

Approved March 25, 1991
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE

The meeting was called to order by Representative Lee Hamm at
Chairperson

9:10 a.m./~~p.m.~~ on Tuesday, March 19, 1991 in room 423-S of the Capitol.

All members were present except: Representative Heinemann
Representative Wisdom, excused

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

Conferees appearing before the committee: Carl Hamilton, President, Kansas Sheep Assn.,
Coffeyville
Raymond Kuhlman, Vice President, Kansas Sheep
Assn., Belleville
Joe Rickabaugh, Kansas Livestock Association
Fred Gatlin, State Representative, District 120,
Atwood
Gary Hall, Secretary of Agriculture, State
Board of Agriculture

Chairman Hamm opened hearings on SB 77 - an act creating the Kansas Sheep Commission. He stated this is similar to the commodity commissions we now have in the state of Kansas.

Carl Hamilton, President, Kansas Sheep Assn., testified in favor of SB 77 stating the producers in Kansas can not wait for a national sheep check off. Kansas needs to take the initiative now. Mr. Hamilton stated the bill had come out of the Senate with changes that the sheep industry can support. Mr. Hamilton then explained the changes in the bill to the committee. (Attachment 1).

A question and answer period followed his testimony.

Raymond Kuhlman, Vice President, Kansas Sheep Assn. testified in support of SB 77. He informed the committee that a lamb and wool check off would be considered a self-help approach to funding sheep industry promotion and marketing. Mr. Kuhlman gave several uses for the check off funds. (Attachment 2).

Joe Rickabaugh, Executive Secretary, Purebred Division, Kansas Livestock Association, testified in support of SB 77. He stated their members support the concept of the Kansas sheep industry creating a promotional arm to further sheep enterprises in this state as well as nationwide. The KLA membership appreciates the fact this program is producer funded as well as being overseen by a producer commission. This same type of format has served both the cattle and swine industries well in this state and across the nation. (Attachment 3).

Representative Gatlin testified in support of SB 77. He stated there are benefits to having a check off in place at the state level before any national check off is begun.

Gary Hall, Secretary of State Board of Agriculture, informed the committee the State Board of Agriculture is very supportive of what the sheep industry is attempting to do and that this check off would make an improvement in this industry. He further informed the committee that the industry came to the State Board of Agriculture and asked for this check off. He stated initial costs would be substantial before any funds

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE,

room 423-S, Statehouse, at 9:10 a.m.~~p.m.~~ on Tuesday, March 19, 1991.

are collected. It is estimated that the first year costs of \$88,558 would need to be funded from a source other than the commission funds because those funds will not be collected before the start up costs are accrued. (Attachment 4).

Chairman Hamm closed hearings on SB 77.

Representative Rock made a motion to approve committee minutes of March 5, March 7, March 8 and March 14, 1991. Representative Correll seconded. Motion carried.

The meeting adjourned at 9:50 a.m. The next meeting of the House Agriculture Committee will be Wednesday, March 20, 1991 at 9:00 a.m. in room 423-S, State Capitol.

Mr. Chairman, committee members, and guests. I would like to thank this committee for the opportunity that we have to come before you and express the importance of this legislation to the sheep industry. If there has ever been a time in the history of the sheep industry that we see the need of a self help program to promote our industry and our product it is now. This last year our markets for both lamb and wool have fallen to disastrous lows for our producers with prices far below the cost of production. I come to you today not only representing the grass roots organization of the Kansas sheep industry, the Kansas Sheep Association, but also an individual representing two aspects of the industry as a lamb feeder and also as an operator of a lamb market in southeast Kansas. We see the need for this checkoff and we are ready to support it.

We have seen our lamb markets this past year 20 cents lower than they have been at any time in the last 18 years. In real dollars our wool market has not been this low since before 1960. We are seeing this at a time when beef prices are at an all time high. The beef checkoff has been a proven success along with the checkoff for pork. We think it is time for the sheep industry to follow suit and quit running so far behind the rest of the red meat industry. I fully realize that with the beef and pork checkoff we are looking at a national program, however we feel that the producers of Kansas can not wait for a national sheep checkoff for there is too much to do. This is not to say there is not a national program in the offing and that our national leaders are ignoring the situation, but it is saying that we need to take the initiative now. Our neighboring states and beyond have already placed a checkoff into their programs and are succeeding. Nebraska, Missouri, Iowa, Oklahoma, Illinois, Indiana, Ohio are among those states.

