

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Representative Susan Roenbaugh at \_\_\_\_\_  
Chairperson

9:00 a.m./~~p.m.~~ on March 22, 1990 in room 423-S of the Capitol.

All members were present except: Representative Eckert, excused

Committee staff present: Raney Gilliland, Legislative Research  
Jill Wolters, Revisor of Statutes Office  
Pat Brunton, Committee Secretary

Conferees appearing before the committee: Warren Parker, Assistant Director of Public Affairs, Kansas Farm Bureau  
Roger Pine, President, Kansas Corn Growers Association  
Nancy Kantola, Committee of Kansas Farm Organizations

Chairman Roenbaugh opened hearings on SB 766 - concerning assessments against corn.

Warren Parker, Kansas Farm Bureau, testified in support of SB 766. He stated it is their belief that checkoff programs are necessary for the marketing, development, education and publicity of and about the various agricultural commodities. (Attachment I).

Roger Pine, Kansas Corn Growers Association, testified in support of SB 766 stating the Kansas Corn Commission has done an excellent job in determining the priority of proposed projects in relation to the amount of funds they have available. He asked that the assessment be increased to allow increased funding to all areas including research and market development. (Attachment II).

A lengthy question and answer period followed Mr. Pine's testimony.

Nancy Kantola, Committee of Kansas Farm Organizations, testified in support of SB 766.

Chairman Roenbaugh closed hearings on SB 766 and asked for the committee's wishes.

Representative Heinemann moved to make the policy uniform as far as the corn commission being treated the same as the others and being allowed to set the rate by statute. Representative Jenkins seconded the motion.

Discussion followed. The motion carried.

Representative Heinemann moved to give the Corn Commission the flexibility to go to 10 mills. Representative Samuelson seconded the motion. Discussion followed with Representative Larkin opposing the amendment to raise to 10 mills.

Representative Larkin made substitute motion to set the mill levy at 5. Representative Heinemann stated that's an opposite because it returns the bill to it's present form.

Representative Solbach made a substitute motion that will do the same thing for the sorghum commission as earlier motion did for corn

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS,  
room 423-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 22, 1990.

commission and set the ceiling for both at 7. Representative Reinhardt seconded the motion. Representative Bryant opposed the motion because he feels the limits will be used (because of past performance by other commissions).

Representative Solbach made a substitute motion to be exactly as Representative Heinemann's original motion but to substitute the word "corn" with "grain sorghum" and not set a limit on mill levy. Representative Reinhardt seconded the motion. Representative Hamm opposed the motion stating if the commissions wanted the raise in mill levy, they would ask for it.

Representative Bryant commented that the motion would permit the Grain Sorghum Commission the discretion to set the assessment at 3 mills or below if the motion passes. Representative Bryant opposed second part of motion.

Motion passed by show of hands. Representative Solbach withdrew his motion.

Representative Bryant moved to pass SB 766 favorably as amended. Representative Amos seconded the motion.

Representative Heinemann made a substitute motion that it be amended with flexibility on corn assessment to go up to 8 mills. Motion dies for lack of a second.

Representative Solbach made a substitute motion to amend, with flexibility for corn commission, to raise mill levy to 7. Motion failed.

Representative Bryant's motion passed.

The meeting adjourned at 9:40 a.m.





# PUBLIC POLICY STATEMENT

HOUSE AGRICULTURE AND SMALL BUSINESS

**RE: S.B. 766 -- a corn assessment**

March 22, 1990  
Topeka, Kansas

Presented by:  
Warren Parker, Assistant Director  
Public Affairs Division  
Kansas Farm Bureau

**Madam Chairman and Members of the Committee:**

I am Warren Parker, Assistant Director of Public Affairs for Kansas Farm Bureau. I appreciate the opportunity to make some brief comments regarding our support for S.B. 766.

In 1957, our organization supported the creation of the Wheat Commission. In 1977 we supported the creations of the Corn, Grain Sorghum, and Soybean Commissions.

