebraska who have gone over to the federal program, Mr. Jacka stated they are working on this although those states do not have the meat production that Kansas has. He felt information from Missouri would be more helpful. Senator Kerr pointed out it might be well to contact authorities in Arkansas. Mr. Jacka felt consideration should be given to what would be beneficial to the producers of livestock and consumers of meat products in Kansas.

Mr. Jacka read the findings of a committee who had studied a similar suggestion and presented it to the 1977 legislature. (Note Attachment 4)
The meeting adjourned.

SENATE

AGRICULTURE AND SMALL BUSINESS COMMITTEE

10:00 a.m., Room 423-S

Thursday, Jan. 20, 1983
Date

| NAME | ADDRESS | ORGANIZATION |
|------------------|----------------|-----------------------------------|
| E.R. Fastrop | Topeka, Kansas | Kansas State Board of Agriculture |
| Alan D. Conroy | " " | Ks. Division of the Budget |
| DORIS NAGEL | " " | " " " " " |
| Jim Seber | " " | Top. Capital. Journal |
| Zachary Palikber | " " | UPI |
| Barry Swanson | Lawrence, Ks | Gov. office |
| Ben Hansen | Atma, Ks | KMPA |
| Sam Schuel | Atchison, Ks. | Kansas Meat Processors Assn. |
| Mike Beggs | HOPEKA | KLA |
| Gould W. W. | Topeka | K.A.W.C. |
| John Blythe | Manhattan | KFB |

By the Farmer For the Farmer

**Kansas
State Board of Agriculture**

Kansas State Board of Agriculture
109 S.W. 9th Street
Topeka, Kan. 66612-1280



Atch. 1

A Unique Part of the State's History— The Kansas State Board of Agriculture

Back in 1857, a group of farmers established the Kansas Agriculture Society during an open-air meeting in Topeka. Like farmers today, they wanted to promote the interests of agriculture.

In 1872, the Kansas Legislature turned the structure of that society into the Kansas State Board of Agriculture. It was the first department of agriculture in any of the 50 states.

In its early days, the Board of Agriculture's main purposes were to hold a state fair and to act as a sort of immigration agency to attract settlers to homestead in Kansas.

Slowly but surely, Kansas lost its image as part of the Great American Desert, a dry, dusty arid place where only Indians and grasshoppers could prosper. Farms and towns sprang up on the fertile plains of what was to become the Wheat State.

The Board of Agriculture, through its Annual Report and various publications, began to serve as a source of information and new techniques of farming. It later was to pass that role to the Extension Service at Kansas State University.

The Board of Agriculture's responsibilities eventually came to center around three major areas—promoting Kansas agriculture; agency services to farmers or consumers, such as inspection and grading of agricultural products and the improvement of product marketing; and, its largest function, the administration of nearly 60 laws, mostly regulatory in nature, which are assigned to the department by the legislature.



By the Farmer for the Farmer— Structure of the Board of Agriculture

The basic structure of the Board of Agriculture has changed very little since it began in 1872. It still is an apolitical agency in the executive branch of government. It still is governed by farmers and devoted to the interests of Kansas agriculture—the state's most dependable and largest industry.

The 12 men or women who make up the Board of Agriculture are elected by and responsible to Kansas farmers. The way in which they are selected is governed by state law.

Board members are selected by delegates to the Annual Meeting of the Board. Under that law, the meeting is held during the second week of January each year in Topeka.

Entitled to elect one delegate to the Annual Meeting are all county Grange, Farm Bureau, National Farmers Organization, Farmers Union or Kansas Livestock Association groups with a membership of 100 or more; all county or district agricultural societies composed of one or more



counties; all state breed or commodity organizations; each state or statewide fair; and each of the nine Kansas Co-op Council districts with a membership of 100 or more. A farmer who does not belong to such a group can become a delegate by presenting a petition signed by 150 other qualified farmers. With the exception of county and district agricultural societies, all delegates must be farmers.

