

Approved February 26, 1988  
Date

MINUTES OF THE Senate COMMITTEE ON Agriculture

The meeting was called to order by Senator Allen at  
Chairperson

10:09 a.m. ~~p.m.~~ on February 25 1988 in room 423-S of the Capitol.

All members were present except: Senator Gannon (excused)  
Senator Doyen (excused)

Committee staff present: Raney Gilliland, Legislative Research Department

Conferees appearing before the committee: Brad Shogren, Kansas Soybean Association  
Eric Neiman, soybean producer, Nortonville, Kansas  
Clair Niles, Kansas Soybean Commission, Lebo, Kansas  
Tom Johnson, American Soybean Development Foundation  
Bill Fuller, Kansas Farm Bureau  
Wilbur Leonard, Committee of Kansas Farm  
Organizations  
Ivan Wyatt, Kansas Farmers Union  
Lloyd Polson, farmer, Vermillion

Senator Allen called the committee to order for the hearing on SB 637.  
He called on the following who testified in favor of SB 637.

Brad Shogren gave copies of his testimony to the committee (attachment 1).  
Mr. Shogren requested two amendments, one that would make the effective date  
to be September 1, 1988 and the second concerns the term of office of commis-  
sioners for the Soybean Commission. The amendment would state that if a  
commissioners' term expires that his term shall continue, and the commissioner  
shall remain in office, until the Governor fills the position with a new  
appointment or reappointment. Mr. Shogren explained this will prevent the  
Soybean Commission from operating with vacancies on the commission.

Eric Neiman gave to the committee copies of his testimony (attachment 2).

Clair Niles gave copies of his testimony to the committee (attachment 3).

Tom Johnson provided copies of his testimony for the committee (attachment 4).

Bill Fuller gave copies of his testimony with suggested amendments to the  
committee (attachment 5).

Wilbur Leonard provided the committee with copies of his testimony  
including amendments (attachment 6). Mr. Leonard expressed conceptual  
support for the amendments offered by Mr. Shogren.

Ivan Wyatt provided copies of his testimony to the committee (attachment 7).  
Mr. Wyatt expressed support for SB 637 excepting any portion of check-off  
funds that would go to any organization that advocates a policy of low prices  
of soybeans to producers.

Lloyd Polson expressed support for SB 637. Mr. Polson expressed support  
for soybean check-off fund but he suggested that maybe the check-off could be  
keyed to the price of soybeans so that when the price is down the check-off  
would be down so the producer cost would be less at times of lower prices.  
Mr. Polson suggested that instead of picking up a PIK-roll certificate  
at the ASCS office that they be picked up only at an elevator; this  
would avoid being charged twice.

The Chairman declared the hearing for SB 637 closed and then called for  
committee action on minutes.

Senator Norvell made a motion the committee minutes of February 24 be  
approved. Senator Gordon seconded the motion. Motion carried.

The Chairman adjourned the committee at 11:01 a.m.



TESTIMONY

SENATE AGRICULTURE COMMITTEE  
CHAIRMAN: JIM ALLEN

SUBMITTED BY: BRAD SHOGREN, KANSAS SOYBEAN ASSOCIATION

Mr. Chairman and members of the committee, I am Brad Shogren, a member of the Kansas Soybean Association. I serve on the board of directors of the Kansas Soybean Association and I am presently chairman of our policy development and implementation committee. I am here with three other members who would ask this committee to support Senate Bill 637. With the permission of the chairman we would prefer that all our presentations be made before answering questions and then that the questions would be directed to the group.

I farm in partnership with my brother west of Lindsborg in central Kansas. Soybeans are an important crop on our farm. Last year we raised both dryland and irrigated soybeans. All of our soybeans are sold in the cash market. We enjoy raising soybeans because 1) it benefits in the rotating our fields with a legume (soil-improving crop) 2) it is profitable 3) we are free of setaside requirements and conforming with government program bases.

Kansas can be very proud of the many outstanding organizations that represent Kansas farmers and ranchers. I am a member of many different farm and commodity associations and am active in several. One of the reasons I chose to become active in the

Kansas Soybean Association is because of its resistance to government supply management programs and, more importantly, the efforts that it puts out in marketing and developing new markets for soybeans.

What is the Kansas Soybean Association? The Kansas Soybean Association is a nonprofit, nonpartisan, volunteer single commodity organization of soybean farmers organized to assure the opportunity of profitable soybean production. The Kansas Soybean Association is affiliated with the American Soybean Association. Members of the association pay dues to belong.

