

Approved February 25, 1988  
Date

MINUTES OF THE Senate COMMITTEE ON Agriculture

The meeting was called to order by Senator Allen at  
Chairperson

10:08 a.m./~~p.m.~~ on February 24, 19 88n room 423-S of the Capitol.

All members were present except: Senator Gannon (excused)

Committee staff present: Raney Gilliland, Legislative Research Department  
Jill Wolters, Revisor of Statutes Department

Conferees appearing before the committee: James L. Mathes, President, Prairie Oak Farms, Inc.  
Lewis, Kansas  
W.W. Graber, Processed Meats, Pretty Prairie,  
Kansas  
Bernie Hansen, Flint Hills Foods, Alma, Kansas  
Robert Champlin, Champlin Orchards, Concordia,  
Kansas  
Wilbur Leonard, Kansas Committee of Farm  
Organizations  
Dr. Bill Bundage, Kansas Technology Enterprise  
Corporation  
Paul Fleener, Kansas Farm Bureau  
Don Wenger, Wenger Manufacturing, Inc., Sabetha,  
Kansas  
Howard Tice, Kansas Association of Wheat Growers  
Ron Schneider, Kansas Rural Center  
David Frey, Kansas Wheat Commission, Manhattan  
Kansas

Senator Allen called the committee to order and requested action on committee minutes.

Senator Arasmith made a motion the committee minutes for February 23 be approved. Senator Kerr seconded the motion. Motion carried.

The Chairman announced the hearing for SB 599 would continue; he called attention to written testimony submitted by James L. Mathes who could not be present to testify (attachment 1). The Chairman called on the following who testified in favor of SB 599.

W.W. Graber stated a place is needed to receive help when one is starting to develop a new product. Help is needed in getting a patent, proper packaging, markets and distribution. He expressed support for an agency as proposed in SB 599. Mr. Graber showed and discussed beef nuggets, buffalo sticks and peppernuts. He expressed the hope that this session of the Legislature will see fit to keep studying the issue or to pass SB 599.

Bernie Hansen gave information to the committee (attachment 2). Mr. Hansen stated that people need a place to call when they have a concept/product that they want to develop. Mr. Hansen said a value added processing center would be helpful to help any individual or a small business get into big markets with their product. He expressed appreciation for the Marketing Division. Mr. Hansen expressed the key to survival for Kansas products is to get value added products and promotion for them. He expressed support of the meat processors and expressed their interest in being involved.

Robert Champlin gave copies of his testimony (attachment 3) to the committee. Mr. Champlin showed samples of mixes for biscuits, corn breads, muffins and jellies all made of Kansas products.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Agriculture,  
room 423-S, Statehouse, at 10:08 a.m. ~~pm~~ on February 24,, 19 88

Wilbur Leonard gave the committee copies of his testimony (attachment 4).

Bill Bundage gave copies of his testimony to the committee (attachment 5).

Paul Fleener gave the committee copies of his testimony (attachment 6).

Senator Montgomery read a letter from Don Wenger who could not be present for the committee meeting (attachment 7).

Howard Tice gave copies of his testimony to the committee (attachment 8).

Ron Schneider expressed support for SB 599 and stated that agriculture has not received its share of economic development funds in the past. Mr. Schneider said that the Kansas Rural Center has received calls for assistance that the proposed center would have provided help for. He said the proposed center would provide help needed by small entrepreneurs. Mr. Schneider requested the committee study SB 599 and recommend passage and also recommend funding to do the job for without funds it is just a piece of paper.

David Frey gave copies of his testimony to the committee (attachment 9).

Senator Kerr, the bill sponsor, expressed appreciation for the small businessmen that made presentations to the committee. He stated that he had been asked to do something for agriculture and that is the reason he had requested the legislation of SB 599.

The Chairman adjourned the committee at 11:00 a.m.



# PRAIRIE OAK FARMS, Inc.



AGRICULTURAL CENTER  
(316) 995-4065

Rural Route 1, Box 70  
Lewis, Kansas 67552

TESTIMONY TO BE READ BEFORE THE SENATE AGRICULTURE COMMITTEE  
ON WEDNESDAY, FEBRUARY 24, 1988, RE: SB 599.