During the Annual Meeting, delegates will attend educational sessions and elect the 12 members of the Board of Agriculture. Two board members are chosen from each of six Kansas districts. They all must be practicing farmers. They represent all areas of the state and varying segments of agriculture.

These 12 persons elect the Secretary of Agriculture, who serves as administrator for the department. The seriousness they bring to this task is attested to by the fact that only nine secretaries have served in the Board's long history.

Members of the Board of Agriculture serve as a body to set major policies about the duties and responsibilities of the department. They meet quarterly to hear reports from the various divisions of the department, approve the budget and the selection and hiring of chief administrative personnel.

Although the Board of Agriculture has no official voice on policy on national farm programs or other policy matters, it often serves as a forum for the concerns of farmers across the state.

The Board of Agriculture administers some 60 agricultural laws. It is divided into nine divisions with responsibilities for various laws.

The nine divisions of the Board of Agriculture are the dairy division, control division, weights and measures division, weed and pesticide division, entomology division, marketing division, statistical division, water resources division and meat and poultry inspection division.

The central office of the Board includes the offices of the Secretary and Assistant Secretary and serves the rest of the department with fiscal, legal, administrative and information services.

Look for the Product Label

The **control division** of the Kansas State Board of Agriculture administers laws which require honest labeling of commercial feeds, fertilizers, agricultural seeds, agricultural chemicals, livestock remedies, soil amendments and agricultural liming materials. Labels must contain truthful statements pertaining to contents as well as adequate directions for use.

These laws protect both sellers and purchasers of agricultural products. Legal requirements for honest labeling and compliance with product standards create a strong basis for fair and equitable competition in industry.

Because of the activities of the control division, the consumer knows what he or she is purchasing; the seller who gives better service receives an advantage in the market; and a climate of confidence is created because products are tested by the control division rather than each individual consumer.

Agricultural inspectors located across the state sample products and a professionally staffed laboratory in Topeka analyzes agricultural products to ensure they comply with labels and guarantees. The seed portion of the laboratory tests seed samples for germination, weed seed content and purity.

From Moo to You— Safe Kansas Dairy Products

Some city folks may think they get their milk directly from a carton in the store, but we know better. It takes hard work and rigorous standards to produce healthful dairy products.

The perishable nature of milk makes it vital for special attention to be paid to cleaning and maintenance of all equipment involved with milk and dairy products.

The **dairy division** of the Board of Agriculture administers laws protecting quality and wholesomeness of products as they move from producer to consumer. The division's work is concerned with production, processing, handling, transportation, testing and sale of milk and milk

products. Licenses and permits are issued to dairy farms and individuals who engage in business and conduct specific dairy industry work.

In the dairy area of the Board of Agriculture's Agricultural Laboratory, some 26,000 samples are tested each year. Some 70,000 determinations of quality are made of products. Tests are made for bacterial quality, pesticide residues and adulteration.

An Ounce of Prevention . . .

Kansas has an incredible capacity for crop production. It also has a corresponding number of insects and crop diseases, all seemingly determined to destroy those crops each year.

The Kansas State Board of Agriculture's **entomology division** works to detect and control those plant diseases and destructive insects. When division personnel help farmers avoid destruction of their crops, they take food out of the insects' mouths and put it into the hands of consumers.

Entomologists in the division work all over the state looking for insects and diseases in crops. By early detection of such destructive trends, farmers can utilize modern techniques to save their crops.

Surveys for such persistent crop pests as grasshoppers, chinch bugs and greenbugs pinpoint trouble areas. The division then prepares and sends its "Growing Season Update" to newspapers, radio and television stations across the state. With early warning farmers can nip many such problems in the bud.

Other services offered by the entomology division include inspections and licensing of the state's nurseries, licensing of pest control operators and investigation of fraud by pest control firms, inspections of hives and bees to protect the state's honey industry, and inspections of agricultural products slated for export. By issuing what are called phytosanitary certificates, division inspectors can assure foreign countries that Kansas grain shipments meet their individual requirements.