The purpose of the Kansas Soybean Association is to conduct and support programs to create and develop markets for soybeans and soybean products: to conduct and support effective programs of research and education; to monitor and influence state and national governmental programs and policies to represent the best interest of Kansas' soybean farmers; to provide production and marketing information; and develop public relations programs which identify and promote the goals of the Kansas and American Soybean Associations.

The Kansas Soybean Commission administers the soybean checkoff fund. The Kansas Soybean Commission is a division of the state board of agriculture. The members of the commission are appointed by the governor to represent a district as prescribed by law. No more than a simple majority of the members can be of the same political party. Members of the commission must be Kansas residents and actively engaged in the production of soybeans.

The Kansas Soybean Commission bases its budget on collections

from the previous year's crop. The checkoff is collected and held in escrow by the state before any of the money is allocated to the commission. This benefits the commission because it knows beforehand how much money is available before they commit the funds. The commission reviews proposals to fund different projects within the state. Most of these proposals are production research projects from Kansas State University. The commission has in the past spent approximately half the collections in Kansas and sends half to the American Soybean Development Foundation for market development.

The Kansas soybean checkoff is a legislated checkoff which was enacted in 1977 by the Kansas Legislature. The checkoff is collected at the time of first sale. The checkoff is grower funded and voluntary. Anyone can request a refund of contribution towards promoting soybeans and soybean products. The Kansas Soybean Association and its farmer members initiated and supported the checkoff program as we have it today. The first checkoff was for one half cent or five mills per bushel.

The checkoff was increased to its present level of one cent or ten mills per bushel in 1982. This increase was a legislated increase with grower and soybean association input and support.

1982 was also the year that the contribution to the state general fund was changed or capped instead of the flat twenty percent of all commission checkoff moneys going to the general fund.

We believe that Kansas soybean producers believe in the work that the soybean checkoff is doing. Last year Kansas producers asked for a refund on only five percent of the total collected.

When the last increase was passed the refunds increased only from four to five percent.

The Kansas Soybean Association and the Kansas Soybean Commission have similar goals: promoting, researching, and developing soybean production, products and markets. Because of this we enjoy working and communicating amongst ourselves.

The purpose of our testimony today is to discuss the need for another increase in our checkoff. Support for this increase within our association began first with our board of directors meeting with members of the soybean commission and evaluating the need for additional programs. After it was determined that there was indeed a need, the association began developing policy to implement such an increase by first garnering support of all membership. Partly due to this need a policy committee was formed and as part of its duties was to design a research questionnaire on which to develop future policy. Upon completion of the questionnaire and compilation of the returns it was evident that our members would support an increase if programs funded would benefit the producer. At our annual meeting in December policy was presented to and passed by the membership to support an increase in the checkoff for soybeans.

Currently soybean checkoff dollars go to fund production research, domestic utilization research, market development and education.

Production research deals with but is not limited to: variety studies and development, disease resistance and identification, production practices (i.e. no-till, ridge till, conventional

tillage and others), production efficiencies and studies of herbicides and their effectiveness.

Domestic utilization research tries to discover new uses for soybean products and enhance the benefits of some of the basic products such as the oil and the meal that is extracted from the soybean. Some of the new uses for soybean products include soyink, soyoil as a dust suppressant for grain handling and cosmetics.

The American Soybean Association and the American Soybean Development Foundation are two important tools that states have used collectively to develop new markets, both domestic and overseas. Currently there are four hundred ten projects being funded in eighty three countries through nineteen foreign offices that are working to develop new markets for soybeans and their products. Many of these programs are targeted to increasing the amount of protein consumed by third world populations so that these countries can become more productive. The domestic markets are targeted at using soybeans and soybean based products because of their nutrition, healthiness and their not being a threat to the environment.

The Kansas Soybean Commission also has invested dollars in the International Grains Program at Kansas State. The International Grains Program is designed to provide participants with the training in the processing and handling of U.S. food and feed grain commodities and utilization of their end products, and with information on the U.S. marketing system.

Education is something that we have really just been talking about in the IGP and the overseas market development programs.

We have taken our product to the consumer and showed him the benefits of using soybeans and their by products. That consumer may have been a person, or a company, or even a nation. Using the research, say for feeding swine, that the checkoff fund sponsored in the beginning, new customers can improve their herds or fatten their pigs faster to increase profits but ultimately increase the general well being of the consumers .

