

MINUTES OF THE HOUSE COMMITTEE ON Agriculture and Livestock

The meeting was called to order by the Chairman, Bill Fuller at
Chairperson

9:00 a.m./~~p.m.~~ on January 31, 1984 in room 423-S of the Capitol.

All members were present except: Rep. Arbuthnot, who was excused.

Committee staff present:

Raney Gilliland, Legislative Research Department
Norman Furse, Revisor of Statutes Office
Kathleen Moss, Committee Secretary

Conferees appearing before the committee:

Tom Tunnell, Kansas Grain and Feed Dealers Association
Robert L. Read, Cherryvale Grain Company
Delbert H. Bosley, Cargill, Inc.
Nancy Kantola, Kansas Cooperative Council
Anthony Bergkamp, Farmers Co-op Electric Co.
Glenn Poe, American Dehydrators Association
R. E. Bert, Bert & Wetta Sales, Inc.
Gerald Riley, Kansas Association of Wheat Growers

The meeting was called to order by the Chairman, who informed the Committee that this meeting is a continuation of the review of ambient air quality standards and the fees levied on businesses. He noted that the Department of Health and Environment had been heard from the previous day. He said there were a number of people who would be sharing their ideas today. He explained that some operators had been reluctant to come in and testify about inspections, and urged that if anyone felt there had been retaliation, they should notify him.

Bob Read told the Committee he felt that the general public should help defray the cost of fees since the quality of air is for their benefit. He that on a windy day there is more dust blowing off alleys and railroad tracks than his elevator emits in a three month period. (Attachment 1.)

Delbert Bosley testified that the additional proposed fees for the flour milling division of his organization is in excess of \$2,100.00 and is double the amount for the entire operation. He said they had made expenditures to comply with federal and state regulations and that the additional cost does not seem warranted. (See Attachment 2.)

Nancy Kantola appeared in opposition to "user fees", stating that the industry should not bear the expense since clean air is for everyone and the expense should be borne by everyone. (Attachment No. 3.)

Anthony Bergkamp, an elevator operator for 37 years, told the Committee he does not feel the fees imposed should be on the operators. He said that insurance inspectors watch to see what kind of housekeeping is being done and they are told how they can improve their operation.

Roy Bert, a long time operator, told the Committee that he had cooperated with the EPA to correct some problems they have had to spend between \$400,000 and \$500,000 in control equipment over the past 10 years.

Tom Tunnell, appeared in opposition to the fees. He stated that fees add to the cost of production. He said such fees are

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Agriculture and Livestock,
room 423-S, Statehouse, at 9:00 a.m./p.m. ^{XX} on January 31, 1984.

excessive and unjustified. He explained that the industry is already heavily policed by OSHA for reasons of safety as well as health. (See Attachment 4.)

Gerald Riley appeared as a representative of the Kansas Association of Wheat Growers. He stated he is opposed to the fees as it will simply add to the cost of production when they are trying to compete with the rest of the world.

There was a question and answer period, and the meeting was adjourned at 10:01 A.M. The next meeting is scheduled for Wednesday, February 1, 1984, 9:00 A.M., Room 423-S.

Mr. Chairman, committee members, I appreciate the opportunity to comment on the fee being levied by the Department of Health and Environment on our industry.

I am Bob Read, President and Manager of the Cherryvale Grain Company of Cherryvale, Kansas. The company has been in existence since 1900 and I have been associated with it since September, 1946. Like most country elevators, we are located in a small town.

Our licensed capacity is 270,000 bushel with a permit fee of \$120.00. In our business, we will average about $1\frac{1}{2}\%$ to 2% net on the dollar sales. This means that we have to increase our gross sales by approximately \$8,000.00 just to cover this added cost of doing business.

Each year, we are visited at least one time by our insurance representative. He checks each elevator from the basement to the head house, inspecting and looking for ways to reduce the exposure for fire and explosions.