Now That We've Grown It, Where Do We Sell It?

Agricultural research, technical advances and the tireless work of Kansas farmers have given the state the ability to produce far more than can be consumed just by Kansans.

The main work of the Kansas State Board of Agriculture's **marketing division** is to promote Kansas-grown and produced foods and fiber. Division personnel provide services and education to producer groups and develop materials to educate potential consumers and buyers of Kansas products.

Services of the division include market information, voluntary grading services for fruits and vegetables, administration of the Kansas Egg Law, and meat and poultry plant facilities planning and labor efficiency studies.

Several programs work to enhance and increase export markets for all sorts of Kansas products. In addition to cooperating with national groups which promote international sales, the marketing division's export marketing section conducts campaigns to increase sales and unites Kansas producers with potential foreign buyers.

The Kansas Grain Sorghum, Corn and Soybean Commissions also operate under the administration of the marketing division. Check-off funds from sales of those three crops are used by the commissions to promote sales and marketing and to fund valuable research projects.

Laws administered through this division include the Labeling of Agricultural Products Law; Egg Law; Marketing Law; and Kansas Grain Commodities Act.



When is a Hamburger Not a Hamburger?

When a hungry Kansan tucks into a juicy, tasty t-bone steak or fragrant broiled pork chop, he or she can be assured it is a pure, healthy beef or pork product. Less than a quarter of a century ago, that might not have been true.

The **meat and poultry inspection division** of the Kansas State Board of Agriculture has administered the Kansas Meat and Poultry Inspection Act since 1969. Because of that law, facilities where animals are slaughtered and processed for sale are served by trained agricultural inspectors.

These inspectors enforce rigid standards of sanitation and cleanliness. Livestock and poultry which are to be slaughtered for sale in Kansas are inspected both before and after slaughter, assuring consumers that the animals are free of any condition which could injure human health.

Such products sold across state lines are inspected by federal employees; meat products sold in Kansas are Kansas inspected and passed. The Kansas program is designated "equal to" the federal meat inspection program.

Besides their regular duties at meat processing plants, inspectors are available to various state institutions to make sure meat or meat products they purchase meet their specifications—such as 20 percent fat in hamburger to meet the dietary needs of patients. Technicians and a chemist in the Agricultural Laboratory make some 10,000 analyses on samples of meat each year.

Activities of the meat and poultry inspection division benefit the producer by creating a climate of confidence and encouraging fair competition. Kansas consumers benefit by being assured they are receiving pure meat products.

100 Years of Agricultural Facts

The **statistical division** of the Board of Agriculture, also known as the Kansas Crop and Livestock Reporting Service, is a good example of cooperation between state and federal government. The division is staffed both by United States Department of Agriculture and Kansas agricultural employees.

A clear picture of the growth of Kansas agriculture is available because the statistical division has gathered and shared facts on crop and livestock production and prices for more than 100 years.

Kansas farmers are the backbone of this division. As voluntary reporters, they furnish important information for crop and livestock reports.

Reports published by the Kansas Crop and Livestock Reporting Service are provided, free of charge, to farmers and agribusiness firms which provide basic data for the reports, and to cooperating USDA and state agencies. Others are required to pay an annual fee for the publications.

Available publications include the weekly crop-weather report, issued March 1-Nov. 30; a monthly crop report, which includes data on acreage, crop production, grain stocks, prices, farm income, land values, wheat quality and varieties; a monthly livestock report including data on bluestem pastures, cattle inventory, calf crop, cattle on feed, slaughter, eggs, chickens, turkeys, milk and dairy products, and sheep and wool; and a report on hogs and pigs issued in March, June, September and December. Write the State Statistician, 444 S.E. Quincy, Topeka, Kan., 66683 for reports.