Of course by now you are wondering why we need more money when we are doing so much with what we have? I hope you can see that the checkoff is an investment by the producer. There are many more markets awaiting the soybean if it were only introduced and shown how it will fit. Technology for both production and product utilization can never be allowed to end.

The increased demand generated by the new markets and products means three things to the producer: better prices, increased production, and profits.

Before any of this money can be used for new projects it first must be collected. Collection should begin with the the new crop this fall. Therefore the earliest that it can be used would be in FY1990.

The greatest need for the increase is in the market development programs. The federal government is also interested in market development and has initiated some very good programs such as the Targeted Export Assistance Program (TEA) and the Export Enhancement Program (EEP). These programs match and multiply checkoff dollars invested by producers but targeted toward certain markets. These programs should continue to be used to



fight unfair competition and to open and develop other markets.

Soybean production in Kansas is not what it was ten years ago. Soybeans were traditionally grown in eastern Kansas and so most of the research for soybeans has been concentrated in the eastern experiment stations. Soybeans are becoming more commonplace in the western counties of the state particularly where there is irrigation. The competition for that pie of dollars available for soybean research strengthened our assessment of why an increase is necessary. Instead of cutting the pie up into smaller pieces why not just bake a bigger pie.

Research is not limited to increasing efficiency or production. Nutrition, livestock feed, domestic and industrial nonfood use are examples of the kinds of research which would increase the demand for soybeans. ASA receives many more requests for domestic research projects than there is money available for funding. The Kansas Soybean Commission is working to channel back to food science and engineering at KSU some of these project ideas.

Kansas is part of a team effort. Twenty-six states have a soybean checkoff program. Seven other states are presently considering changing their programs.

The impact on the farmer/producer is minimal. Based on the current market price of soybeans today at six dollars a bushel the two cent checkoff is one third of one percent. Even given a production cost of four dollars and fifty cents a bushel the checkoff still is less than one and a half percent.

To make Senate Bill 637 consistent with the current statutes, we would like to see it amended so that the increase will not

take place until September 1, 1988. If this committee would also desire to make another amendment to limit the refunds to not less than five dollars we would also be supportive.

In conclusion I would like to thank you for allowing me the opportunity to address this bill and would ask for your support. I am more than willing to answer any questions you may have after the others have completed their presentations.

My name is Eric Niemann and I farm 600 acres in Atchison county. I grow around 300 acres of soybeans each year with the balance of my farm in crops of corn, sorghum and wheat. I have been a member of the Kansas Soybean Association for about 12 years. I feel very strongly that good farmer involvement in a commodity organization is the right place to start to build and expand markets here and around the world.

Being active in the association, I have seen first hand the commitment, dedication, and positive results in the State and National programs to increase profits to the soybean farmers of Kansas and America. We have worked to increase domestic marketing that includes our truth-in-labeling campaign to stop the importing of tropical fats like palm and coconut oil, getting U.S. newspapers to print with soybean oil-based ink, and convincing elevators and livestock producers to use soybean oil to control grain and feed dust. The Soybean Association is working with producer checkoff dollars on 399 projects in 84 countries around the world.

I firmly believe that the responsibility to promote soybeans and develop markets for soybeans begins with the producer. Farming 600 acres, taking care of a cattle operation, and operating a seed cleaning business, I do not have the time to physically go out and promote soybeans to the extent that I would like. This is where the Soybean Association can accomplish this on my behalf.

*Attachment 2*  
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Kansas has recently broken into the top 10 soybean producing states and I feel that the future is bright in our state for this versatile product.

I support the increase in checkoff of the soybean association, and believe that through this voluntary effort we can keep profitability in the soybean industry.

Eric Niemann

Nortonville, KS

Mr. Chairman, Senators. Thank you for allowing me to address S. 637.

My name is Clair Niles. I am a soybean producer from Coffey County. I am also Chairman of the Kansas Soybean Commission.

First of all, let me say that the Kansas Soybean Commission is in support of this bill. I would like to mention briefly how commission funds are being spent currently, and why we feel this bill is in the Kansas soybean farmer's best interest.

Soybean commission funds are spent principally in 3 major categories--in-state research, out-of-state research, and international marketing. The latter two being accomplished through contributions to the American Soybean Development Foundation. It can be shown that additional funds can be invested wisely in all 3 areas.