We applaud Senator Kerr's preliminary effort to establish a "Kansas agricultural value added processing center at Kansas State University." KANSAS QUALITY GROWERS AND PACKERS is a company which began operation in 1987. We are seeking to grow vegetables on a large scale and provide high quality Kansas grown produce to the retail grocery businesses and restaurants in Kansas. This is a "value-added" activity in that we wash, grade, pack and market the produce for local growers. Our buyers benefit from the value-added aspect of the activity by having available locally grown produce at competitive prices which is much fresher than produce shipped from the west coast or the far south.

Your selection of Kansas State University as a location to house the center is, in our judgment an excellent choice. We will never be able to adequately express the importance of the assistance and cooperation we received from Dr. Charles Marr at Kansas State University, during our first year of operation. His knowledge and strong technical support were invaluable. The resources and attitudes at K.U. have served to encourage and genuinely assist diversification and innovation in agriculture.

As you seek to provide meaningful definition to the term "value added" we would urge you to keep definitions and focus as broad and comprehensive as possible. We have heard much in recent months about the "food processing" industry in Kansas but find that most define this term in a relatively narrow way. Usually, references to "food processing" imply that a raw material product is taken and in some way altered or enhanced to be marketed in another form quite distinct from the raw product. We would argue that we, too, are "processing" food by the act of washing, grading and packing a raw material product without in any way altering its form-- simply making it "market ready." Yet, too often we have had that feeling that our activity is considered outside the scope of the "food processing" business that everyone else is

*attachment 1*  
*2-24-88*

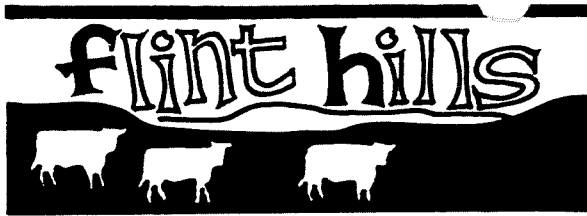
talking about. We would hope that such a narrow construction would never fall into common use when we are talking about the "value added" concept. This is particularly true, to the extent that at some future date there may be tax incentive or other financial implications for the "value added" concept. It would be disconcerting in the extreme to have some important aspect of agricultural diversification and/or innovation excluded from such benefits by oversight or by a lack of long-range vision or perception.

We thank Senators Kerr and Allen for encouraging our comments and the Kansas State Board of Agriculture for their aggressive and dynamic efforts to support and foster many new avenues for agriculture in Kansas.

*James L. Mathes*

James L. Mathes, President,  
Prairie Oak Farms

cc: *Rep. Susan Roenbaugh*  
*Sam Brownback*



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February 24, 1988

Subject: Testimony supporting Senate Bill No. 599 by Senator Fred Kerr

- 1) Its a natural
  - A) Raw Products are here
  - B) Processors are here
- 2) Who it should be developed for
  - A) Small - very small
  - B) Large
- 3) Kansas State University
  - A) Knowledge Center
  - B) Making available is problem
- 4) Overview of ideas
  - A) The Key to survival
  - B) How to develop

Respectfully submitted

Bernard L. Hansen, President  
FLINT HILLS FOODS, INC.

attachment 2

2-24-88

SENATE BILL #599

Robert C. Champlin  
Rural Route 2, Box 19  
Concordia, KS 66901

TO: Senator Jim Allen  
Chairman of Senate Agriculture Committee,

I am pleased to speak for a positive approach to Bill #599. I believe this Bill has some things for agriculture we have not developed in our state. A network of processing plants for the many crops we grow would be an economic boost to our state wealth. The jobs this would create would allow more of our children to stay in Kansas to raise their families in our state. We educate our children, and then send them to other states for jobs, and in turn boost that state's economy. Surely more of our educational tax dollars could be used here at home and help stop the educational drain from our state.

