

Approved March 21, 1990
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 March 13, 1990 in room 423-S of the Capitol.

All members were present except: Senator Harder (excused)

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

Conferees appearing before the committee: Patty Clark, Board of Directors, Kansas
Agriculture and Rural Leadership
Jack Lindquist, County Agent, Douglas County,
Lawrence
Don Jacka, Assistant Secretary, State Board
of Agriculture
Jere White, Executive Director, Kansas Corn
Growers Association, Garnett
Roger Pine, President, Kansas Corn Growers
Association, Lawrence
Warren Parker, Kansas Farm Bureau

Senator Allen called the Committee to order and requested Committee action on a Resolution regarding Agriculture Day (attachment 1).

Senator Karr moved that the Committee request introduction of a Resolution proclaiming March 20, 1990 as "Agriculture Day". Seconded by Senator Daniels. Motion carried.

The Chairman called on Patty Clark to present information about the Kansas Agriculture and Rural Leadership Program.

Ms. Clark shared a video explaining the Kansas Agriculture and Rural Leadership Program and explained that the office for the program is located in Manhattan. The classes are designed for about 30 participants and it is expected their ages will vary from the ages of 25 to 40. The program is scheduled on a two year time period which will include workshop classes held throughout the state along with tours within the state and also to Washington, D.C. and overseas. The program is funded approximately 4/5 by corporate donations and by less than a \$2,000 charge to each student. Ms. Clark introduced Jack Lindquist.

Mr. Lindquist gave the Committee copies of information (attachment 2) explaining the purpose of, future outlooks of, and outline of planned workshops with tours for a class to be held between October of 1991 through till April of 1993. Mr. Lindquist stated that this program will not only help the participants but will help the state economically. Future plans will include an alumni association which will be a help with the continuation of the leadership program.

Mr. Lindquist answered that the program is not slated to get started sooner because the organization has no program director and that organization takes time; he requested any suggestions or help from Committee members. It was suggested to Mr. Lindquist that the tour guides be very good tour guides for the class tours or the tours will not be successful and more harm than good will be accomplished.

Senator Allen called on Don Jacka.

Mr. Jacka gave the Committee a corrected copy (attachment 3) for the testimony he presented before the Committee on March 12 and called attention

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Agriculture,
room 423-S, Statehouse, at 10:08 a.m. ~~5:30~~ on March 13, 1990.

to the sections where the figures were corrected.

Senator Allen turned Committee attention to SB 766 and called on Jere White to testify.

Mr. White gave copies of his testimony to the Committee (attachment 4) and requested the Committee recommend SB 766 for passage. Mr. White introduced Roger Pine to testify.

Mr. Pine provided the Committee with copies of his testimony (attachment 5) and requested the Committee recommend passage of SB 766 to allow for an increase in the assessment on corn so as to help with research on new ways to use corn which will make increased markets available for farmers in Kansas.

In answer to a Committee question, Mr. Pine answered that the Kansas Corn Commission determines how the assessed money on corn will be spent but that the Kansas Corn Growers Association is asked for input.

The Chairman called on Warren Parker.

Mr. Parker gave the Committee copies of his testimony (attachment 6) and expressed support for SB 766.

During Committee discussion the question was asked if there is an annual report reporting the expenditures of the corn assessed monies. Mr. White explained that the grain commissions fall under the Marketing Division of the State Board of Agriculture so their monies are accounted for through that division. It was explained that \$100,000 from the Grain Commodity Commissions assessed funds, figured on a percentage of crop produced, is deposited into the State General Fund to cover the administrative costs provided by the state to the commissions. Mr. White explained that the Economic Development Committee did not handle this legislation as all the corn assessment money does not go for market enhancement that part of the research money goes for corn crop improvement.

The Chairman declared the hearing closed for SB 766 and called for Committee action on SB 766.

Senator Montgomery moved that SB 766 be recommended favorably for passage. Senator Doyen seconded the motion. Motion carried.

Senator Allen adjourned the Committee at 11:00 a.m.

SENATE RESOLUTION NO. _____

By Committee on Agriculture

A RESOLUTION proclaiming March 20, 1990, as "Agriculture Day".