IN-STATE RESEARCH--There is a devastating soybean parasite invading Kansas, called the soybean cyst nematode. We have been told by scientists that it is only a question of when, not if, this pest will be a major state-wide problem. The Soybean Commission funded a survey to identify the current areas of infestation to help slow its impact. Although cyst nematodes are just getting a toe-hold in Kansas, Dr. Bill Schapaugh, the K.S.U. soybean breeder has started screening all future soybean releases for field tolerance to this pest. "Getting ahead of the problem" in this way may save the Kansas

*attachment 3*

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soybean farmer millions of dollars in lost production. Dr. Schapaugh's research program is also being funded by Kansas Soybean Commission.

Commission funds are also being used to fund research on charcoal rot, the biggest soybean disease problem found in Kansas. Charcoal rot is not a big problem in most other states, so its control will principally benefit Kansas producers. Control will mean millions of dollars each year in additional production.

I've mentioned only 3 in-state research projects that KSC is currently funding. Soybean acreage in Kansas recently surpassed that of corn, and will likely be double that of corn in the near future. In response to that fact, Kansas soybean researchers have told us to expect a greater number of soybean research projects in the future.

OUT-OF-STATE RESEARCH--KSC, in conjunction with 26 other states, funds research projects submitted to ASA. Due to budget constraints, only 10 of 160 research proposals were funded in FY 1988.

INTERNATIONAL MARKETING--Targeted Export Assistance Funds (TEA)

\*In FY 1988, ASA received \$8.5 million in TEA funds from USDA.

These funds are to be used only to combat unfair trade practices.

They also must be administered with checkoff monies.

\*USDA plans to triple TEA funds for 1989, provided that farmers show good faith by increasing their contribution to market development and have the ability to develop significant projects.

\*It will cost \$600,000 to develop and administer these \$8.5 million in TEA funds. If the same ratio holds true, a tripling of the TEA funds might cost ASA \$1.8 million.

\*ASA has \$4.9 million available for international marketing development in FY 1988. Taking \$1.8 million out for TEA funds would devastate our normal market development projects.

\*USDA is, in effect, saying that if we put up 7¢ (\$600,000) they will give us 93¢ (\$8.5 million). That is a 1300% leverage of investment. Where else can a farmer get that kind of return in today's farm economy?

\*This \$8.5 million is to fund one project--a soy oil promotion in the E.C. (actually in only 6 of the 12 EC countries). Market development can be expensive, but USDA thought enough of this project to invest \$8.5 million of their budget.

\*USDA has hinted they would like TEA funding to increase again in FY 1990.

I would like to offer a few random observations that pertain to this bill.

\*If the Legislature passes a 2¢ check-off this session, it may be after July 1, 1990 before ASA gets much of the additional 1¢.

\*Market development takes time. ASA worked in the USSR for 3 years before they allowed our first project--a swine feeding trial. Russia has tremendous potential for soybean imports. Gorbachev has stated publicly that they are going to increase meat production.

\*The fact that market development can and does work for finished products and commodities is well documented. Cranberries and California raisins are recent examples.

\*Using 5-year averages, the average Kansas soybean farmer

invests 26.3¢/ac from the check-off for research and market development.

\*The U.S. dollar's loss in value versus foreign currencies has cost ASA over \$400,000 in 1987 alone in lost purchasing power for foreign market development projects.

\*ASA has developed plans for \$9.7 million worth of market development and research projects on the books waiting for funds.

\*Since increasing the check-off rate would increase our collections, the State General Fund would roughly receive almost double the interest on our balance that they are now receiving.

I have mentioned some of the opportunities that additional funding would present. Now I would like to talk about one of our challenges.

Due to my interest and concern for the soybean industry, I recently traveled to Brazil and Argentina to observe their potential. I paid for this trip entirely from my own personal funds. I flew on roughly 20 plane flights, traveled hundreds of miles on buses, saw untold thousands of acres of soybeans and talked with scores of Brazilian and re-located American farmers and government officials.

The untapped potential for future soybean production above what they have now is tremendous. We were told that in the Cerrados region of Brazil alone, 110 million acres could be



developed, of which 25 million acres could be irrigated, allowing 2½ crops per year. Most of those acres would be devoted to soybeans. Compare that to total U.S. soybean acreage last year of 57 million acres. Brazil is already planting 26 million acres. In my opinion it is imperative that we fund every worthwhile soybean research project. We must acknowledge that we may not be "King of the Hill" in the future.