I feel that somewhere along the line, people fail to recognize the difference between the rural and the metropolitan areas. On a windy day, we have more dust blowing off of alleys, railroad tracks, and streets than is emitted from our elevator in a three-month period.

If air quality is for the benefit of the general public, they should help defray the cost and not put the burden on just a few.

MEMBERS OF KANSAS LEGISLATURE:

GENTLEMEN:

I THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY, AND ALLOWING ME TO EXPRESS MY VIEWS ON THE NEWLY ENACTED REGULATIONS REQUIRING THE COLLECTION OF FEES FROM THE GRAIN AND FLOUR MILLING INDUSTRIES IN THE STATE OF KANSAS, FOR THE PURPOSE OF FUNDING THE INSPECTION WORK OF THE STATE BUREAU OF AIR QUALITY.

MY NAME IS DELBERT H. BOSLEY, AND I AM THE WESTERN REGION MERCHANDISING MANAGER FOR CARGILL, INC. FLOUR MILLING DIVISION, LOCATED IN WICHITA, KANSAS. CARGILL'S WESTERN FLOUR MILLING REGION OPERATES FIVE FLOUR MILLS AND EIGHT TERMINAL AND FLOUR MILL ELEVATORS WITHIN THE STATE OF KANSAS. CARGILL ALSO OPERATES IN KANSAS AS A PART OF OTHER DIVISIONS A SOYBEAN PROCESSING PLANT, TWO FEED PROCESSING PLANTS, THREE COUNTRY TERMINAL ELEVATORS, AND THREE TERMINAL ELEVATORS. WE ARE MEMBERS OF THE KANSAS GRAIN AND FEED DEALERS ASSOCIATION, AND SHARE THE CONCERNS WITH OTHER MEMBERS IN REGARD TO THIS ADDED COST BROUGHT ON BY THE TRANSFER OF FUNDING OF AIR QUALITY INSPECTIONS FROM THE STATE GENERAL FUND TO THE GRAIN AND FLOUR MILLING INDUSTRY.

THE ADDITIONAL FEES FOR THE FLOUR MILLING DIVISION OF CARGILL ALONE IS IN EXCESS OF \$2,100.00 AND WOULD BE DOUBLE THIS AMOUNT FOR THE ENTIRE CARGILL OPERATIONS. WITH THE EXPENDITURES WE HAVE ALREADY MADE TO BRING OUR FACILITIES INTO COMPLIANCE WITH FEDERAL AND STATE REGULATIONS, THIS ADDED COST SURELY DOESN'T SEEM WARRANTED. WE ARE QUICK TO UNDERSTAND THE BUDGET PROBLEMS OF THE STATE OF KANSAS BUT TRANSFERRING THE RESPONSIBILITY TO AN INDUSTRY ALREADY BURDENED WITH HIGH

OPERATING COSTS, AND ONLY MARGINAL PROFITABILITY SEEMS QUESTIONABLE.

IN THE PAST FIVE YEARS WE HAVE SPENT IN EXCESS OF TWO AND A HALF MILLION DOLLARS IN OUR ROSS ELEVATORS AND MILLS LOCATED AT NEWTON, WICHITA AND WELLINGTON, KANSAS. SIMILAR AMOUNTS HAVE BEEN SPENT IN TOPEKA. THESE EXPENSES ARE SLOW TO RECOVER FROM THE PROFITS OF OUR BUSINESS, BUT THEY ARE NONE THE LESS A REQUIREMENT TO MEET THE EXISTING REGULATIONS TO CONTINUE TO OPERATE.

WE HAVE REASONABLE DOUBTS WHETHER THE WORK OF THE BUREAU OF AIR QUALITY IS STILL NEEDED, OR REALLY A DUPLICATION OF THE OCCUPATIONAL SAFETY & HEALTH ADMINISTRATION'S AREAS OF RESPONSIBILITIES; AND ALSO SIMILAR REQUIREMENTS OF OUR OWN PRIVATE INSURANCE CARRIERS. THE COST OF GOVERNMENT IS EXCEEDINGLY HIGH, WITHOUT DUPLICATING THE CONTROLS ON ONE OF KANSAS' BEST KNOWN INDUSTRIES.