We have sponsored two particular meetings in the last 8 months in which there was a good representation of producers and feeders from across the state. As we presented to them our concern for the need of a state checkoff and encouraged discussion on the subject, we found their attitude to be very positive. The consensus of opinion was that we needed the checkoff and it needed to be a mandatory checkoff. In our discussion with a large group of lamb feeders in Wichita, we asked what do you think is the most important need in our industry today? The overwhelming response in a roundtable discussion was "PROMOTION OF OUR PRODUCT". We do not want to imply that nothing is being done in promotion across our country. Our national organization, the American Sheep Industry Ass'n has a very aggressive program for lamb and wool promotion, however they too sometimes have to cut back on programs for lack of funding. We have many areas in Kansas needing promotion that they would never reach in a national program. We have three metropolitan areas in Kansas that need

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ATTACHMENT 1

heavier promotional coverage than is being done now. We cannot wholly depend on our national program to do all the funding of promotion work in our state especially when much of their emphasis is concentrated in the heavily populated areas of the country.

Much has been accomplished in these promotional areas. Lamb consumption is up 16 percent, retail price is up 5 percent, special featuring of lamb is up 66 percent, and imports are down 24 percent. These are all results of a successful program, but there is much more to do. We are just beginning to tap the 242 billion dollar food service industry.

On the wool side of the picture, the price of wool is being effected by the glut on the world market. The Wool Quality Improvement Program is concentrating on helping our domestic producers get more money in the international market by improving the reputation and quality of our domestic clip. One and a half million pounds were sold this last year on the international market. Quality of our wool is going to make the difference on the price our producers receive and education and research is going to be a vital factor in getting this message over to our producers.

When it comes to marketing and promotion, the old adage "if you don't do it yourself, nobody is going to do it for you" is still true. Can you imagine competing in today's world without marketing and promotion. This bill provides for the producers of Kansas a means to fund education, research, and promotion. The concept of a check off is overwhelmingly supported by these producers. This bill, though not perfect in its original form, has come out of a senate committee hearing with the changes that our industry can support. Because the sheep industry is made up of commercial operators, lamb feeders and purebred producers, we have asked that the sheep commission provided by this legislation, be made up so there would not be an unbalance of representation from any of these three groups. Our organization has been working closely with the State Board of Ag in assuring that the startup and administration costs of this program would be kept at a reasonably low level. Our industry is very small and it is important to our producers that we get the most "BANG FOR OUR BUCK". We would appreciate your support for this bill so that our industry can survive on a very competitive field.

SENATE BILL No. 77

By Committee on Agriculture

1-29

9 AN ACT creating the Kansas sheep commission; relating to the
10 powers and duties thereof; levying an assessment on sheep or
11 wool, or their products *amending K.S.A. 1990 Supp. 75-3170a*
12 *and repealing the existing section.*

13
14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. As used in this act:

16 (a) "Commission" means the Kansas sheep commission.

17 (b) "First purchaser" means any person, public or private cor-
18 poration, association or partnership who resells sheep or wool pur-
19 chased from a producer or offers for sale a product produced from
20 the sheep or wool for any purpose.

21 (c) "Producer" means a person who is actively engaged within
22 this state in the business of producing or marketing sheep or wool
23 and who receives income from the production of sheep or wool.

24 (d) "Sale" or "sold" means a transaction in which the property
25 in or to sheep or wool is transferred from the producer to a first
26 purchaser for full or partial consideration.

27 (e) "Secretary" means the secretary of the state board of
28 agriculture.

29 (f) "Sheep" means an animal of the ovine species, regardless of
30 age, produced or marketed in this state for slaughter.

31 (g) "Wool" means the natural fiber produced by sheep.

32 (h) "Seller" means *any private entity or a corporation that sells*
33 *sheep or wool at a first point of sale in Kansas.*

34 Sec. 2. (a) There is hereby created the Kansas sheep commission.
35 *Such commission shall be attached to and be a part of the division*
36 *of markets of the state board of agriculture.*

37 (b) The commission shall consist of seven members to be ap-
38 pointed by the governor. *The governor shall make the selection from*
39 *nominations provided by the Kansas sheep association.* No more than
40 four members of the commission shall be from the same political
41 party. Vacancies which may occur shall be filled for unexpired terms
42 in the same manner from among the producers of the state. Each
43 commissioner appointed on and after the effective date of this act,

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ATTACHMENT 1-3

1-4

1 other than a commissioner appointed to fill a vacancy for an unex-
2 pired term, shall be appointed for a term of four years except that
3 three of the commissioners first appointed on and after the effective
4 date of this act shall be appointed for a term of three years. Members
5 serving on the commission on the effective date of this act shall
6 continue as members until the expiration of the term for which such
7 members were appointed. Upon the expiration of a term of a member
8 of the commission, such member shall continue to serve as a member
9 of the commission until a successor to such member is appointed
10 and qualified.

