Approved	March	16,	1992
		Date	

MINUTES OF THE HOUSE	COMMITTEE ONAGRICULTURE
The meeting was called to order by	Representative Lee Hamm at Chairperson
9:10 a.m./pmxon Tues	day, March 3, 1992 in room 423-S of the Capitol.
All members were present except:	Representative Garner, excused Representative Jennison, excused
Committee staff present:	Raney Gilliland, Legislative Research Lynne Holt, Legislative Research Debra Duncan, Legislative Research Pat Brunton, Committee Secretary

Conferees appearing before the committee:

Representative John McClure

Glen Elder, Kansas

Dr. Daniel Walker Livestock Commissioner Animal Health Department State of Kansas

Larry Woodson, Director Division of Inspections Kansas State Board of Agriculture

JoAnne Kieffer Waconda Kennels Glen Elder, Kansas

Pinky Lewis Independence, Kansas

Ken Johannes Director of Regulatory Affairs Hill's Pet Products Topeka, Kansas

Don Ehrsam K-9 Rations, Inc. Bern, Kansas

Herman Simon Plant Manager Quaker Oats Company Topeka, Kansas

Jan Price Kansas Companion Animal Association Topeka, Kansas

Phil Gibson Bing-Go Dog Food, Inc. Ottawa, Kansas

Representative Rezac made a motion to approve minutes of February 25, February 26 and February 27, 1992. Seconded by Representative Gatlin Motion carried.

Hearings were opened on HB 2836 - pet food; relating to fees credited to the animal dealers fee fund.

Representative John McClure, Legislator, Glen Elder, appeared before the committee stating this legislation is needed to provide a reasonable amount of funding to inspecting kennels.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE

room 423-Statehouse, at 9:10 a.m./pxx. on Tuesday, March 3 1992

Dr. Daniel Walker, Livestock Commissioner, appeared before the committee furnishing status of applications and renewals for fiscal year 1990, 1991 and 1992; number of animal breeders - license year 1991; proposed license fee schedule for animal breeders and proposed license fees for animal brokers with fee funds generated. (Attachment 1).

Larry Woodson, State Board of Agriculture, appeared before the committee to address HB 2836. He stated the purpose of HB 2836 is to increase the tonnage fee on pet food from \$.10/ton to \$2.60/ton and and to credit \$2.50/ton to the Animal Dealers Fee fund. This increase applies to pet food sold in packages exceeding ten pounds. The bill also allows for the agency to assess reasonable charges not to exceed 1% for reimbursement of expenses incurred. (Attachment 2).

JoAnne Kieffer, Waconda Kennels, Glen Elder, testified that she is very much in favor of HB 2836. She stated this pet food fee will have everyone in the state paying equally to improve the image of Kansas and will not cost the feed companies anything since the 5¢ per bag will be passed on to the consumer. (Attachment 3).

Pinky Lewis, Kansas kennel owner and operator from Independence, testified in support of HB 2836. She informed the committee of strides made in the Kansas licensing program in the last year. She further stated the improvements have been great. (Attachment 4).

Ken Johannes, Hill's Pet Products, Topeka, appeared before the committee opposing HB 2836. He stated Kansas pet food customers should not bear the cost burden to control commercial dog breeding with a program that the breeders themselves requested. (Attachment 5).

Don Ehrsam, K-9 Rations, Inc., Bern, testified in opposition to HB 2836. He stated that as distributors of pet food in the State of Kansas, they are concerned with having any additional taxes assessed to their products. (Attachment 6).

Herman Simon, Plant Manager of Quaker's pet food plant, Topeka, representing Quaker's two pet food plants in Kansas, the Topeka plant and a sister plant in Lawrence, testified in opposition to HB 2836. He stated if it is in fact necessary to increase fees he would urge the committee to consider assessing those who will directly benefit and/or use the general fund as a source of revenue. (Attachment 7).

Jan Price, Topeka, testified in opposition to HB 2836.

Chairman Hamm requested information on tonnage tax in other states if anyone could provide such information.

Ken Johannes read testimony from Pet Food Institute explaining its strong opposition to $HB\ 2836$ which would add to the burden of all pet food manufacturers selling products in Kansas and ultimately lead to significantly higher prices to consumers for pet foods. (Attachment 8).

Phil Gibson, Bing-Go Dog Food, Inc., Ottawa, testified in opposition to ${\tt HB}$ 2836 informing the committee he feels the manufacturer should not be singled out to bear this burden.

Questions and answers followed each testimony.

Hearings were closed on HB 2836.