In conclusion, let me ask--is a 2¢/bu. check-off reasonable? As a general rule of thumb, most industries invest 4% of sales on research and market development. At that rate 4% of the current soybean value at \$6.00/bu. would mean 24¢/bu. for R & D. Farmers actually spill more beans than they are investing in check-off. KSU says that in a good harvesting operation, 3% of the crop will be left on the ground--that's 18¢/bu. Some farmers may say that R & D is the government's job--the fact is they are already putting in several times as much money as the farmer.

Is the additional money needed? I believe it is. I would hate to think that Kansas soybean farmers lost their jobs over a penny.

Testimony to  
Kansas Senate Ag Committee  
in Support of Kansas Soybean Checkoff

Tom Johnson  
American Soybean Development Foundation  
February 25, 1988

Chairman Allen and members of the committee ... my name is Tom Johnson. I'm a soybean and corn farmer from Pleasant Plains, Illinois, and president of the American Soybean Development Foundation. Thank you for the opportunity to testify on behalf of something I strongly believe in ... the soybean checkoff.

The success of soybean checkoff-funded activities in adding to farmer income is undeniable. Example after example ... whether it's programs overseas or research projects at home .. show favorable results. To promote U.S. soybeans on foreign shores, the American Soybean Association doesn't come on like a tidal wave. Instead, we take more of a Gulf Stream approach: a steady, powerful current always on the move.

This morning I'd like to discuss the importance of the farmer's contribution to support of market development (and where Kansas fits in). I also want to tell you about a few of our documented successes ... and outline areas with great potential return that unfortunately remain unfunded.

Farmer Involvement is Needed

U.S. soybean farmers must be a constant guiding force in market development. No one else is working to create demand for their soybeans and soybean products. Farmers must do it themselves.

Many government programs, including Foreign Agricultural Service support of our overseas market development programs, are available to us only because farmers provide "matching" funds through the checkoff. An increase in checkoff funds is needed before we can qualify for any additional government assistance.

More funds are now available through the government's Targeted Export Assistance program ... or TEA ... for use only overseas in competing countries using unfair trade practices. But we need more farmer funding to use here in the United States to administer these TEA funds before we can take advantage of them. Funds are available, but only if farmers are willing to provide the "seed money."

Where Does Kansas Stand?

Soybeans have become more and more important to the agricultural economy of Kansas. Production just about doubled from 1970 to 1978 ... increasing from almost 14 million bushels to almost 27 million bushels. And the nine years since have brought Kansas to ninth in the country in soybean production ... with 67.5 million bushels produced, a five-fold increase from 1970.

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Twenty-six states have soybean checkoff programs. Since checkoffs were first implemented in 1966, 12 states have upped their per-bushel investments. The Kansas soybean checkoff began at 1/2¢ in 1977; it was raised to 1¢ in 1982. Most states stand at one cent. Three states are already at 2 cents. Illinois and Michigan are the only states at 1/2 cent, but they, along with Missouri and Florida, are planning increases to 2 cents ... 3 cents in Florida's case ... for 1988. Farmers in Ohio and Florida already have cast their ballots and we're awaiting the results.

#### What's the Cost of Promotion?

The U.S. soybean crop is valued at about \$10.5 billion dollars. Even with some states at 2 cents, soybean farmers spend less than one-tenth (1/10) of one percent of the value of their crop to promote that crop. And less than one-tenth of one percent for research. How long can we expect to remain successful investing such a small amount in our future?

Compare what soybean farmers spend on promotion to what's spent by producers of other agricultural commodities or what's spent on advertising by some successful businesses.

Cotton growers put 8/10 of one percent of their incomes back into promotion. That's a checkoff of \$2.50 on every \$300 bale of cotton. The California raisin industry's 3-1/2-percent checkoff created the singing, dancing raisins and new growth in consumer demand. Florida Citrus Growers spend 4 percent of their profit for marketing programs ... a checkoff of 20 cents on every \$5 box of grapefruit.

Let's contrast those figures with what some food manufacturers spend on advertising ... as a percent of sales. Ocean Spray Cranberries spends 7.4 percent of their sales on advertising. Tyson Foods ... 3.2 percent (that's almost double what they spent in 1985.) And the big guns ... McDonalds spends about 6.2 percent ... and 7-Up spends a whopping 23.3 percent of their sales on advertising.

One of our ASA national board members ... who is also a dairy farmer ... said he invests six percent of his sales in promotion. And soybean farmers spend less than one-tenth of one percent?