WHEREAS, Agriculture is the oldest, largest and most respected industry in the United States; and

WHEREAS, Agriculture was and still is the foundation of the economic structure of the United States; and

WHEREAS, The American farmer, including the Kansas farmer of today, produces enough food to feed 114 people at a price that is a lower percentage of income than the price paid by the American people a generation ago; and

WHEREAS, The Kansas farmer produced 213,600,000 bushels of wheat in 1989, which is 11% of the entire United States wheat crop; and

WHEREAS, The production of wheat in Kansas has made the state number three in flour milling capacity in 1989, number one in flour milled and number one in the amount of wheat and wheat products exported from any state; and

WHEREAS, In 1989, Kansas ranked number one in the country in beef packing and number three in the country in the number of cattle on feed; and

WHEREAS, In 1989, Kansas ranked number four among the states in total agricultural exports amounting to \$2.3 billion; and

WHEREAS, Kansas ranked number one in the country in grain sorghum production during 1989 with 198,750,000 bushels; and

WHEREAS, Kansas produced field crops, livestock and poultry having a value of more than \$5.4 billion in 1988; and

WHEREAS, The United States and the State of Kansas owe a great debt to the thousands of industrious individuals who have given their heart and spirit to the production of food so millions of people could live healthier and happier lives; and

WHEREAS, Agriculture is the very heart of the national

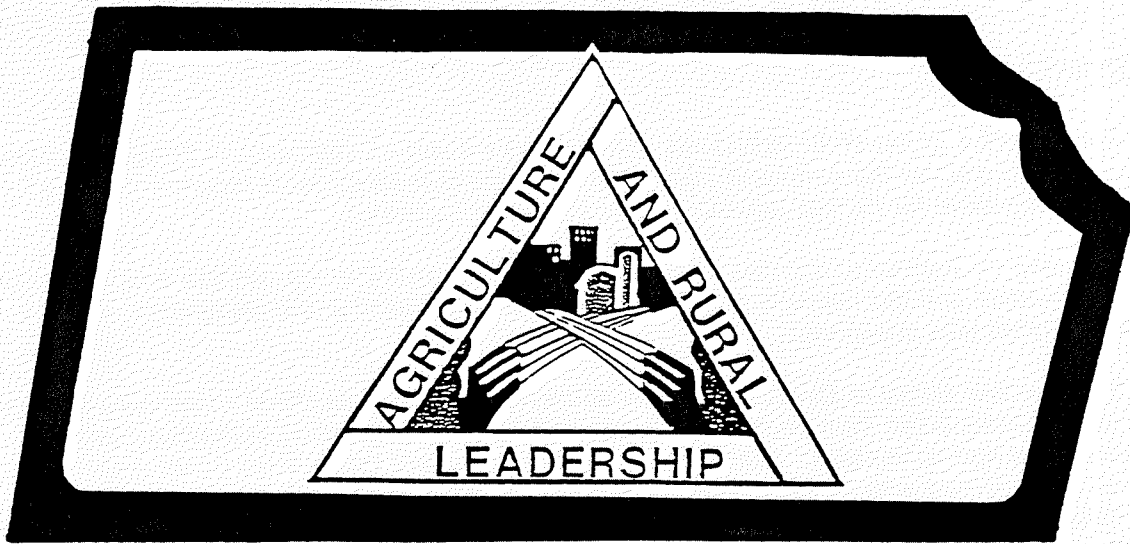
Senate agriculture committee
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attachment 1

economy, our number one inflation fighter, the most efficient food and fiber system providing the world's most varied and highest quality food supply for only 11.8% of each American's income; and

WHEREAS, Agriculture serves all Americans by providing the basic necessities of life, and the performance of the agricultural economy is vital to maintaining our national economy, the standard of living of our people and our presence in world trade markets; and

WHEREAS, The American farmer and the Kansas farmer have been and will continue to be the great providers for the people of the United States and of the world: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That we proclaim March 20, 1990, as "Agriculture Day".



Kansas Agriculture and Rural Leadership Program

Prepared by:
Kansas Agriculture and Rural Leadership, Inc.
Manhattan, Kansas

Senate Agriculture Committee

3-13-90

attachment 2

Kansas Agriculture and Rural Leadership, Inc.

Program

Background

In mid-1989 a group of 20 individuals representing virtually all segments of Kansas agriculture agreed to meet to discuss the need and potential for an extensive educational program designed to build a leadership base for Kansas agriculture and its related industries.

The need for Kansas to maintain some control over its destiny in the national and international markets was evident and the decision to proceed with the organization and development of an ag leadership program was unanimous.