We should direct our efforts at crops we can grow in Kansas. Some of these crops are wheat, corn, milo, oats, alfalfa hay, and fruits and vegetables. We need to find ways to market these crops in a value added manner. This will take creative and aggressive personnel, which we have in Kansas.

At our farm, we have been involved in fruit and vegetable production the last several years. We have grown apples, peaches, strawberries, raspberries, and blackberries in the fruit line. We have learned how to grow these crops, but we lack the knowledge to package and market these same crops. Our eight acres of strawberries are targeted at being sold wholesale to Dillons Food Stores or Food-for-Less stores, and at our farm. We do need some extra help on research for varieties which grow well in our state and the expertise in marketing these fruits. We have marketed jellies and preserves in gift boxes. This is a value added item we have already tried and it will work. Senate Bill #599 could expand and develop some of these small businesses.

A Texas Milling Company has purchased our corn for \$3.20 per bushel delivered. They have processed the corn into several food items which has increased the value many times. Two cents' worth of corn is turned into a package of 6 ounces of flour mix to be sold retail at 59 to 69 cents per package. Think of the economic benefit to the state, and the jobs created for workers of their state, on this value added commodity. Why can't we do this in our state?

*attachment 3*  
*2-24-88*

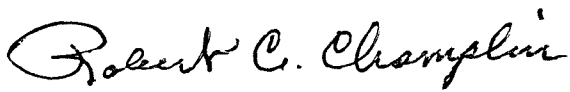
I have an exhibit as to what is happening in Texas at this time with a crop of white corn grown on my farm. (Exhibit of corn meal and corn meal mixes used in various products).

Like all good businessmen, how do you justify this expense of the Bill #599. The taxes created by the increased income from value added commodity of crops would more than pay for the bill. Taxes alone would be several times more than the crop itself. But we should use common sense on the appropriation of the monies.

This brings to thought of another consideration. We have many unused buildings in rural Kansas which could be rented at a reasonable fee to house some of the activities this Bill #599 addresses. Maybe some of our community colleges could be involved with KSU, and this would promote state wide involvement. Our city of Concordia is actively seeking a new prison site near by. Maybe some of the labor needed to work in or with a prison could have a two-fold effect on the state problems. The inmates might be used for labor in field or packaging of fruits and vegetables, or even help with the construction of a new building for a particular project. I did hear the correction secretary say he wanted the inmates to work 8 a.m. to 5 p.m. five days a week, to learn work habits similar to our states work force. So upon release the inmates will be useful, tax paying citizens.

In closing, I believe Senate Bill #599 would provide our state the positive effect in many different ways which we need at this time.

Respectfully submitted,

  
Robert C. Champlin



Committee of . . .

# Kansas Farm Organizations

Wilbur G. Leonard  
Legislative Agent  
109 West 9th Street  
Suite 304  
Topeka, Kansas 66612  
(913) 234-9016

STATEMENT IN SUPPORT OF SENATE BILL NO. 599

BEFORE THE SENATE COMMITTEE ON AGRICULTURE

February 24, 1988

Mr. Chairman and Members of the Committee:

The Committee of Kansas Farm Organizations appreciates the opportunity to present the views of our membership with respect to Senate Bill No. 599. We wholeheartedly endorse the concept of establishing an agricultural value added processing center at Kansas state university.

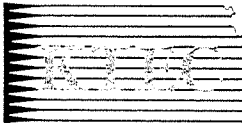
There is a vast array of resources in the educational, scientific and public sectors which should be placed at the disposal of a facility of this type. The proposed council brings expertise in many fields to the formation of the center.

We believe that this not only offers a great opportunity for the agricultural community, but for the state as a whole. We respectfully urge the favorable consideration of Senate Bill No. 599.

- Wilbur Leonard

*attachment 4*

*2-24-88*



KANSAS  
TECHNOLOGY  
ENTERPRISE  
CORPORATION

Senate Agriculture Committee  
Senate Bill 599  
Remarks by: Bill Brundage  
President  
Kansas Technology Enterprise Corporation

The Kansas Technology Enterprise Corporation (KTEC) is a quasi-public not-for-profit corporation created by the Kansas Legislature in March 1986. KTEC is governed by a fifteen-member Board of Directors.