11 (c) Members of the commission shall be residents of this state
12 and have been an active producer in this state for at least five years
13 immediately preceding their appointment. *Of such members, two*
14 *members shall be lamb feeders, two members shall have ewe flocks,*
15 *one member shall produce purebred sheep and two members shall*
16 *be from producers at large.*

17 (d) The dean of the college of agriculture of Kansas state uni-
18 versity or the dean's representative and the secretary or the sec-
19 retary's designee shall serve as ex officio nonvoting members of the
20 board.

21 (e) The [board] shall annually elect a chairperson from its
22 membership.

23 (f) A member of the commission may cease to hold such member's
24 position on the commission for any of the following reasons, at the
25 discretion of a majority of the commission, upon resolution duly
26 adopted by the commission dismissing such member: (1) Failure to
27 attend two or more regular meetings of the commission; or (2) ceasing
28 to be a producer.

29 (g) Members of the Kansas sheep commission attending meetings
30 of such commission, or attending a subcommittee meeting authorized
31 by such commission, shall be paid compensation, subsistence allow-
32 ances, mileage and other expenses as provided in K.S.A. 75-3223,
33 and amendments thereto.

34 (h) [The commission shall meet at least once every calendar
35 quarter regularly and hold an annual meeting which shall be open
36 to the public for discussion of policy and at which time the com-
37 mission shall make its report to the governor. The day, time and
38 place of each meeting shall be determined by the commission. The
39 chairperson or any three members of the commission may call special
40 meetings of the commission upon such notice as may be prescribed
41 by the duly adopted rules of the commission.]

Delete

Insert "commission"

Insert

The commission created pursuant to this act shall meet as soon as practicable for the purpose of organizing. The commission may meet at any time deemed necessary and on call of the chairperson, but at least annually for public discussion of policy with respect to sheep, wool and products made therefrom.

Sec. 3. [In the administration of this act, the commission shall have the following duties, authorities and powers:

- 1 (a) To conduct a campaign of development, education and
- 2 publicity;
- 3 (b) to find new markets for sheep and wool, or their products;
- 4 (c) to accept grants and donations;
- 5 (d) to sue and be sued;
- 6 (e) to enter into such contracts as may be necessary or advisable
- 7 for the purpose of this act;
- 8 (f) to appoint an administrator and an assistant administrator
- 9 and fix their *such administrator's* compensation and the administrator
- 10 and assistant administrator shall be in the unclassified service of
- 11 the Kansas civil service act. With the approval of the commission,
- 12 the administrator may appoint such other personnel as is needed
- 14 and such employees shall be in the classified service of the Kansas
- 15 civil service act. Other than the administrator and the assistant of
- 16 the administrator, all employees of the commission at the time this
- 17 act takes effect, from such effective date, shall be in the classified
- 18 service under the Kansas civil service act and each such employee
- 19 shall attain permanent status in a classified position without exam-
- 20 ination and without a probationary period.
- 21 (g) to cooperate with any local, state or, national or international
- 22 organization or agency, whether voluntary or created by the law of
- 23 any state, or by national law, engaged in work or activities similar
- 24 to the work and activities of the commission, and to enter into
- 25 contracts and agreements with such organizations or agencies for
- 26 carrying on a joint campaign of development, education and publicity;
- 27 (h) to establish an office of the administrator at any place
- 28 in this state the commission may select;
- 29 (i) (h) to prosecute in the name of the state of Kansas any suit
- 30 or action for the collection of the assessment herein provided; and
- 31 (j) (i) to adopt, rescind, modify and amend all necessary and
- 32 proper orders, resolutions and rules and regulations for the procedure
- and exercise of its powers and the performance of its duties.]

Delete

Insert

(a) In the administration of this act the commission shall have the following duties, authorities and powers:

(1) To recommend to the secretary policy regarding marketing, campaigns of development, education and publicity for the Kansas sheep and wool and products made therefrom;

(2) to recommend to the secretary the acceptance of grants and donations;

(3) to recommend the secretary enter into such contracts as may be necessary or advisable for the purposes of this act;

(4) to recommend that the secretary cooperate with any local, state, national or international organization or agency, whether voluntary or created by the law of any state or by federal law, engaged in work or activities similar to the work and activities of the commission, and to direct the division to enter into contracts with such agencies or organizations for carrying on campaigns of development, education or publicity;

(5) to be advisory to and cooperate and work with Kansas state university or other educational or research facilities regarding research and development connected with sheep and wool and related products represented by the commission.