A 13-member Board of Directors, with an additional 7-member ex-officio roster, was selected and includes representation from education, finance and banking, production agriculture, farm organizations and agri-businesses. Attachment 1 includes a current listing of all Board members. This group was charged with the establishment of By-Laws and Articles of Incorporation, design of the curriculum, procedure for hiring of a director and fund-raising procedures. Attachment 2 includes The KARL, Inc. Funding Criteria. The Curriculum overview and objectives are attachment 3.

Justification:

Agriculture in Kansas is affected by changing consumer preferences, environmental regulations, national agricultural and monetary policies and international markets. If Kansans are to maintain a voice as policy decisions, both public and private, are being made, they must be prepared with broad-based knowledge and leadership skills to participate in the local, state, national and international discussions which will determine the fate of Kansas agricultural producers and agribusiness people.

Though the arena in which agriculture operates is vast and complex, the population base from which it draws its leadership is diminishing. This creates a host of problems and conflicts as governmental re-districting, based on population, heightens the already apparent imbalance of urban vs. rural. This indicates an even greater need than before for competent leadership from within agriculture.

The impact of the economic recession of the mid-80's on Kansas agriculture and its rural communities was dramatic in the number of foreclosures, bank closings and bankruptcies. Agricultural production units grew in size as a result and survivors become more aware of the acute need for improved management and marketing strategies, as well as increased training in economics and public policy formation.

From April 1, 1982 to February 1, 1987, farmland values dropped 46% in Kansas. A 15% rebound occurred from February 1 of 1987 to February 1 of 1989.

The number of Kansas farms had dropped from 76,000 in 1978 to 69,000 in 1988 with the farm size expanding from 636 acres average to 694 acres over the same period.

According to the Farm Management Association of Kansas, members' net farm income averages dropped from nearly \$45,000 in 1979 to a negative \$2,000 in 1981. Income slowly rebounded to just over \$10,000 in 1983 only to drop again in 1984 and 1985 to just over \$5,000. The climb since has been positive though with the 1988 net farm income averaging nearly \$50,000.

According to statistics from fiscal year 1988, Kansas agriculture is fighting back as an industry leader in the United States.

Kansas leads the U.S. in wheat and wheat product exports with 906 million dollars in exports traded, a figure nearly \$70 million above the next closest state.

Live animal and meat exports were also number one, with Kansas exceeding the exporting giants of Texas and Nebraska.

Kansas took the export lead in Hide and Skins with an export value of 305 million dollars traded.

The state ranked 6th in Feedgrain and Product exports and is ranked 4th overall in Total Exporting, following California, Iowa and Illinois.

Kansas ranks #1 in the production of Wheat, Sorghum Grain and Sorghum Silage, Wheat Flour Milled and Cattle Slaughtered.

A Look To The Future

The future is bright for Kansas agriculture - but experts readily agree that challenges will unfold as we begin the next century which will require strong agricultural leadership. Some of these challenges include:

The Environment

As Congress considers more environmental regulation as it writes the 1990 Farm Bill, it is obvious that a balance must be achieved between what is "environmentally safe" and what is sound in relation to economics and productivity. It will be of key importance to show that agriculture can be a part of the solution to the environmental problems, rather than the problem itself. Water rights, water safety and dwindling water supply will be key issues the agricultural segment will face. Animal rights, though more a sociological issue than a scientific one, will also maintain a high profile into the next decade and air quality and the "Greenhouse Effect" will continue to be debated. Low-Input Sustainable Agriculture (LISA) will continue to draw ire and admiration as it works to establish its place in this science called Agriculture.

Bio-technology

Gene-splicing, cloning, growth hormones, disease resistance built into the genetic framework of plants - all these developments and more are realities of agricultural production. Ethics, food safety, and practical implementations of this technology will receive much attention from the scientists to the producers to the consumers.

Economics

With the passage of the Graham-Rudmann bill and the ever-increasing pressure to reduce our nation's deficit, the economic completion of our national farm policy may change dramatically. Trade negotiations pose the strong possibility of increasing foreign market strength for the Kansas farmer/rancher. The past decade, with its recession, will continue to imprint economic decisions within the state, and the overhaul of the Kansas property tax program will continue.

Political Science

The governments of Eastern Europe are moving away from Communist dominance and toward greater democracy - at the same time, the Third World countries continue to struggle with tremendous debt. The opportunities exist for Kansas farmers to be ready for the demand for food created by both sides. In Kansas, the urban voice will continue to gain strength in what has traditionally been a rural arena, and re-districting of the state poses additional challenges. Vertical integration and corporate vs. family farming will continue to be a hotbed of discussion.