IF WE FIND THIS BUREAU IS NEEDED, THEN THE COST SHOULD BE PLACED WITH THOSE THAT BENEFIT FROM IT THE MOST - THE PEOPLE OF KANSAS.

THE FUNDING SHOULD AGAIN COME FROM THE STATES GENERAL FUND.

SINCERELY,

DELBERT H. BOSLEY

Testimony Presented to
Senate and House Ag Committees
January 31, 1984
Nancy E. Kantola, Executive Vice President
Kansas Cooperative Council

You are aware by now, that the co-ops I represent are opposed to the Bureau of Air Quality's recently imposed "user fees" for inspecting grain elevators, seed cleaning facilities, feed mills, pellet plants and other agricultural produce handling facilities where the so-called "pollutants" are natural rather than man made or manufactured chemicals.

I would like to add that the Co-op Council has refineries, generating plants and anhydrous manufacturing facilities as members, too, and we are not requesting changes in their fees.

Our industry did indeed offer a solution at the November public hearing. We stated, "Clean air is for the benefit of everyone therefore everyone, not the individual industries should bear the expense of overseeing compliance."

Our cooperatives have complied with the requirements to the tune of several million dollars.

Let me cite you some examples of the cost of the "less sophisticated" equipment to keep rural air clean.

	<u>fee</u>	<u>equipment expense</u>
Atchison County Farmers Union Co-op Assn. Atchison, Kansas	\$640	\$186,000
Arden City Co-op, Inc. Arden City, Kansas	\$1,320	\$155,674
Bodge City Cooperative Exchange Bodge City, Kansas	\$720	\$110,000
Midway Co-op Assn. Osborne, Kansas	\$1,180	\$34,280
Farmers Cooperative Assn. Manhattan, Kansas	\$400	"entirely self-contained dust control-none emitted
Farmers Cooperative Assn. Lawrence, Kansas	\$420	\$40,000
Farmers Union Cooperative Assn. May Center, Kansas	\$500	\$55,000
Elkhart Cooperative Equity Exchange Elkhart, Kansas	\$320	\$130,000
Manarado Cooperative Assn. Manarado, Kansas	\$140	\$60,000
Farmers Union Cooperative Bus. Assn. St. Marys, Kansas	\$460	\$75,083
Armway Co-op, Inc. Beloit, Kansas	\$1,360	\$102,000
Redonia Cooperative Assn. Redonia, Kansas	\$140	\$5,414
Great Bend Cooperative Assn. Great Bend, Kansas	\$420	\$109,114
The Farmers Grain Cooperative Alton, Kansas	\$700	\$25,000
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TOTALS	\$8,720	\$1,087,565

May I suggest the reason people have a record of longevity in Kansas - thus the old people in rural communities - supports the idea that "natural" pollutants pose less health hazard.

However, we do indeed want clean air. And we are bearing the costs of equipment to control dust for safety and insurance compliance as well as for the benefit of our rural residents.

But let's compare the requirements enacted in Kansas with some other states.

Iowa allows 40% opacity or .01 grain dust per cubic foot, and no compliance required away from urban areas.

Oklahoma, on 6 tons per hour processing capacity 13.6 lbs. is allowed, on 1 ton per hour, 4.10 lbs. allowed. There is a 2 fee structure for permit and operating with a total of not over \$235.00.

Idaho - 20% opacity level, no user fee but a strict fine for noncompliance.

Nebraska - fugitive concept (emission must not be seen beyond the premises) but is basically not enforced unless they receive a complaint.

Texas does not enforce their regulations, but new facilities come under the new performance controls. They exempt anything less than 25 tons, have no user fee, and a permit fee minimum of \$300, maximum \$7,500.