(b) Notwithstanding any provision of this act or other law to the contrary, any determination by the secretary regarding any recommendation by the commission pursuant to subparagraphs one to five of this section may be disapproved by a vote of two-thirds (2/3) of the members of the commission but nothing herein shall be construed as authorizing the commission to abrogate, limit or otherwise affect the power of the secretary to administer and supervise the internal operations and management of the division.

Section 4. The division of markets shall have the following duties, authorities and powers:

(1) To implement and coordinate the policies and practices of the commission;

(2) to sue and be sued;

(3) to prosecute in the name of Kansas any suit or action for the collection of the assessment provided for by section _____;

(4) to adopt rules and regulations for the procedure and exercise of its powers and the performance of its duties;

(5) to hire such personnel deemed necessary to carry out the provisions of this act.

33 Sec. 14 (a) ~~Except as provided in section 8, an assessment~~
34 to be set by the commission at not more than \$.02 for each pound
35 of wool produced and sold by a producer seller and not more than
36 \$.35 per head on sheep sold for slaughter by a producer seller
37 shall be imposed on the producer seller at the time of delivery to
38 the first purchaser who will deduct the assessment from the price
39 paid to the producer seller at the time of sale. If the producer
40 seller sells, ships, or otherwise disposes of wool or sheep for slaugh-
41 ter to a first purchaser or other person outside the state of Kansas,
42 the producer seller shall deduct the assessment from the amount
43 received from the sale.]

Insert 5

Insert

Delete

1 (b) The commission shall not change the assessment rate, either
2 to increase or reduce, more than once a year. The [administrator]
3 shall furnish to every first purchaser receipt forms which shall be
4 issued by such first purchaser to the producer seller upon payment
5 of such assessment. The form shall indicate thereon the procedure
6 by which the producer seller may obtain a refund of any such
7 assessment, except a refund shall not be issued unless the amount
8 of the refund is \$5 or more. Within one year after any and all sales
9 during such period the producer seller, upon submission of a request
10 therefor to the [administrator], may obtain such refund in the amount
11 of the assessment deducted by the first purchaser. Such request shall
12 be accompanied by evidence of the payment of the assessment which
13 need not be verified.

Insert "division"

14 (c) The [commission] shall keep complete records of all refunds
15 made under the provisions of this section. Records of refunds may
16 be destroyed two years after the refund is made. All funds expended
17 in the administration of this act and for the payment of all claims
18 whatsoever growing out of the performance of any duties or activities
19 pursuant to this act shall be paid from the proceeds derived from
20 such act. In the case of a lien holder who is a first purchaser as
21 defined herein, the assessment shall be deducted by the lien holder
22 from the proceeds of the claim secured by such lien at the time the
23 sheep or wool, or their products, is pledged or mortgaged. The
24 assessment shall constitute a preferred lien and shall have priority
25 over all other liens and encumbrances upon such sheep or wool, or
26 their products. The assessment shall be deducted and paid as herein
27 provided whether such sheep or wool, or their products, is in this
28 or any other state.

29 Sec. 15 (a) The assessment hereby imposed, on or before the
30 20th day of the calendar month following the date of settlement,
31 shall be paid by the purchaser to the [administrator]. The [administrator]
32 shall issue a receipt to the purchaser therefor and shall remit all
moneys received in payment of such assessment to the state treasurer

Insert 6

Except as provided in section 9, on and after July 1, 1991, there is hereby levied an assessment of \$.02 per pound on each pound of wool [produced and] sold by a seller and an assessment of \$.35 per head on sheep sold by a seller. Each assessment established by this section shall continue until changed by the adoption of a rule and regulation establishing a different assessment rate. Any assessment rate established by rule and regulation shall not exceed \$.02 per pound of wool [produced and] sold by a seller or \$.35 per head on sheep sold by a seller. Each assessment shall be imposed on the seller at the time of delivery of the wool or sheep to the first purchaser who shall deduct the amount of the assessment from the price paid to the seller at the time of sale. The amount of assessment shall be shown as a deduction by the first purchaser from the amount paid to the seller at the time of sale. If the seller sells, ships or otherwise disposes of wool or sheep outside the state of Kansas, the seller shall deduct the assessment from the amount received from the sale. Each assessment deducted by the seller shall be remitted to the division as provided in section 6 of this act.