The Corporation seeks to foster innovation and to create advanced Technology jobs in Kansas. Our economic development approach provides a progression of programs that are applicable to this process from concept to commercialization.

Technological development requires a critical mass of scientists and engineers. KTEC's Centers of Excellence have begun addressing this need. Created through the Kansas Advanced Technology Commission and the Kansas Board of Regents in July 1983, the Centers of Excellence established at the University of Kansas, Kansas State University, and Wichita State University became one of the states' key strategies for development of advanced technology. In 1987, the Legislature approved the Center for Technology transfer at Pittsburg State University. Centers of Excellence offer state-of-the-art research capabilities, fit within the long range objectives of the universities and offer long-term potential for economic development. Commercialization of new technologies and attracting nationally-recognized scientists are important goals of the Centers.

To meet the legislative charge of becoming nationally competitive, KTEC has proposed that the state fund two types of university centers: Centers of Excellence and Centers for Advanced Technology. The Centers of Excellence will be involved primarily in basic research. The Centers for Advanced Technology will work primarily in the areas of applied research and technology transfer. Additionally, KTEC has established a University Centers Committee which has been given the responsibility for establishing center qualifications and performance evaluation criteria.

An applicant for a new center will be required to submit a business plan with a proposal. Each applicant will be informed of the qualifying criteria and the application procedure required by the Board of Directors. The KTEC staff will be available for assistance. The proposal will also be evaluated through the Peer review process.

KTEC is interested in establishing a Center of Excellence or a Center for Advanced Technology in Agriculture. The Corporation believes that such a Center would be invaluable to the State of Kansas because of its economic potential. There are a number of possibilities, including a Center involved in "value added processing." KTEC would be interested in receiving a proposal for consideration. It should be understood, however, that even if approved by the Board of Directors, a Center could not be established until funds became available.



# PUBLIC POLICY STATEMENT

SENATE COMMITTEE ON AGRICULTURE

RE: S.B. 599 - Concerning Creation of an Agricultural  
Value-Added Processing Center

February 24, 1988  
Topeka, Kansas

Presented by:  
Paul E. Fleener, Director  
Public Affairs Division  
Kansas Farm Bureau

**Mr. Chairman and Members of the Committee:**

My name is Paul E. Fleener. I am the Director of Public Affairs for Kansas Farm Bureau. We come before you as a strong proponent of S.B. 599. We have been speaking out for years in Legislative Committees and throughout the State of Kansas urging economic development in the agricultural sector. S.B. 599 is an opportunity to assist in this area.

Our policy positions are replete with support for funding agricultural programs. In this brief statement, we will make reference to a few of those policy positions.

When the Legislature funded a study on Economic Development in Kansas, our organization was at the forefront, assisting with financial support for the study that was commissioned by the Institute for Public Policy and Business Research. There was very little reference made to agriculture in the initial study presented to the Governor and the Legislature.

But our interest has not diminished. We believe economic development initiatives should provide opportunities

*attachment 6*  
*2-24-88*

throughout the State of Kansas and particularly for the number one industry in the State of Kansas - **AGRICULTURE.**

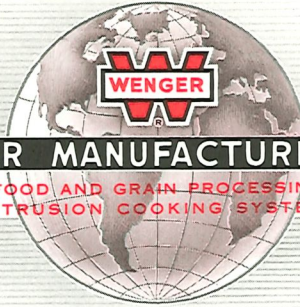
S.B. 599 proposes to establish an Agricultural Value-Added Processing Center at Kansas State University. That is the logical place for such a center. There are good programs underway at Kansas State University ... International Grains Program, the International Meats and Livestock Program. This Legislature has modestly funded some research work for nonfood uses for wheat. It is time to pull all of this together. Take advantage of the sound and solid programs that are in existence. Take advantage of the knowledge that exists throughout the state and assist in the development of small scale value-added processing endeavors in Kansas.