#### Where Does the Money Go?

So how is the soybean farmer's investment spent? Where does the money go? A portion of the Kansas soybean checkoff is invested nationally. These dollars fund domestic and international marketing, research and education programs.

The American Soybean Development Foundation board of farmer directors ... of which I'm president ... approves, monitors and evaluates all programs that use farmer checkoff funds at the national level. They work to coordinate state, regional and national programs to insure maximum benefit to farmers. I'd like to give you a few examples of our successful programs.

### Korea

Twelve years ago, Korea produced less than one million metric tons of feed, with soybean meal making up 2.7 percent. Today, Korea has hit the one-million-metric-ton mark for soybean imports alone, with soybeans from the United States making up 98 percent of the 1.08 million metric tons imported. That's 4-1/2 times what was imported when ASA opened its office in Seoul in 1978 ... and due in large part to efforts by Kyung Lee and his staff.

### Guatemala

ASA Latin American specialist Gil Harrison worked for years to get Guatemalan laws changed to allow U.S. soybean product imports ... with no luck. Four years ago, Harrison was the only American exhibiting at major trade show there. Fortunately, government affairs were running well that day, because the president of Guatemala himself stopped at the ASA booth. Gil talked to him about the value of soybeans and what soybeans could do for Guatemala, and about the negative impact of trade barriers. Ten days later, barriers were removed and Guatemala imported its first U.S. soybeans.

### Germany

When Karl Fangauf opened ASA's office in West Germany 26 years ago, German law required the use of fish meal ... and prevented the use of soybean meal. Karl built a coalition with livestock groups ... and got the law changed. What does that mean to soybean farmers? A lot! Because since then, Germany has bought the equivalent of entire U.S. soybean crop. And just three weeks ago, Germany unloaded the largest shipment of soybeans ever ... more than 3 million bushels.

### Britain

It's TEA time in Britain. This TEA stands for Targeted Export Assistance, which, combined with farmer checkoff dollars, help to increase sales of soybean oil. Not many years ago in the U.K., the words "soybean oil" played a bit part on the label of a bottle of Safeway brand cooking oil ... in the fine print on the back. Today, because ASA worked with Safeway, "Soybean Oil" has top billing ... large letters ... on the front!

And now, TEA funds help create even more consumer awareness with major TV and print advertising campaigns. In the United Kingdom, soybean oil consumption is up 21 percent ... or 7.7 million bushels.

### Soy Ink

ASA is developing domestic markets, too. For example, soy ink. About 10 months ago, Iowa soybean farmer Marlyn Jorgenson called to say that his local paper had just tested printing with soybean oil ink ... and maybe we should look into it. Working with the American Newspaper Publishers Association, which developed soy ink to replace petroleum inks, ASA staff and farmer members contacted major ink companies and visited newspapers. Today, more than 250 newspapers are using soybean inks ... and the number is growing daily. U.S. newspapers use more than 500 million pounds of ink each year. Black ink alone represents a market for 29 million bushels of soybeans.

Why does Kansas need a checkoff increase?

By all these examples, the checkoff seems to be working well. So why is there a need for an increase? The Kansas checkoff hasn't been increased since 1982. We're already stretching our dollars to cover today's increased costs of conducting programs, particularly overseas where the decline in the strength of the dollar has hurt our purchasing power. This year alone, devalued dollars have consumed more than the entire Kansas checkoff that is invested nationally.

And I've never known anything to ever get cheaper! So, if we are going to meet the needs and challenges of expanding the markets for U.S soybeans, we must begin now.

Major export market potentials are waiting ... if we have the funds available to develop them. We estimate that initiating programs in three of these market areas ... the Soviet Union, China and India and Pakistan ... would cost nearly \$2 million dollars annually. But these countries represent a potential market for more than one billion bushels of U.S soybeans!

With additional funds for use in the Soviet Union, we could ...

- o Open an office in the USSR and expand market development activities. We could expand soy meal consumption for Soviet livestock and increase human consumption of oil.
- o The Soviets need more protein. This market holds a potential for 450 million bushels a year.

With additional funds for use in China, we could ...

- o Increase our technical service staff and expand animal nutrition programs to increase soy meal consumption.
- o China wants to increase its compound feed production from 9 million metric tons to 100 million metric tons. The people of China could increase their protein consumption by eating more soybean products.
- o Right now we have only one person working in a country of one billion people. The Chinese market holds a potential for 675 million bushels of soybeans a year.

With additional funds for use in India and Pakistan, we could ...