Bulletins are issued on wheat quality (in cooperation with the Kansas Wheat Commission and Kansas State University), grain marketing and transportation, and custom rates. The "Farm Facts" section of the Board of Agriculture's "Annual Report" provides an ongoing picture of Kansas agricultural production.

Both farmers and consumers benefit from the work of this division.

Water: Turning Desert to Breadbasket

"Westward ho" was a rallying cry for settlers who began moving across Kansas. It also heralded the need for laws to protect the rights of water users as settlers began diverting stream waters to irrigate crops.

The outgrowth of early laws which attempted to deal with the problems of use of surface or ground water for irrigation is today's Water Appropriation Act.

One of the most consuming activities of the Board of Agriculture's **water resources division**, the act in short makes it illegal for anyone to take water from any source for beneficial use without applying for and receiving a permit to appropriate water through the division of water resources. The person with the earliest dated permit is the first in right to appropriate such water, according to the law.

It is easy to illustrate the importance of the Water Appropriation Act. Irrigation today accounts for approximately 80 percent of the water used in Kansas; production of electrical energy accounts for 10 percent; municipal, industrial, recreational and water power use approximately eight percent. Kansas' limited supplies of that important natural resource must be protected.

Along with the Water Appropriation Act, the division of water resources is responsible for some 22 Kansas laws and the administration of certain programs, cooperative agreements and memorandums of understanding pertaining to irrigation, drainage, flood control and related problems to the conservation and utilization of the water resources of Kansas.

The division works with other states through interstate river compacts; it coordinates the National Flood Insurance program; and it is responsible for the inventory and inspection of dams under the National Dam Inspection Act.

Water can be a precious resource or a dangerous force. The division of water resources works to protect supplies of water for use today and in future years; it administers laws designed to protect Kansans from the destruction water sometimes can cause.

Safe Pesticides for Bountiful Crops

The Kansas State Board of Agriculture's **weed and pesticide division** centers its activities around the eradication of noxious weeds and the safe use of pesticides.

The efforts of this division affect both producers of crops and consumers of food by avoiding needless losses of agricultural production from weeds and pests and by making sure that needed agricultural chemicals are used safely.

In a statewide program, the division works with county, city, township and state officials to prevent, control and eradicate the weeds which have been declared noxious by the Kansas Legislature.

The weed and pesticide division also is responsible for enforcement of the agricultural application of pesticides under the 1976 Kansas Pesticide Law. That law requires all persons who apply pesticides to be trained and certified in their use. It also requires that commercial and governmental pesticide applicators be licensed.

Safe and accurate aerial spraying techniques, testing of biological weed control methods, surveying for new noxious weeds and training of the public and government personnel in the safe use of pesticides are a few of the division's activities.



This Division is a Scale Model

Most Kansans would be surprised to know that there is an employee and a division of the Kansas State Board of Agriculture standing behind just about every purchase and transaction they make.

The **weights and measures division** does just what the name implies. It assures all of us—producers and consumers—that we are getting what we pay for, whether it is a yard of material, a gallon of gas, a pound of hamburger or buying or selling a bushel of grain.

The division has an administrative staff in Topeka, a laboratory staffed with a professional metrologist for weights and measures testing, and agricultural inspectors across the state.

Weights and measures inspectors weigh packaged goods to check the net weight statement on the label. They test large and small scales, LP gas meters and all sorts of measuring devices for accuracy. Baler and binder twines are tested for tensile strength, feet per pound and weight. To ensure accurate testing, the division is the custodian of official state standards of weights and measures which are traceable to international standards.

As We Produce, So We Consume

If you are a farmer, the Kansas State Board of Agriculture plays a double role for you. It affects you in many aspects of your daily life.

As a professional farmer, you produce bountiful crops and livestock. The Kansas Board of Agriculture provides services to protect and help you.

As a consumer, you buy seed, feed and fertilizer which are regulated and guaranteed by the Board of Agriculture. When you sit down to a meal cooked with food produced in Kansas, the Board of Agriculture has assured you that food is pure and healthful.