35 treasurer shall deposit the entire amount thereof in the state treasury.
36 the amount prescribed by K.S.A. 75-3170a, and amendments
37 hereto, of each such deposit shall be credited to the state general
38 fund and the balance shall be credited to the Kansas sheep com-
39 mission fund *which is hereby created*. Whenever refunds are made
40 from the *Kansas* sheep commission fund, the amounts credited to
41 the state general fund from subsequent deposits in the state treasury
42 pursuant to this section shall be reduced by amounts which equal
43 the amount prescribed by K.S.A. 75-3170a, and amendments thereto,



1 of such refunds.
2 (b) All money credited to the *Kansas* sheep commission fund
3 shall be expended in the administration of this act, and for the
4 payment of claims based upon obligations incurred in the perform-
5 ance of the activities and functions set forth in this act, and for no
6 other purpose.

7 (c) All expenditures from the *Kansas* sheep commission fund shall
8 be made in accordance with appropriation acts upon warrants of the
9 director of accounts and reports issued pursuant to vouchers ap-
10 proved by the administrator or by the chairperson of the *Kansas*
11 sheep commission or by a person or persons designated by such
12 administrator or chairperson.

Delete and replace with 7

13 Sec. [6] If the assessment is not deducted and paid to the ~~ad-~~
14 ministrato~~r~~as provided in section 5, or within 10 days thereafter,
15 such lien, within one year after the expiration of such 10-day period,
16 may be foreclosed by action in any court having jurisdiction in the
17 county in which such sheep or wool, or their products, was sold,
18 or in which such sheep or wool, or their products, may be found,
19 or in which such sheep or wool, or their products, shall have been
20 commingled with other sheep or wool, or their products.

Delete

Insert "division"

Delete and replace with 8

21 Sec. [7] Any person who shall violate any of the provisions of this
22 act shall be deemed guilty of a misdemeanor, and upon conviction
23 shall be punished by a fine of not less than \$25 nor more than \$500
24 or by imprisonment in the county jail for not less than 30 nor more
25 than 90 days, or by both such fine and imprisonment.

Delete and replace with 9

26 *New Sec. [8]. (a) No assessments for sheep or wool, or their prod-*
27 *ucts shall be collected pursuant to this act while the national checkoff*
28 *program for sheep or wool, or their products, remains in effect.*
29 *Collection of assessments pursuant to this act shall be reinstated*
30 *upon the withdrawal of the national checkoff program for sheep or*
31 *wool, or their products.*

32 (b) *On and after the effective date of the national checkoff pro-*
33 *gram for sheep or wool, or their products, the assessment shall be*
34 *collected upon all sheep or wool, or their products, sold in the state*
35 *of Kansas. Such assessment shall be levied and assessed to the seller*
36 *at the time of sale and shall be collected pursuant to the terms of*
37 *the national checkoff program for sheep or wool, or their products*
38 *and any rules and regulations or marketing orders promulgated or*
39 *issued thereunder. Under the provisions of this act, no sheep or*

1-7

red lien and shall have a priority over all other liens and en-
brances upon such sheep or wool, or their products. Any

assessment made under this section shall be deducted and paid as
herein provided whether such sheep or wool, or their products, are
stored in this or any other state.

(c) Any assessment collected pursuant to the national checkoff
program for sheep or wool, or their products, shall be paid to the
division on or before the 20th day of the calendar year following
the date of settlement and shall be paid by the purchaser of the
sheep or wool, or their products, to the division. The division shall
issue a receipt to the purchaser and shall remit all moneys received
in payment of such assessment to the state treasurer at least monthly.
Upon receipt of each such remittance, the state treasurer shall deposit
the entire amount thereof in the state treasury and shall credit such
amount to the sheep or wool promotion and research fee fund which
is hereby created.

(d) Whenever refunds are made from the national checkoff pro-
gram for sheep or wool, or their products, such refunds shall be
made as authorized by the federal law and not be subject to the
refund provisions found in this act.

(e) All money so credited to the sheep or wool promotion and
research fee fund shall be expended for the sheep commission in the
administration of the national checkoff program for sheep or wool,
or their products, the administration of this act and for the payment
of claims upon obligations incurred in the performance of the ac-
tivities and functions set forth in this act and for no other purpose.

(f) All expenditures made from these funds shall be in accordance
with appropriation acts upon warrants of the director of accounts
and reports issued pursuant to vouchers approved by the director
of the division of markets of the state board of agriculture for the
sheep commission or by a person or persons designated by the
director.

(g) The Kansas sheep commission shall have the ability to pay
and transfer portions of the assessments collected pursuant to the
national checkoff program for sheep or wool, or their products, to
the national board as required.