The economy of this state revolves around agriculture. As S.B. 599 indicates (lines 36 and 37) there is an "increasing national interest in Kansas food production." We commend to you this legislation and ask that it be given favorable consideration in order to assist private entrepreneurs in the establishment of facilities and in assistance in creating markets for value-added products produced by Kansas farmers and ranchers. We believe farmers will receive great benefit and taxpayers will receive a greater return on their investment of tax dollars if this Legislature will expand the commitment and provide the support to programs and activities at Kansas State University and elsewhere in this state which will enhance opportunities for our products.

We appreciate the interdisciplinary approach that is outlined in S.B. 599, pulling together university personnel, the State Board of Agriculture and the Department of Commerce, **as well as**, the private citizens of the State of Kansas whose background and experience will bode well in developing a value-added component for agricultural commodities.

One of our policy positions urges this Legislature to retain all or the greater portion of the so-called "windfall" so that you can do a number of things that have been left undone during tight economic times. One of the things that **must be done** this year is to assist agricultural activities that have been overlooked and to take bold new steps such as the proposal embodied in S.B. 599.

We are a proponent of this legislation, we encourage support for it and look forward to working actively with the Leadership Council and the coordinator for the Value-Added Processing Center.



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February 22, 1988

Senator Don Montgomery  
Kansas Senate Chamber  
State Capitol  
Topeka, Kansas  
66612

Dear Don,

I received a telephone call from Dr. Charles Deyoe, Department of Grain Science & Industry, Kansas State University, regarding Senate Bill #599 on which the Senate Ag Committee will be holding hearings Wednesday.

Charlie is interested - as we all are - in seeing this bill progress, as he sees it as one possible way to help fund the new food extrusion research program at KSU. (This is the program for which, you'll recall, Wenger agreed to donate a 250 to 300 thousand dollar extruder which is the heart of such a program.)

Charlie asked if I would be able to give positive testimony at the committee hearing, Don, but I will be out of town the day of the hearing. But I do want you to know that I think Senate Bill #599 is a sound one and I certainly support its principles. I hope you do too.

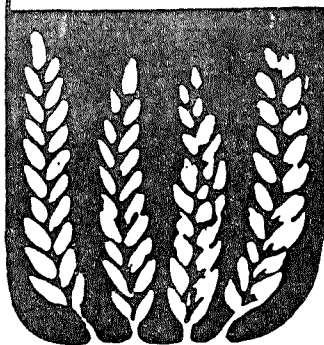
Please give Charles my regards when you see him this week. And thanks again for hearing me out.

Kindest regards,

  
Don Wenger

DW: jh

attachment 7  
2-24-88



KANSAS ASSOCIATION OF WHEAT GROWERS  
"ONE STRONG VOICE FOR WHEAT"

TESTIMONY

SENATE COMMITTEE ON AGRICULTURE  
CHAIRMAN: SENATOR JIM ALLEN

SUBMITTED BY: HOWARD W. TICE, KAWG EXECUTIVE DIRECTOR

Mr. Chairman and members of the committee, I am Howard W. Tice, Executive Director of the Kansas Association of Wheat Growers. On behalf of our members, I appreciate the opportunity to testify in favor of Senate Bill 599.

We have been spearheading a Hard White Winter Wheat Task Force which is examining the possible benefits to Kansas of adding this class of wheat to our production inventory. One of the possible economic benefits that may be realized would be in new value added industry in the form of specialty baked goods.

Hard White Winter Wheat offers a slightly higher extraction rate for flour yield than red wheat. It also offers a whole wheat product that has a sweeter taste. This, in itself, shows some promise in the area of new baked goods. Add to it the area of ethnic breads, and the possibilities loom even larger.

Some countries forbid bleaching of flour, but the people want a light, whole wheat bread product. With the wide diversity of ethnic groups in our country, in nearly every state, filling the demand for food products from their native cultures is a growing enterprise that is paying off for the wheat industry. Adding products made from hard white wheat may well offer even greater economic growth.