Research and promotion funded or provided by the Board of Agriculture help the farmer grow a better crop, save money or sell a product. They also ensure that food will be available to Kansas consumers.

Inspection and regulatory services from the Board of Agriculture allow farmers to sell products to consumers with a guarantee they are pure and healthful. Grading of meat and poultry products, eggs and milk makes it possible to shop with assurance. Weights and measures testing assures farmers and consumers alike that a bushel is a bushel, an inch an inch and a gallon a gallon.

With an eye on the future of Kansas agriculture, the Board of Agriculture continues to emphasize finding new and larger export and domestic markets for farm products. As the demand for Kansas products increases, the Kansas farmer can produce profitably at full capacity.

When the Board of Agriculture serves as a forum for diverse agricultural groups, it helps them attain a strong and unified voice to speak to government, whether it is in Topeka or Washington, D.C.

When the Board of Agriculture releases news and information to the public, it helps farmers and consumers take advantage of the expertise and services it offers.

Agriculture is Kansas' largest industry, and it must become even stronger. When the farm economy suffers, so does the economy of the state. The effects of a troubled farm economy reach all the way from the small town merchant to the big city by losses of related industry jobs and revenues.

When the Board of Agriculture works for the farmer and the consumer, it is working for the future of a strong and prosperous Kansas.

Kansas Secretaries of Agriculture

(in office)

| | |
|-----------------------------|------------------|
| Alfred Gray | 1872-1880 |
| J.K. Hudson | 1880-1881 |
| William Simms | 1882-1888 |
| Martin Mohler | 1888-1894 |
| F.D. Coburn | 1894-1914 |
| J.C. Mohler | 1914-1950 |
| Roy Freeland | 1950-1976 |
| W.W. "Bill" Duitsman | 1976-1982 |
| Harland E. Priddle | 1982- |

MI-1878

DO YOU KNOW HOW GOOD YOU ARE?

Of all the countries in the world, U. S. agriculture is the reigning heavyweight champ. There isn't even a close contender. But you may be surprised at just how good you are. Here are some facts:

1. One American Farmer grows enough food for 68 people here and abroad. That figure has risen dramatically in this century. Back in 1950, you could feed 16.

2. If you were to combine all of the assets of the top 400 U.S. corporations, they wouldn't equal what you have collectively invested in your farming operations.

3. With the food that each American farmer harvests, he creates about nine other jobs in related industries. There are 15 to 17 million people who grade, store, process, package, transport, sell and prepare food.

4. One third of the United States' total planted acres came from six states in 1981: Iowa, Texas, Illinois, North Dakota, Minnesota and Kansas.

5. U.S. agriculture uses $6\frac{1}{2}$ metric tons of steel each year--enough to account for 40,000 jobs in the steel industry.

6. With one modern combine, you can harvest enough wheat in nine seconds to make 70 loaves of bread.

7. Nonfarmers in the U.S. outnumber you by 37 to 1. You're only about 2.3% of the population. Following World War I, 30% of Americans farmed for a living

8. One Soviet farm worker produces 33,000 lbs. of food crops per year, but the U.S. Farmer produces 375,000 lbs. each year.

9. In one year's time, U.S. farm exports fill more than $1\frac{1}{2}$ million freight cars. Each day over 10 ships leave U.S. ports to transport food to our overseas customers.

10. Every time U.S. farm exports increase \$1 billion, 31,700 new jobs are created for Americans.

11. About 4 million people are involved in U.S. farming. That's more than the combined total of American steel, oil, electronic and airlines industries.