Sec. [9] K.S.A. 75-3170a is hereby amended to read as follows:
75-3170a. (a) The 20% credit to the state general fund required by
K.S.A. 1-204, 2-2609, 2-3008, 9-1703, 16-609, 16a-2-302, 17-1271,
17-2236, 17-5609, 17-5610, 17-5612, 17-5701, 20-1a02, 20-1a03, 34-
102b, 44-324, 44-926, 47-820, 49-420, 55-131, 55-155, 55-609, 55-
711, 55-901, 58-3074, 65-6b10, 65-1718, 65-1817a, 65-2011, 65-2418,
65-2855, 65-2911, 65-4610, 66-1,155, 66-1503, 74-715, 74-1108, 74-
1405, 74-1503, 74-1609, 74-2704, 74-2902a, 74-3903, 74-5805, 74-
7009, 74-7506, 75-1119b, 75-1308 and 75-1509 and K.S.A. 4987 1990

Delete and replace with 10

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1 ...
2 amendatory of any of the foregoing including amendments by
3 ...er sections of this act, is to reimburse the state general fund for
4 accounting, auditing, budgeting, legal, payroll, personnel and pur-
5 chasing services, and any and all other state governmental services,
6 which are performed on behalf of the state agency involved by other
7 state agencies which receive appropriations from the state general
8 fund to provide such services.

9 (b) Nothing in this act or in the sections amended by this act
10 or referred to in subsection (a) of this section, shall be deemed to
11 authorize remittances to be made less frequently than is authorized
12 under K.S.A. 75-4215 and amendments thereto.

13 (c) Notwithstanding any provision of any section statute referred
14 to in or amended by this act or referred to in subsection (a) of this
15 section, whenever in any fiscal year such 20% credit to the state
16 general fund in relation to any particular fee fund is \$200,000, in
17 that fiscal year the 20% credit no longer shall apply to moneys
18 received from sources applicable to such fee fund and for the re-
19 mainder of such year the full 100% so received shall be credited to
20 such fee fund, except as otherwise provided in subsection (d) of this
21 section or (f).

22 (d) Notwithstanding any provision of K.S.A. 2-2609 and 2-3008
23 and amendments thereto or any provision of any section statute
24 referred to in subsection (a) of this section, the 20% credit to the
25 state general fund no longer shall apply to moneys received from
26 sources applicable to the grain research and market development
27 agencies funds, as specified for each such fund by this subsection,
28 and for the remainder of a fiscal year the full 100% of the moneys
29 so received shall be credited to the appropriate fund of such funds,
30 whenever in any fiscal year:

31 (1) With respect to the Kansas wheat commission fund, such 20%
32 credit to the state general fund in relation to such fund in that fiscal
33 year is equal to that portion of \$100,000 that bears the same pro-
34 portion to \$100,000 as the amount credited to the Kansas wheat
35 commission fund during the preceding fiscal year bears to the total
36 of the amounts credited to the Kansas wheat commission fund, the
37 Kansas corn commission fund, the Kansas grain sorghum commission
38 fund and the Kansas soybean commission fund during the preceding
39 fiscal year;

40 (2) with respect to the Kansas corn commission fund, such 20%
41 credit to the state general fund in relation to such fund in that fiscal
42 year is equal to that portion of \$100,000 that bears the same pro-
43 portion to \$100,000 as the amount credited to the Kansas corn

44 commission fund during the preceding fiscal year bears to the total
45 of the amounts credited to the Kansas wheat commission fund, the
3 Kansas corn commission fund, the Kansas grain sorghum commission
4 fund and the Kansas soybean commission fund during the preceding

5) with respect to the Kansas grain sorghum commission fund, such 20% credit to the state general fund in relation to such fund in that fiscal year is equal to that portion of \$100,000 that bears the same proportion to \$100,000 as the amount credited to the Kansas grain sorghum commission fund during the preceding fiscal year bears to the total of the amounts credited to the Kansas wheat commission fund, the Kansas corn commission fund, the Kansas grain sorghum commission fund and the Kansas soybean commission fund during the preceding fiscal year; and

(4) with respect to the Kansas soybean commission fund, such 20% credit to the state general fund in relation to such fund in that fiscal year is equal to that portion of \$100,000 that bears the same proportion to \$100,000 as the amount credited to the Kansas soybean commission fund during the preceding fiscal year bears to the total of the amounts credited to the Kansas wheat commission fund, the Kansas corn commission fund, the Kansas grain sorghum commission fund and the Kansas soybean commission fund during the preceding fiscal year.