Kansas already has more flour milling operations than any other state. We certainly have the wheat, as the nation's top producing state. Thanks to the efforts of the Wheat Foods Council, marketing opportunities are opening up for more wheat products. The ethnic foods project has focused on the desire of the people who migrate to our shores that I mentioned earlier, to have food products like they grew up with in their home countries.

I focused on white wheat specifically, because it is a relatively new field for Kansas agriculture. Since we are much closer to having the varieties that can be effectively grown in Kansas, it is certainly appropriate for us to be examining the opportunities that exist for Kansas to also produce the value added end products as well. There is also potential for our traditional Hard Red Winter Wheats in the value added field.

Professors Redwood and Krider have been quoted as saying that the basic industries are the ones that have the potential for expansion and creation of jobs. Agriculture is certainly basic industry, and wheat is our state's number one crop.

So, whether we work with white wheat or red wheat, there is great potential for value added processing in the Kansas wheat industry. We applaud Senator Kerr for offering SB 599, and we urge the committee to report it favorable for passage.

*attachment 8*  
2-24-88



# Retailers oppose new incentives

● TAX BREAKS, from 1A

track, but still left its economic development incentives — tax breaks, loan programs and grants — unfocused. Legislators say they hope that the 55-page bill, which sets out what kinds of businesses qualify for economic development incentives, will help avoid the scattershot approach of past legislation.

Supporters of the bill say it is the most efficient way for the state to use its limited resources to create jobs. Criticism comes from two camps: supporters of small business and advocates for rural communities.

"Government does have a role to play in economic development, but that role is limited," said Sen. Wint Winter, R-Lawrence, one of the prime supporters of the new legislation.

"In the past, the cry from lobbyists and interest groups was, 'Fund my program, or approve my exemption, or add this or that tax, and it will create jobs.' Well they couldn't all be right. With this legislation, we're trying to go from a very broad-based, shallow approach to a very narrow, specific approach."

The proposed legislation would spend the state's economic development grant and loan money and tax incentives on businesses that earn at least 51 percent of their income from out-of-state customers. Additionally, companies would qualify for benefits if they produced goods or services for other Kansas businesses that previously relied on out-of-state suppliers.

**THE BILL**, in defining basic industries for the first time, includes: agriculture and mining and manufacturing, except production for local consumption; interstate transportation; wholesale trade that is primarily multistate in activity; financial services that are provided primarily for interstate or international transactions; research and development of new products, processes or technologies; and tourism.

"This is a whole rethinking of our economic development initiatives. We are targeting what a business does, not where they are located," said Sen. Dave Kerr, R-Hutchinson.

"Retail businesses don't really create wealth, they recirculate it."

Under current law, if an area of a city or county has been granted status as an enterprise zone by the Department of Commerce, new or expanding businesses that locate there do not have to pay sales tax on any new construction or on the machinery and equipment they buy to start the business.

The sales tax exemption is the prime reason businesses try to locate in enterprise zones, state officials said.

Another advantage for businesses locating in the zones is that they can deduct \$350 off the bottom line of their taxes for every employee — full-time and at least half-time — that they hire. Businesses located outside enterprise zones also receive tax breaks when they create new jobs, but at a much lower rate — \$100 per new job. The exemptions evolved over the last 12 years in legislative efforts to spur economic development.

NEARLY 2,000 businesses, both inside and outside enterprise zones, had taken advantage of the job expansion and investment credit as of October 1987, the majority of them in the retail or service sector, according to Department of Revenue officials.

The original intent of the enterprise zone legislation was to help revitalize dilapidated urban areas such as areas near downtown Wichita, where empty warehouses and vacant lots abound.

But the legislation was framed loosely enough that places such as the Comotara industrial park in the midst of one of Wichita's wealthiest neighborhoods



Only basic sector industries have the potential to expand employment and expand the non-basic industries that depend on them. In light of government's limited resources, it is essential to concentrate economic development funds on the basic industries.