12. In 1900, farmers averaged 110 bu. of corn from four acres. Today, that's your average yield off one acre.

House Agriculture & Livestock Committee
 Senate Agriculture & Small Business Committee

I. Meat & Poultry Inspection Program

A. Initiated in 1970.

- 1) At least equal to federal requirements of the Wholesome Meat Act of 1967.
- 2) States had 2 years in which to comply with the federal legislation.
- 3) If states failed to perform or did not meet equal to requirements -- the federal government would move into the state and assume functions.
- 4) At least equal to means strict compliance with federal regulation relative to:
 - a) Sanitation
 - b) Wholesomeness of product
 - c) Formulations
 - d) Labeling

B. There are presently 197 plants in Kansas under full inspection and 46 plants under custom operation. One hundred percent of the animals slaughtered in these state inspected plants are consumed in Kansas. State plants cannot ship interstate.

- 1) 40 million pounds of federally inspected product is reinspected under state inspected facilities (i.e. Falley's 833,333 lbs/mo.)
- 2) 52 million pounds of product is inspected by the state at state inspected plants.
- 3) Total of 92 million pounds of product processed under state inspection -- with population of 2,363,208 and national per capita meat consumption (1982) at 77 pounds, 51% of all meat consumed in Kansas is from state inspected plants.
- 4) Even though the state only inspects 5% of the animals slaughtered in the state -- 51% of all meat consumed in Kansas comes from state inspected plants. This speaks quite well of our Kansas livestock industry/meat packing industry for their impact on the nation's market.

C. Operating budget of this Meat & Poultry Inspection Program is, for FY 1983, approximately 2 million dollars -- one-half State General Fund and one-half federal funds.

1) This program employs (As of January 10, 1983):

| | |
|------------------|---|
| Director | 1 |
| Asst. Director | 1 |
| Training Officer | 1 |

| | |
|--------------------|----------|
| Compliance Officer | 1 |
| Agric. Insp. II | 6 |
| Agric. Insp. I | 57 |
| Lab. Tech. | 2 |
| Office/Clerical | 4 |
| Vets | <u>3</u> |

Positions Filled 76 (5 FTE positions left vacant: 1 vet;
Positions Authorized 81 1 Agric. Insp. II; 3 Agric. Insp. I)

- 2) When the State Meat & Poultry Inspection Program was first initiated, it employed 118 FTE.
- 3) During FY 1979, this program employed 90 FTE and drove 953,000 miles; during FY 1983, it employs 76 FTE and will drive approximately 860,000 miles -- we have economized 14 fewer employees and approximately 100,000 miles less in the past four years.

II. FY 1984 Governor's Budget Recommendations

A. Agriculture & Natural Resources represents 0.7% of the General Revenue expenditures.

1) Only \$11.7 million.

2) Includes funding for:

- a) State Board of Agriculture ----- \$ 5.5 million
- b) Animal Health Department ----- \$ 450,000
- c) Conservation Commission ----- \$ 2.3 million
- d) State Fair ----- \$ 150,000
- e) Water Office ----- \$ 3.2 million

B. The Budget recommends the deletion of the State Meat & Poultry Inspection Program - \$1.2 million out of 12 million of State General Fund for Agriculture.

C. Agriculture is state's number 1 industry

1) Of that, industry livestock and related meat processing is the largest sector.

D. Using FY 1981, slaughter and processing totals and the cost of state inspection, State Meat & Poultry Inspection cost the Kansas consumer, interested in wholesome economical meat, \$0.05 per pound per year of processed meat or \$0.65 per capita per year.

E. Kansas is among 27 states which retain state meat and poultry inspection.

III. The deletion of the State Meat & Poultry Inspection Program from Kansas is not a novel idea.

A. Interim Proposal No. 1 - Meat and Poultry Inspection -- to the 1977 Legislature.

- 1) The program was studied to determine whether the activity could be transferred to federal operation.
- B. The Special Committee found the following points of interest:
- 1) Refer to Proposal No. 1 pages 1-4 & 1-5.
 - 2) Problems of communications with federal government.
 - 3) Fear of communities losing viable businesses.
 - 4) Quality of meat and poultry products would diminish.
 - 5) Program is less expensive to the taxpayer whether a taxpayer of state taxes or federal taxes.
- C. The Special Committee concluded that the State Meat & Poultry Inspection Program should be continued.
- 1) They specifically noted that the program was "being performed with both a benefit to the consumer and at a savings to the taxpayer."
- D. Committee was chaired by Rep. John Vogel, with members: Sen. Don Christy; Rep. Clifford Campbell; Rep. Rex Crowell; Rep. Ambrose Dempsey; Rep. Walt Graber; and Rep. Lee Hamm.