Agriculture

Computerization and farm mechanization will cause managers to change the complexion of their operations in an effort to keep pace with technological advances, as well as take advantage of the profit opportunities which arise from those advances. Broader marketing skills and risk management will play as important a role as production techniques in terms of profitability and efficiency. Natural resource management may begin to overshadow yield-oriented agriculture.

In summary, Kansas faces many difficult challenges - and strong leadership within the ranks of agricultural producers and agri-businesses will be essential to turn those challenges into opportunities for Kansas agriculture.

Overview

As this new decade begins, and as we approach the start of the 21st century, the 1980's vision of "global agriculture" has become a reality. Science and technology have demonstrated the ability to leap forward at an unprecedented pace and the winds of political and sociological change have grown in strength.

It has become obvious that all these factors will continue to render great impact on all aspects of agriculture - from production to marketing to consumption.

To ensure that the Kansas agricultural community can keep pace with the rate of change our industry faces, it is imperative we supply informed, decisive, communicative spokespersons to represent our industry as policies are formed and decisions are made.

To meet this challenge, Kansas State University, the Kansas Board of Agriculture, producers and concerned representatives from farm organizations, the banking industry and agri-business corporations have formed "Kansas Agriculture and Rural Leadership, Inc."

The Kansas Agriculture Leadership Program objectives include:

- 1. The development of a program to build young, Kansas agricultural leaders with greater knowledge, broader perspectives and improved communication skills to be able to participate in the national and international debate.*
- 2. To design the educational experiences at the local, state, national and international levels.*
- 3. To improve decision-making and analytical skills of the leadership candidates, so that they may better serve their industry and their community.*

Kansas Agriculture and Rural Leadership, Inc. has been formed as a non-profit entity to guide and finance the leadership program. A program director, located on the K-State campus, will operate the program under the direction of KARL, Inc. Board of Directors.

Each class will be composed of 30 individuals (no more than one individual per family), two-thirds of whom will be actively involved as operators of production agricultural units and the remainder from agribusiness and agricultural organizations. Class members will be between the ages of 25 and 45 and have demonstrated some leadership ability. Each participant will commit to completion of the program as well as pay a registration fee of under \$2,000.

Each class will meet 12 times over a two-year period for workshops, seminars, tours of production ag and agri-business operations, as well as with representatives of other industries (specifically, aviation and oil) which also render impact on the state of Kansas. Included in the program will be a national study tour of marketing and government centers (Kansas City or Chicago and Washington, D.C.) and a study trip abroad to develop an appreciation of how the economy, culture and people of another country can influence agricultural issues.

Goals of the program include:

- 1. Candidates' recognition and appreciation of their leadership potential.*
- 2. Increase the candidates' decision-making and analytical skills.*
- 3. To broaden the perspective of the candidates relative to history, economics, sociology, culture and arts and how those areas relate to the decision-making process.*
- 4. To increase the candidates ability to communicate persuasively and effectively.*
- 5. To provide a "global" focus for the candidates and prepare them to face the enormity of the challenges that agriculture will face in the future.*

Kansas Agriculture and Rural Leadership, Inc.

Curriculum Overview

The curriculum purpose is to enhance the effectiveness of Kansas' new agricultural and rural leaders by:

- * Increasing understanding of economic, political, and social issues.
- * Improving communication, problem solving, and leadership skills.
- * Exposing participants to proven leaders and people with different cultures and viewpoints.

The two-year program consists of an indepth educational structure including 12 seminars. A week-long national trip and a two-week international study tour are included in the schedule. The total commitment, 51 days, is generally balanced from October through March each year with most seminar sessions occupying 3-day periods. Relaxation, tours, informal gatherings, and social events are included in the time frames of most seminars.