— Tony Redwood, KU professor



"My nagging concern is about places that are service centers, maybe for an entire county, or even for several counties around them, and they may not have much basic industry but they have grocery stores, services — this legislation leaves them out."

— Sen. Jerry Kerr



"This is a whole rethinking of our economic development initiatives. We are targeting what a business does, not where they are located. Retail businesses don't really create wealth, they recirculate it."

— Sen. Dave Kerr, R-Hutchinson

## LEGISLATURE '88

also were able to win designation as enterprise zones, and businesses that located there took advantage of the tax breaks.

The proposed legislation that emphasizes basic industries is grounded in the economic theory espoused by Tony Redwood and Charles Krider, the two economics and public policy professors at the University of Kansas who have forged much of the state's new economic development policy.

Their theory divides economic activity into two categories, basic and non-basic, Redwood said. The basic sector's wealth does not come out of the pockets of people in the local community, but imports its wealth from other states and other countries by selling goods and services produced in Kansas.

As Redwood and Krider see it, only basic sector industries have the potential to expand employment and output and thereby expand the non-basic industries that depend on them. And, in light of government's limited resources, it is essential to concentrate economic development funds on the basic industries, Redwood said.

REDWOOD AND Krider's philosophy has the support of many legislators and the corporate community. But even some supporters have qualms about whether their philosophy, which sounds logical in theory, will work in practice.

Some lawmakers also have voiced doubts about whether the bill takes into account the rural communities, which would be unlikely to attract basic industry but still would have an important role to play in the local economy.

"Most of the area I represent out in western Kansas, doesn't have those things they outline as attractive to industry to expand into Kansas," said Sen. Leroy Hayden, D-Satanta.

"If I were looking for a place to set a factory of 500 people, I wouldn't put it in a town of 2,000."

Advocates for the family farm and rural interests agree with Hayden that the legislation does not take into account rural needs or potential.

"There's a lot of rhetoric by economic development specialists about the need to grow from within. The thrust of what they are doing is geared towards large enterprise and export businesses," said Fred Bentley, director of the Kansas Rural Center, a non-profit group that works on farm family and natural resource issues.

BENTLEY AND other critics say they are worried because the bill being considered specifically states that agricultural activity would qualify for economic development money only if the products were not for

local consumption. They say that would discourage farmers from growing food that could replace what people are buying in supermarkets; supermarket food for the most part is grown and processed out of state.

Winter said that if it can be demonstrated that homegrown products are replacing imported, store-bought ones, then the producers would qualify for economic development benefits. However, he admitted that might be hard to demonstrate.

The criticism leveled even by legislators supportive of the proposed legislation is that by exclusively encouraging growth in basic industries, the bill fails to recognize the merits of expanding service businesses in small cities. The growth of service industries in those areas could mean higher quality and more efficient services for entire counties or groups of counties, they said.

"My nagging concern is about places that are service centers, maybe for an entire county, or even for several counties around them, and they may not have much basic industry but they have grocery stores, services — this legislation leaves them out, although they have an important role," said Sen. Jerry Kerr, D-Emporia.

"Take a county seat like Marion, in Marion County. Their role is to be a service center — by defining basic industry this way, do we limit the incentives too much?"

CHAMBERS OF commerce from Liberal to Kansas City like the broad application of tax breaks for new and expanding businesses and make special mention of enterprise zone tax breaks in their promotional literature. For them, the new definition would mean one less card in their deck when they go out to recruit business. And it especially would work against their efforts to recruit retail industry.

"We'd sort of be against a limit like that," said O.W. Huss, president of the Great Bend Chamber of Commerce. "We'd like the tax incentives to be as free as possible. It's been really depressed out here and we need every inch we can get."

Retailers across the state are perturbed by the bill and see it as a strike against small business. "I have 1,400 members in my organization and almost all of them are small retail businesses. It's not easy now; this doesn't help," said Roland Smith, executive director of the Wichita Independent Business Association.

Redwood, Winter and other proponents of more limited use of economic development funds acknowledge that the proposed legislation does not offer a quick fix to the state's economic ills. But they contend that any quick fixes just sap tax dollars and recirculate the state's wealth.