(e) As used in this section, "grain research and market development agencies" means the Kansas wheat commission, the Kansas corn commission, the Kansas grain sorghum commission and the Kansas soybean commission. Such agencies have been created to fund appropriate research projects; to conduct campaigns of development, education and publicity; and to find new markets or maintain existing markets for commodities and products made from those commodities, among their other duties. Such grain research and market development agencies shall be funded by an assessment collected from the grower at the time of the sale of such commodity by the first purchaser. The assessment shall be sent to the proper grain research and market development agency.

(f) (1) Through June 30, 1993, notwithstanding any provision of any statute referred to in subsection (a), whenever in any fiscal year such 20% credit to the state general fund in relation to the Kansas sheep commission fund is \$8,000, in that fiscal year the 20% credit no longer shall apply to moneys received from sources applicable to such fund and for the remainder of such year the full 100% so received shall be credited to such fund.

(2) On and after July 1, 1993, the provision of subsection (c)

1 shall apply to the Kansas sheep commission fund. Delete and replace with 11

2 Sec. ~~10~~ K.S.A. 75-3170a is hereby repealed. Delete and replace with 12

3 Sec. 8 ~~11~~. This act shall take effect and be in force from and after its publication in the ~~statute book~~. Delete

Insert "Kansas register"

I attended Kansas Sheep Days at Manhattan a week ago and worked on membership.

I was able to visit with a large number of those present.

The general comment is what can we do to improve the price of lamb and wool.

Those attending showed a genuine concern for low prices and dwindling sheep numbers and asked what they could do individually to help the industry.

A lamb and wool check-off would be considered a self help approach to funding sheep industry promotion and marketing.

Sheep producers must help them selves because competition is the name of the game.

I know personally that lamb is an excellent product and people enjoy eating lamb.

Several years ago a group of lamb producers at Belleville, Ks. decided that we would promote our product with a lamb supper during our fair. We yearly serve 400-500 leg of lamb dinners. We have people asking for tickets two weeks in advance of the fair.

Check off funds used for taste sampling in food stores and trade shows and food fairs will have the same results. Check off funds could be used to study better distribution in Kansas stores.

The Lamb and Wool industry in Kansas contributes in many ways to the over all economy of our state.

As I thought about why it is important to provide funds for research and promotion of our product.

I had to think why sheep are important to me . I thought back to 1952 when I was in high school and purchased my first ewes. Later when we used the wool payment to make our land payment. I also thought of the good experiences with our son and his 4-H lamb project and activities.

Although the sheep are only a part of our livestock operation, We consider sheep a stable and important part of our family enterprise.

I ask for your support of Kansas Lamb and Wool check off. I feel it is an important step in strengthening the sheep industry of Kansas.

Hs. Ag.
3-19-91
ATTACHMENT 2



6031 S.W. 37th Street • Topeka, Kansas 66614-5128 • Telephone: (913) 273-5115
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Owns and Publishes The Kansas STOCKMAN magazine and KLA News & Market Report newsletter.

**STATEMENT OF THE
KANSAS LIVESTOCK ASSOCIATION
TO THE
HOUSE COMMITTEE ON AGRICULTURE
WITH RESPECT TO
SENATE BILL 77
PRESENTED BY
JOE RICKABAUGH, EXECUTIVE SECRETARY,
PUREBRED DIVISION
MARCH 19, 1991**

Thank you Mr. Chairman and members of the committee for giving us the opportunity to present our views on Senate Bill 77, the creation of the Kansas Sheep Commission.

Our members support the concept of the Kansas sheep industry creating a promotional arm to further sheep enterprises in this state as well as nationwide. The KLA membership appreciates the fact this program is producer funded as well as being overseen by a producer commission. This same type of format has served both the cattle and swine industries well in this state and across the nation.

At the most recent KLA Convention, the full membership approved a policy supporting the concept of a state lamb checkoff for promotional purposes. The KLA policy also contains two more resolutions supporting the promotion of lamb and wool as well as a national lamb checkoff. The bill before you allows cooperative agreements between state and national sheep organizations in market development, education and publicity. Hopefully, if this legislation or similar legislation is passed, the newly formed Kansas Sheep Commission will pursue the proper avenues to cooperate with a nationwide effort for promotion of both lamb and wool.

Lastly, with more interest and involvement of the sheep packing and wool warehousing enterprises in Kansas, sheep business in the state should improve. This could also provide more options for the Kansas agricultural industry, specifically in breeding flock and lamb feeding enterprises. This state's grain and hay industries could also

As. AG.
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ATTACHMENT 3

benefit with the increase of sheep production in Kansas. The creation of the Kansas Sheep Commission should also compliment and, hopefully, lead to an even larger sheep industry for this state.

Mr. chairman and members of the committee, thank you for allowing the Kansas Livestock Association to present our views on Senate Bill 77. I would be happy to answer any questions or respond to any comments on my testimony.