Our farm and ranch members from each of the 105 counties have developed policy on this issue. This policy was voted on at our most recent annual meeting in December. It reflects our belief that checkoff programs are necessary for the marketing, development, education and publicity of and about these industries. We believe this additional revenue would be appropriately used, and we ask your favorable consideration of S.B. 766. Thank you for your time. I'd be happy to try to answer any questions.

**Commodity Promotion Programs**

Kansas producers of agricultural commodities have the opportunity to give financial support for research, utilization and market development of their commodities through the Kansas Corn, Grain Sorghum, Soybean and Wheat Commissions.

The national research and promotion programs for livestock, livestock products and crops are necessary for continued vitality of these industries.

We strongly urge all producers of these agricultural commodities to continue their support of the checkoff programs.

AG. SB  
3-22-90  
ATTACHMENT I

TESTIMONY  
Senate Bill #766  
House Agriculture Committee  
22 March, 1990

Roger Pine  
President - Kansas Corn Growers Association  
Route 4 Box 282  
Lawrence, KS 66044  
913-843-6949

Thank you Mr. Chairman and members of this committee. My name is Roger Pine and I am president of the Kansas Corn Growers Association and a corn farmer from Lawrence. I am here today on behalf of our association, which last month at it's annual meeting voted unanimously to seek a two mill increase in the amount of assessment levied against the commercial sale of corn to the first purchaser.

Many, if not all of you, are aware of the new and exciting uses for corn that are being developed. Whether it is biodegradable plastics, a non-corrosive road de-icer, or a new fuel ether additive made from ethanol, we can all agree that these new non-traditional uses represent a bright future for corn producers. Last week Secretary Sam Brownback was chairman of a commercialization of agricultural products conference in Washington DC. Many of these new products were discussed. And yet many prominent researchers tell us that we are only beginning to scratch the surface of the non traditional uses of corn. There is a tremendous amount of opportunity waiting to be utilized with one major factor

AC: SB  
3-22-90  
ATTACHMENT II

limiting this opportunity, the lack of needed funding.

Over the last thirteen years that the check-off program has been in effect, there has been one increase in the assessment rate, from two to three mills. Costs attributed to basic research, whether for production or utilization, has gone up considerably during the last thirteen years. Add to that the new-use areas that were not even known about in the late seventies and you have a lot of good and necessary projects that are shelved or seriously cut-back due to a lack of needed funding.

The Kansas Corn Commission has done an excellent job in determining the priority of proposed projects in relation to the amount of funds they have available. We come before you today to ask that the assessment be increased to allow increased funding to all areas including research and market development. We fear opportunity lost today might not present itself again. When President Bush gave his budget recommendations earlier this year, one bright spot for agriculture was the increased funding of the Targeted Export Assistance Program or TEA Funding. One requirement for utilization of these funds requires that administrative costs associated with individual projects be absorbed by the entity using the funds. Because of this, market development groups either have to secure more baseline funding or turn down the TEA monies. Baseline funding comes essentially from producer

check-off dollars. A dollar increase in funding from Kansas might very well increase market development funding by three to five dollars when matched with these federal monies, but it takes these first dollars to do anything.

All monies collected from corn producers in Kansas are available for refund should the farmer request it. The only limitation is that a minimum amount of five dollars was established a few years ago to help cut down on the burden and expense of processing refund requests smaller than that amount. Our organization believes that the refund provision provides an additional level of checks and balances to our current check-off system. The fact that refunds typically run at around nine to nine and one-half percent indicate general widespread acceptance among producers. We do not see an increase in assessment as a negative factor in that acceptance. In fact, by allowing greater participation from Kansas in research and market development activities, we might see a decrease in refund percentages due to increased producer awareness concerning the use and benefits of corn check-off associated dollars.

In summary, there is a definite need for increased funding in research and market development of corn in our state. One of the National Corn Growers Association's resolutions calls on all states to seek a level of funding of not less than five mills per bushel. The Kansas Corn Growers

Association believes that the future of many potential efforts to increase the profitability of growing corn in Kansas rests on our ability to raise the needed funds to support those same efforts. Although there will always be requests for funds that are not there, the proposed increase will insure that Kansas producers continue to do their part.

I thank all of you and will gladly take any questions at this time.