I don't quote the other states to suggest we do likewise, but to point out the flexibility the states have under Federal Guidelines.

The co-ops urge removal of the user fee so the public will have more input into the amount of protection for which they choose to pay.



KGFDA

KANSAS GRAIN & FEED DEALERS *Association*

1722 NORTH PLUM / A/C 316 662-7911 / HUTCHINSON, KANSAS 67501

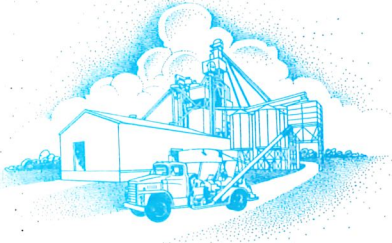
STATEMENT
BY THE
KANSAS GRAIN AND FEED DEALERS ASSOCIATION

PRESENTED TO THE
SENATE AGRICULTURE AND SMALL BUSINESS COMMITTEE
TOPEKA

MONDAY, JANUARY 30, 1984

CONCERNING THE PROPOSED ADOPTION
OF NEW AND AMENDED REGULATIONS

STATEMENT OF
TOM R. TUNNELL
EXECUTIVE VICE PRESIDENT
KANSAS GRAIN AND FEED DEALERS ASSOCIATION
1722 NORTH PLUM STREET
P. O. BOX 949
HUTCHINSON, KANSAS 67504-0949



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STATEMENT OF
KANSAS GRAIN AND FEED DEALERS ASSOCIATION
BY TOM R. TUNNELL BEFORE THE
SENATE AGRICULTURAL AND SMALL BUSINESS COMMITTEE
JANUARY 30, 1984

In support of testimony presented here today by members of the grain industry, and on behalf of the over 1,000 grain and feed locations in Kansas, I appreciate this opportunity to speak in opposition of the Bureau of Air Quality's permit fee and fee collection system.

To the grain and feed industry, these fees are excessive, unjustified and considering they total over \$130,000, very costly.

To familiarize everyone with the grain and feed industries' situation, I would like to briefly point out that from the very start, the industry has complied with the provisions of the Clean Air Act and, I might add, the cost of compliance has been enormous - averaging in most cases between 50 and 100 thousand dollars per location.

The industry is also already policed very heavily by the Federal Occupational Safety and Health Administration (OSHA). For reasons of safety as well as health, OSHA monitors closely an elevator's emissions and emissions controls. As a matter of fact, in the January 6 Federal Register, OSHA proposed some very stringent rules for elevator safety. Particularly concerning grain dust; specifically, placing a maximum level on how much dust could be on the floor.

OSHA did however offer alternatives. Firms could either sweep the floor clean after every shift or install a pneumatic dust cleaning system. (By the way, adding a system will cost a lot of money, and when industry is required by Federal regulations to make costly capital improvements, it doesn't set well to have another branch of government establish a permit fee system that axes those improvements. The Bureau of Air Quality's proposal K.A.R. 28-19-14a will tax those improvements.

(Continued)

Now if it isn't enough that OSHA keeps such a watchful eye on us, consider that our own insurance underwriters are also sticklers about emission controls. Insurance companies staff engineers to help our industry design and update grain handling facilities, and the industry listens . . . we try to keep our insurance premiums down, and our accident experiences to a minimum.

We see the fees as excessive because we already have backup after backup of costly inspection, policing and monitoring systems.

When employees wanted occupational safety and health, industry accepted paying for it. When insurance companies place stipulations on eligibility for coverage, industry accepts paying for it. But when the public requires a state agency to go around and also check emissions, should industry also bear that expense? We believe these fees are just not justifiable.

Members of the grain and feed industry have asked for relief and I am confident this committee can develop a workable solution that will relieve our industry from what it sees as an excessive, unjustifiable, and unnecessary financial burden.

Thank you and I will be happy to answer questions.

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