- o Establish an office in India and expand the technical staff with poultry nutritionists, human nutritionists and food technologists.
- o India is the largest oil purchaser in the world, but meal consumption is very low. Increasing soy meal consumption holds the potential for using 250 million bushels of soybeans a year.

India and Pakistan, China and the Soviet Union add up to more than 1.3 billion bushels of soybean sales potential ... or \$7.8 billion dollars in sales, at \$6 soybeans.

Kansas soybean farmers need your support to assure the future success of soybean farming both here in Kansas and in the United States.

There's no doubt the needs exist. There's no denying our past successes. We know what to do ... we know how to do it. We simply need to do more.



# PUBLIC POLICY STATEMENT

SENATE COMMITTEE ON AGRICULTURE

Re: S.B. 637 - Authorizing the Soybean Commission to increase  
the soybean assessment to 20 mills

February 25, 1988  
Topeka, Kansas

Presented by:  
Bill R. Fuller, Assistant Director  
Public Affairs Division  
Kansas Farm Bureau

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

My name is Bill Fuller. I am the Assistant Director of the Public Affairs Division for Kansas Farm Bureau. We appreciate this opportunity to speak to this committee.

Farmers and ranchers who were delegates representing the 105 county Farm Bureaus at the 69th Annual Meeting of Kansas Farm Bureau on December 1, 1987 adopted this policy:

### **Commodity Commissions**

The corn, grain sorghum and soybean commissions and the Kansas Wheat Commission promote utilization and market development for our grains. We urge our members to continue financial support for the commissions through the check-off procedure, thereby assisting in the important research, utilization and market development efforts of the commissions.

*attachment 5*  
*2-25-88*

Kansas Farm Bureau supported the creation of the Commodity Commissions ... corn, grain sorghum, soybean. Our members recognize the importance of research, promotion and marketing activities and make an investment through their contributions to these funds.

S.B. 637 authorizes the Soybean Commission to increase the excise tax to 20 mills per bushel. We understand the need to increase the mill levy. To assure continued producer acceptance, we suggest consideration of setting a statutory limit similar to that established for the Kansas Wheat Commission in S.B. 448 then a "phase in" of any mill levy increase.

We believe keeping our Commodity Commissions strong and active is a farmer investment that pays good dividends. Thank you! We would attempt to respond to any questions the Committee may have.

Committee of . . .

# Kansas Farm Organizations

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

TESTIMONY IN SUPPORT OF SENATE BILL NO. 637

BEFORE THE SENATE COMMITTEE ON AGRICULTURE

February 25, 1988

Mr. Chairman and Members of the Committee:

I am Wilbur Leonard, representing the Committee of Kansas Farm Organizations. We appreciate this opportunity to appear before you in support of Senate Bill No. 637.

The Kansas soybean commission, together with the corn and grain sorghum commissions, was created in 1977, as a part of the marketing division of the state board of agriculture. The law places a duty and responsibility upon the commission to make recommendations to the secretary concerning marketing, campaigns for development, education and publicity for soybeans and products made therefrom. Other recommendations are to include cooperation with local, state, national and international agencies to further and increase the consumption of soybeans, and to be advisory to and cooperative with Kansas state university.

The maintenance of strong state programs enable the division to obtain matching funds through the United States department of agriculture. The interim committee was advised that participation in the International Grains Program and the funding of ongoing research projects at Kansas state university were essential programs, the cost of which continues to escalate. The assessment rate has not been raised since 1982, with the result that total revenues have remained relatively constant.

The proposed increase to 20 mills per bushel will fall upon the producers who appear to be supportive of this move.

*attachment 6*  
2-25-88



To place the same \$5 floor on refunds from the corn, grain sorghum and soybean commissions as has been proposed for refunds to wheat growers we offer the following amendment:

In line 0033, after the word "assessment" add:

", except a refund shall not be issued unless the amount of the refund is \$5 or more"

STATEMENT  
OF  
IVAN W. WYATT, PRESIDENT  
BEFORE  
THE SENATE COMMITTEE ON AGRICULTURE  
ON  
SB-637  
(DOUBLING OF THE SOYBEAN CHECK-OFF)

FEBRUARY 25, 1988

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION.