1991

Genesis

October 9-11
Manhattan

- * Orientation
- * Agriculture's Past, Present and Future
- * Group Dynamic Skills
- * Leadership - Skills, Styles and Perils
- +* KSU and Agricultural Research Tours

Community

November 13-15
Garden City

- * Kings and King Makers
- * Community Management
- * Value Added Agricultural Products
- +* Beef and Other Industry Tours

Networking

December 11-13
Manhattan

- * Sharing Your Ideas
- * Listening Skills Workshop
- * Fact vs. Fiction
- * Writing Skills
- * Professionalism in Agricultural Promotion
- * Media Mania Workshop
- +* Farm Bureau Facility
- +* Dole Tele-communication Center

1992

The Needs of The Many

January 22-24

Topeka

- * Micro-Economics
- * Macro-Economics
- * Population Trends
- * The Legislature
- * Regulating Agriculture
- +* Kansas Capital Tour
- +* State Board of Ag Tour

Food for Peace

February 19-21

Manhattan

- * Skills in Conflict Management
- * Population Needs
- * Competition Within
- * Military Aspects
- * Diplomacy
- +* Fort Riley Tour

National Directions

March 16-22

Kansas City

- * National Agriculture
 - +* K.C. Board of Trade
 - +* Farmland Industries
- Washington, D.C.
- * U.S. Food Policy
 - +* U.S.D.A.
 - +* Environmental Protection Agency
 - * Domestic and Foreign Affairs
 - +* U.S. Capital

Economic Revitalization

October 15-17

Hutchinson/Lindsborg

- * Rural and Urban Economic Development
- * Planning for Obsolescence
- * Investing in a Quality Public School System
- +* Area Industry and Commerce Tours
- * Saving Our Disappearing Communities

Adapting to Change

November 11-13

Manhattan

- * Water Quality and Quantity
- * Food Safety Issues and The Environment
- * Animal Science Directions
- +* KONZA Prairie Tour
- +* Agronomy Research Farm
- +* Waste Disposal/Recycling Tours

International Trade

December 9-11

Wichita

- * Import/Export Balance
- * International Tour Briefing - Implications
- +* Industrial Tour, oil/gas/manufacturing and aviation

1993

Agriculture's Future World

January 13-15

Lawrence

- * Discovering the Future
- * Kansas History Review
- * International Tour Briefing - Political Climate, Cultures and Customs

International Study Tour

March 17-31

- +* Trade Relationships
- +* Comparative Agriculture
- +* Cultures and Customs
- +* Domestic and Foreign Policies

The Power of One

April 15-16

Manhattan

- * International Tour Review and Debriefing
- * Challenge for Leadership
- * Leadership Goal Setting
- * Organization of Alumni Association
- * Evaluation
- * Graduation

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CORRECTED

SENATE AGRICULTURE COMMITTEE

SENATE BILL 767

March 12, 1990

Mr. Chairperson, Members of the Senate Agricultural Committee, I am Don Jacka, Assistant Secretary, Kansas State Board of Agriculture, and I am here to testify on Senate Bill 767.

Senate Bill 767 will reduce the inspection fee from \$1.70 per ton to \$1.55 per ton. Since the State Water Plan Fund receives a majority of these funds, the State Board of Agriculture only receives \$.30 per ton of the present \$1.70 per ton; and since Senate Bill 767 only addresses those fees collected for use in fertilizer inspection, Senate Bill 767 would effectively reduce the inspection fee for fertilizer from \$.30 per ton to \$.15 per ton.

Monies collected from funds generated by the assessment of a \$.30 fee for each ton of fertilizer sold in Kansas and revenues generated from blenders licenses along with registration fees for each grade of fertilizers are anticipated to generate \$428,482 in FY 1990.

Inspection tonnage fees, as well as other fees collected, are used to defray the costs of operating the Fertilizer Inspection program and programs that relate to the fertilizer inspection program.

Those programs that are an integral related part of the Fertilizer Inspection program are:

- 1) Anhydrous Ammonia Safety. KSBA field and administrative staff inspect and monitor the activities of the 813 anhydrous ammonia facilities in the state as well as the nearly 14,000 nurse tanks used to transport and apply this product. Due to the activities of staff through enforcement and

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attachment 3

education, only seven accidents occurred in calendar year 1989. Cost of this fertilizer enforcement program was \$148,152.

2) In 1989 the legislature passed the fertilizer containment law which deals with the protection of ground water from contamination of fertilizers through implementation of regulations dealing with diking (containment) around storage tanks as well as methods of protecting ground water from the discharges of equipment wash down waters. It is anticipated the cost of this program is \$56,165.

3) Fertilizer products are inspected by staff and samples are taken to assure that the finished products meet their guaranteed grades for quality and measured to insure quantity. During 1989, 366 inspections were performed directly relating to this activity. Multiple samples were sent to the Kansas State Board of Agriculture Division of Laboratories and regulatory action was initiated as necessary based upon those results. Monies collected through fertilizer fee funds in addition to paying for the fertilizer regulatory activity of the administrative and field staff are also used to pay, in part, for that staff and those costs of maintaining an analytical laboratory used to monitor quality of the fertilizer products sold in Kansas. The cost of this aspect of the program is \$111,415.