FISCAL SUMMARY INFORMATION

KANSAS STATE BOARD OF AGRICULTURE
901 S Kansas Avenue Room 103
Topeka, Kansas 66612-1282
(913) 296-3736

Bill Number: Senate Bill 77

As Amended By: Senate Committee on Agriculture

DONALD L. JACKA, JR.
Prepared By:

ASSISTANT SECRETARY
Title _____ Date _____

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This proposed legislation would create a Kansas Sheep Commission for the statutory purpose of conducting a campaign of development, education and publicity and finding new markets for sheep and wool or their products. As proposed, the bill would create a seven member commission for the establishment of policy determinations and oversight of the appointment of staff for administering the programs. Funding for the commission would be derived from an assessment of not more than \$.02 for each pound of wool produced and sold by a producer in the state and not more than \$.35 per head on sheep sold for slaughter by a producer at the time of delivery to the first purchaser. As amended, the bill would attach the commission to the Marketing Division, Kansas State Board of Agriculture with provisions for utilizing established state accounting and reporting functions to process vouchers, enter into contractual obligations and abide by provisions of the Kansas civil service act.

The provisions of the bill would establish a new fund for the receipt of collections from the above-mentioned assessments. Under the provisions of K.S.A. 75-3170a, a portion of the receipts would be deposited in the state general fund and the balance credited to the Kansas sheep commission fund. The bill also establishes provisions for refunds to producers.

According to production figures for calendar year 1989, 1,602,000 pounds of wool were produced by state producers and 418,900 head of sheep were slaughtered in the state. Under the provisions of the bill, this would produce an estimated collection of \$178,655 from assessments on production. Historically, refunds for other commodity check-off programs have averaged between 8 and 14 percent depending upon economic factors affecting the producer. This would amount to between \$14,292 and \$25,012 returned to the producer in refunds and a corresponding reduction in funds available for administration of the act. It is estimated that the remaining funds would all be utilized to administer the act.

The provisions of the bill do not address the issue of start-up costs for such a program. Initial costs such as staffing, development and printing of forms, education and training of "first purchasers", and travel costs would be substantial before any funds are collected. It is estimated that the first year costs of \$88,558 would need to be funded from a source other than the commission funds because those funds will not be collected before the start up costs are accrued.

The following table lists the potential fiscal impact for the fiscal years of 1992, 1993 and 1994.

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ATTACHMENT 4

SB 77

SUMMARY OF ESTIMATED FISCAL IMPACT

	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>
REVENUE IMPACT BY FUND			
Kansas Sheep Commission	170,655	170,655	170,655
State General Fund	8,000	8,000	35,731
Carryover From Previous Year	-0-	151,003	151,003
TOTAL REVENUE	178,655	329,658	329,658
EXPENDITURE IMPACT BY FUND			
Kansas Sheep Commission	19,652	170,655	170,655
State General Fund	88,558	--0--	--0--
TOTAL EXPENDITURES	108,210	170,655	170,655
EXPENDITURE IMPACT BY OBJECT			
SALARIES & WAGES	44,156	46,752	47,806
Communications	9,600	7,200	7,524
Printing	11,450	5,725	5,983
Rents	1,797	1,833	1,871
Travel	10,750	10,750	7,500
Contractual	5,000	77,437	78,954
TOTAL CONTRACTUAL	38,597	102,945	101,832
Office Supplies	1,250	1,306	1,365
TOTAL COMMODITIES	1,250	1,306	1,365
CAPITAL OUTLAY	4,555	0	0
REFUNDS (11%)	19,652	19,652	19,652
TOTAL EXPENDITURES	108,210	170,655	170,655

SALARIES & WAGES SUMMARY

<u>Classification</u>	<u>Salary Range</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Administrator	30	36,096	37,440	38,376
Commissioners		1,322	1,322	1,322
Total Benefits		6,728	7,990	8,108
TOTAL SALARY & WAGES		44,156	46,752	47,806

CAPITAL OUTLAY

<u>Item</u>	<u>No.</u>	<u>Unit Cost</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Desk, Executive	1	550	550	-0-	-0-
Chairs, Desk	1	250	250	-0-	-0-
Chairs, Side	1	225	225	-0-	-0-
Computer & Printer	1	3,100	3,100	-0-	-0-
Computer Station	1	100	100	-0-	-0-
Calculator	1	150	150	-0-	-0-
5 Dr. File Cabinet	1	180	180	-0-	-0-
			<hr/>	<hr/>	<hr/>
TOTAL CAPITAL OUTLAY			4,555	-0-	-0-