THE KANSAS FARMERS UNION 1988 POLICY ON COMMODITY CHECK-OFFS  
RELATING TO SENATE BILL 637 IS AS FOLLOWS:

COMMODITY CHECK-OFFS

1. THE MILL LEVY SHALL BE ESTABLISHED BY THE KANSAS LEGISLATURE.
2. THE COMMISSION SHALL HONOR ALL REFUND REQUESTS.
3. THE MAIN OBJECTIVE OF THE GRAIN COMMISSION SHOULD BE TO INCREASE FARMERS INCOME BY PROMOTING QUALITY GRAIN AND VALUE OF THE PRODUCT PER UNIT, AND VOLUME EXPORT SALES AT FAIR AND EQUITABLE PRICES.
4. TO ENCOURAGE MORE EFFICIENT OPERATION OF THE GRAIN COMMISSION, WE CALL FOR A COMPLETE PUBLIC ACCOUNTING OF ALL EXPENDITURES OF STATE COLLECTED CHECK-OFF TAX ON COMMODITY SALES, INCLUDING ANY PAYMENTS MADE TO ORGANIZATIONS RECEIVING FUNDS FROM THESE COMMODITY COMMISSIONS.

FIRST, I HAVE TO COMMEND THE SOYBEAN COMMISSION FOR ASKING THE LEGISLATURE FOR A STATED ASSESSMENT LEVY, AND SECONDLY FOR NOT ASKING FOR DISCRIMINATORY AUTHORITY TO DENY REFUNDS TO SMALLER FARM OPERATORS AND RETIRED FARMERS.

HOWEVER, BECAUSE THE REQUEST FOR A DOUBLING OF THE TAX RATE AT THIS TIME SEEMS EXCESSIVE, WE CANNOT SUPPORT THIS INCREASE UNTIL THE OBJECTIVES OF PARAGRAPHS 3 AND 4 OF THE KANSAS FARMERS UNION POLICY HAVE

*Attachment 7*  
2-25-88

BEEN ADEQUATELY MET.

THE THIRD PARAGRAPH CALLS FOR THE PROMOTING OF EXPORT SALES AT A "FAIR AND EQUITABLE PRICE".

PARAGRAPH FOUR CALLS FOR A "COMPLETE PUBLIC ACCOUNTING OF ALL EXPENDITURES OF STATE COLLECTED CHECK-OFF TAX ON COMMODITY SALES, INCLUDING ANY PAYMENTS MADE TO ORGANIZATIONS RECEIVING FUNDS FROM THESE COMMODITY COMMISSIONS."

PUBLIC ACCOUNTING OF THESE FUNDS WOULD BE:

1. WHAT ORGANIZATIONS RECEIVE THESE CHECK-OFF FUNDS?
2. DO THESE ORGANIZATIONS HAVE A POLICY THAT SUPPORTS FAIR AND EQUITABLE PRICES TO THE PRODUCERS?

THEREFORE, THE QUESTION IS: DOES THE SOYBEAN COMMISSION PROVIDE TAXPAYER FUNDS TO THE AMERICAN SOYBEAN ASSOCIATION?

THE AMERICAN SOYBEAN ASSOCIATION AND THE NATIONAL SOYBEAN PROCESSORS ASSOCIATION (AS OF JANUARY 1, 1988) SUPPORT A "MARKETING LOAN" CONCEPT FOR SOYBEANS FOR THE STATED PURPOSE TO KEEP THE PRICE OF SOYBEANS FROM RISING.

AS OF DECEMBER 31, 1987, THE PARITY PRICE OF SOYBEANS STOOD AT 46%.

I BELIEVE IN 1985, THE AMERICAN SOYBEAN ASSOCIATION SUPPORTED A LOWER LOAN RATE IN EXCHANGE FOR A MARKETING LOAN, AND ENDED UP WITH ONLY A LOWERING OF THE LOAN RATE AND A LOWER PRICE FOR SOYBEANS.

FOR A NATION THAT CONTROLS OVER 70% OF THE WORLD MARKET OF SOYBEANS, IT SEEMS RIDICULOUS WE WOULD WILLINGLY SUPPORT DRIVING DOWN THE WORLD MARKET. THIS MEANS THAT WE, THE AMERICAN FARMERS, WILL HAVE TO EAT 70% OF THE RESULTING WORLD PRICE DECLINE.

THEREFORE, WE OPPOSE ANY INCREASE IN THE SOYBEAN CHECK-OFF IF ANY OF THE FUNDS ARE FUNNELLED TO ANY ORGANIZATION FOR ANY PURPOSE, IF THAT ORGANIZATION ADVOCATES A POLICY OF LOW PRICES OF SOYBEANS TO THE PRODUCER.

THANK YOU.