"We are asking businesses to make a leap of faith, absolutely," Winter said. "But we've got a cancer in the Kansas economy and we don't have a pill to cure it. We can treat the disease, but it takes time."

The Wichita Eagle-Beacon

APR 15 1988

Kansas Wheat Commission Testimony  
Before the Senate Agriculture Committee

Senate Bill 599

February 24, 1988

Chairman Allen, members of the committee, ladies and gentlemen, I appreciate the opportunity to testify this morning on Senate Bill 599. I am David Frey, Assistant Administrator of the Kansas Wheat Commission.

There are a lot of good reasons why Kansas State University in Manhattan is a natural, sensible location for an agricultural value added processing center. For wheat and wheat foods Manhattan is already the educational and research center of the world.

Ever since the formation of the nations first land grant college at Manhattan, Kansas, a mix of federal, state and privately funded research there has added tremendous value in terms of nutritious foods, useful fiber, bountiful production shared with people from all over the world and resultant jobs and revenue in and out of state.

A value added processing center at KSU only makes sense because of the tremendous work that has been going on there adding value to agriculture for 125 years. It seems that this bill recognizes that such a center would be building on an already very solid foundation and tradition. In the area of wheat the science at KSU starts long before the wheat itself is produced with a wild wheat germ plasm resource bank which has

been recognized as a Center of Excellence. Then there are the many disciplines which contribute better understanding and viability to what is eventually a wheat variety. And for those that haven't noticed, of the myriad of public and privately released wheat varieties that are available to Kansas wheat farmers from anywhere they want to get them...Kansas farmers buy and plant Kansas State University released wheat seed varieties far more often than any others. Therefore, Kansas farmers stake their once per year harvest income on the expertise that developed the varieties Eagle, Newton, Arkan, Norkan, Dodge, Larned, and Sage to name a few. Hundreds of millions of bushels of Kansas State University wheat varieties are produced each year in the Great Plains states. These are varieties which have gone through rigorous milling and baking evaluation so that the quality reputation of Kansas wheat is enhanced by every new KSU release.

Manhattan has been a natural location for the Wheat Quality Council, a privately funded Council of commercial flour mills, bakeries and other wheat related businesses.

Since 1910 Kansas State University has had a very practical and rare school for the flour milling profession. There were 300 flour mills in Kansas at the turn of the century and plenty of need for graduates and plenty of sources of expertise in the largest wheat producing and flour milling state in the nation. Now there are far fewer, much larger flour mills in the state and yet continual demand for milling science graduates across

the nation and around the world.

More than 40 years ago the U.S. Department of Agriculture established a Hard Red Winter Wheat Quality Laboratory in Manhattan. Later the only U.S. Department of Agriculture facility with the charge of being a Grain Marketing Research Center was also built in Manhattan Kansas where it employs scientists today who work on a diversity of quality and food safety concerns.

In the 1960's the only university degree baking program in the country at Florida State University moved to the Department of Grain Science and Industry at KSU. Today, a group of Southern Bakers still offer a slew of scholarships at that baking school at KSU, but the students have to be from the Southeastern U.S.

In the 1970's the education and research arm of the U.S. commercial baking industry housed in Chicago, Ill. for 50 years and known as the American Institute of Baking moved to Manhattan and spread out and grew to better serve not only the nations commercial bakeries but also many other related food and food ingredient industries throughout the world.

The International Grains Program has given an additional dimension to the KSU Grain Science and Industry Department as has the Food and Feed Grain Institute. Now students the world over recognize KSU as a place to come to learn the value of grain products, how to maintain that value in storage and handling and how to add value in processing.

This bill seems to recognize that with these basic yet staff of life, programs we in Kansas have a tremendous opportunity to focus our states resources on economic development that is really who we are. We are Kansas, the wheat state, the flour milling state, why not the bread state, the frozen dough state, the microwave pretzel and pasta state?

Thank you for the opportunity to speak in favor of this bill which looks to further enhance and recognize the strengths of Kansas.