the existing plants would have to meet the requirements of the publication entitled Federal Facilities Requirements for Small Existing Meat Plants. The other USDA publication, Agricultural Handbook 191, was said to apply only to the construction of new facilities or the remodeling of existing facilities.

Even with this explanation, however, the Committee felt that there would be problems associated with the interpretation of the regulations relative to small and existing meat processing facilities. Under these regulations, the Area Administrator is given what is termed the "Rule of Reason" in his application of the structural requirements to existing facilities. Because of this, it was difficult for the Committee to determine whether the existing plants in Kansas could meet the structural standards or whether it would be necessary for the facilities to expend resources for remodeling to comply with those standards.

Relative to their discussion of what, if any, structural renovations would be required by existing facilities upon the institution of a federal program, the Committee received testimony from a meat processor in Minnesota, a state which underwent such a state-to-federal transition in 1971. This conferee cautioned the Committee about the problems and financial burdens which the meat processors in Kansas would bear if a transition from a state-operated meat and poultry inspection program should occur. The Committee was told that because of the structural requirements imposed upon the meat processors in Minnesota, a number of processors either discontinued their operations or became custom plants. The Committee was informed that a custom plant does not slaughter for retail sale and is thus infrequently inspected under the federal meat and poultry inspection program. The conferee continued that, as a result of the interpretation of the structural requirements in Minnesota, the meat processing industry was damaged -- not only were a number of businesses dissolved but, more importantly, a number of businesses became custom plants and were inspected on an infrequent basis.

Various members of the Kansas Association of Meat Processors testified before the Committee and indicated that if major structural modifications would be necessary in Kansas, as they were in Minnesota, their specific businesses and their industry, as a whole, could not absorb the costs that would be involved. [It was also noted that the state-inspected plants could not afford to sacrifice the retail

portions of their businesses and become custom plants. It was explained that in many cases slaughtering for retail sales accounts for more than two-thirds of the total operation of these plants."

The conferees representing the Kansas Association of Meat Processors also noted the problems of communication which would evolve if the transition from state-to-federal inspection should take place. The conferees noted that presently there was a very workable relationship between their operations and the Division of Meat and Poultry Inspection of the State Board of Agriculture. They were concerned that they would no longer have their questions and appeals handled immediately. Of major concern to the representatives of this organization was the possible decline in the quality of meat processed in the state. It was reasoned that if a federal program were implemented, the custom plants would be inspected infrequently and the quality of their product could easily decline.

The Committee received input from various civic groups located throughout the state. Of major concern to these groups was the fear of their communities losing viable businesses. They appealed to the Committee that, because of the vast expenditures which would have to be made by the processing plants for facility renovations upon the transfer from a state-operated program to a federal program, a number of those processing plants would either reduce their operations or dissolve their businesses. These conferees noted that the economic bases of many communities would be severely damaged if the meat processing plants located in those communities would be forced to cut back or discontinue their operations. Conferees also noted that, as taxpayers of the state, they felt that their tax dollars presently were being spent wisely on the meat and poultry inspection program.

Committee members reviewed the expenditures by the federal government for the operation of meat and poultry inspection programs in those states which implemented a transfer. They found that Kansas is operating its meat and poultry inspection program much more economically and efficiently than the programs operated by the federal government. Generally, it was found that the federal government expends much more in the operations of its program than the states expended prior to the transition.