The total cost of fertilizer related inspections including the analysis of samples provided by the Agricultural Laboratory is \$315,732.

The issue of fees whether they are equitable is not a new topic for the agency. It is not a new topic for fertilizer either.

In 1985, Secretary Harland Priddle proposed a regulation to reduce the fees. Due to concerns over funding the agency's budget and the desire to maintain inspection programs, the legislature passed Senate Concurrent Resolution 1639 directing that no action be taken to reduce the rate.

Just this past year, the agency issued a contract to David M. Griffith and Associates to specifically study the cost of services provided by the agency. The study was to provide cost data that could be used to establish user fees or to modify existing fees.

Their study indicated that the cost per ton necessary to enforce the fertilizer law was \$.08/ton. It should be noted that this figure did not include the cost of the Anhydrous Ammonia Safety program. It also does not address the fertilizer containment enforcement program that has been passed since the study was conducted.

Internally, the Kansas State Board of Agriculture Budget Committee recommended a registration fee be established for seed dealers to raise funds for the enforcement of the Kansas Seed Law. The Kansas State Board of Agriculture Budget committee further recommended that fertilizer fees be reduced by a similar amount of revenue as was realized by fees collected from the seed dealers. This was put forth in testimony during this session on House Bill 2582. House Bill 2582 failed to pass out of the House Committee on Agriculture and Small Business.

Based on the FY 1991 budget with a projected income of \$363,102 from fertilizer fees with \$51,070 being generated from the seed industry, the tonnage fee on fertilizer could have been reduced from \$.30/ton to \$.26/ton.

If Senate Bill 767 is passed and if no other source of funds is provided, the FY 1991 budget would be reduced from \$363,102 (est.) to \$181,551. This reduction would impact upon the Division of Inspections, the Division of Laboratories and upon central administrative services.

Without replacement state general funding, such a fee reduction would almost certainly require a reduction in personnel.

The agency would first state that \$.15 is not a true figure for the services currently being provided. Given the cost of inspection/regulation, previously discussed, and the estimate of 1,412,620 tons (average last three years) being inspected in Kansas each year, a total of \$.22 per ton for inspection would be needed to offset the total cost of the program, including laboratory analysis. If the legislature only wishes to address the sampling inspection, laboratory analysis, and fertilizer containment, the cost per ton would be \$.12. If the legislature wishes to address the sampling inspection and laboratory analysis only, without containment or anhydrous safety, the cost per ton would be \$.08.

Thank you, we stand for questions.

TESTIMONY
13 March, 1990
Senate Bill No. 766
Senate Agriculture Committee

Jere White
Executive Director
Kansas Corn Growers Association
PO Box 446
Garnett, KS 66032
913-448-6922

I would like to thank this committee for the opportunity to address the issue of Senate Bill 766. This is a relatively simple change in existing statute that provides for an increase in the check-off assessment of corn from three mills to five mills per bushel. The Kansas Corn Commission has previously briefed this committee and I know most of you are familiar with the general program of that commission. Mr. Roger Pine, the president of our association, will be making additional comments so I will just briefly address the issue of what type of additional revenue would be made available thru the proposed increase.

In the last three years, production of corn has varied from 141.6 million bushels in 1987 to 158.6 million bushels in 1989. The last three years have seen a production average of about 147.3 million bushels. Revenue created by corn farmers checking-off has varied from 506 thousand in FY'88 to 312 thousand in FY'89. If you apply a three year average on collections, you average about 442 thousand per year in

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attachment 4

the last three years. If the check-off rate had been at the proposed rate of five mills the average per year collection would have been about 736.6 thousand, or a net increase of 294.6 thousand dollars per year.

At this time I would like to introduce Mr. Roger Pine, the President of the Kansas Corn Growers Association, who will testify as to our organizations support of this bill. Thank you.

TESTIMONY
Senate Bill #766
Senate Agriculture Committee
13 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. This week Secretary Sam Brownback is chairman of a commercialization of agricultural products conference in Washington DC. Many of these new products will be 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

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attachment 5

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.



PUBLIC POLICY STATEMENT

SENATE AGRICULTURE COMMITTEE

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

March 13, 1990
Topeka, Kansas

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

Mr. 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.

*Senate Agriculture Committee
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