The meeting adjourned at 10:02 a.m. The next meeting of the House Agriculture Committee will be held on Wednesday, March 4, 1992, at 9:00 a.m. in room 423-S, State Capitol.

COMMITTEE: HOUSE AGRICULTURE

DATE: March 3, 1992

NAME /(PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Am Weller	Topeka	BS Co-op Council
Juna Bowman Motrill	KOMO	Farmland
Juda headstrom	Tavonbura	A.P.P.D.I.
Churkwerthou	St. Paul	Kennel owner
Bety Wes Ohold	St Paul	Kunnel owner
John Me Cluss	Glen Elder	Locislator
Onal Lanthystian	whiting	Paulessiand Kennel
On Onne Kieller	Dlen Elder	Prolossional Distributer
Dinky Source	Independence	Professional Gennel
Sharon Munk	MENLO	11 11
Wilma Washald	Chanute	11 11
LARRY D. WOODON	TOPEKA	KBOA
JOHN L. FALK	TOPEKA	KBOA.
Harold FLICKINGER	Harveyville	KBOA
GALEN POSTIER	TOPEKA	KBOA
Mary ann Earp	Toroka	
Jan Rece	Topeka	KCAA
Herman R. Simon	Topeka	The Quaker Gats Co
Ken Johannes	Topeka	Hill's
Russell A. FREY	TopekA	Ks Vet Med Assoc
R. DANIEL WALKER	TOPEKA	LIVEStock Comen
J.S. JONES	KC	Ks. AHD
Stless Andredon	Alma	In office
ichnold Histon	PAXICO KC	′′
Mike Beam	Topseha	Ks. Link. asm.

COMMITTEE: HOUSE AGRICULTURE

DATE:

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Kenneth M. Wilke	Topeka	KSBA
	OTTAGER KS	BING-GO DOG FOOD, INC
HAIL GIBSON	BEAN KS.	K-9 Ration Dog bood

APPLICATIONS AND RENEWALS

FACILITY	FY1992	FY1991	FY1990
A DEALERS	451	535	553
HOBBY KENNEL	194	310	327
PET SHOPS	112	109	121
POUNDS\SHELTERS	92	23	22
RESEARCH FACILITIES	10	10	10
BOARDING\TRAINING	36	0	0

LICENSE AND REGISTRATION STATUS AS OF JANUARY 21, 1992

FISCAL YEAR 1992

FACILITY		ATIONS NEWALS	FEES GENERATED
A DEALERS	444 @ \$	150.00	\$ 66,600.00
HOBBY KENNEL	194 @ \$	75.00	\$ 14,550.00
NFL DEALERS	7 @ \$	300.00	\$ 2,100.00
PET SHOPS	105 @ \$ 7 @ \$	\$ 300.00 5 150.00	\$ 31,500.00 \$ 1,050.00
POUNDS/SHELTERS	92 @ \$	200.00	\$ 18,400.00
RESEARCH FACILITIES	10 @ \$	150.00	\$ 1,500.00
BOARDING/TRAINING	36 @ \$	75.00	\$ 2,700.00
			\$ 138,400.00

ANIMAL BREEDERS- LICENSE YEAR 1991

NUMBER OF PUPPIES/ KITTENS SOLD		
0- 50	-	217
51-100	-	109
101-150	_	53
151-200	-	21
201-250	-	15
251-300	-	7
301-350	-	1
351-400	-	6
401-450	-	1
451-500	-	2
600	-	1
602	_	1
1586	_	1

PROPOSED LICENSE FEE SCHEDULE FOR ANIMAL BREEDERS

PUPPIES/ KITTENS SOLD	LICENSE FEE WI	TH USDA W/O USDA	
0-50	217 @ \$175. =	\$37,975. @ \$275. = \$	
51-100	109 @ \$275. =	\$29,975. @ \$375. = \$	
101-150	53 @ \$325. =	\$17,225. @ \$425. = \$	
151-200	21 @ \$375. =	\$ 7,875. @ \$475. = \$	
201-250	15 @ \$425. =	\$ 6,375. @ \$525. = \$	
251-300	7 @ \$475. =	\$ 3,325. @ \$575. = \$	
301-350	1 @ \$525. =	\$ 525. @ \$625. = \$	
351-400	6 @ \$575. =	\$ 3,450. @ \$675. = \$	
401-450	1 @ \$675. =	\$ 675. @ \$775. = \$	
>451	5 @ \$775. =	\$ 3,875. @ \$875. = \$	
	438 \$	111,275.	

ANIMAL BROKERS - PROPOSED LICENSE FEES

ANIMALS	NO. OF	LICENSE	FEE FUNDS
BROKERED	BROKERS	FEE	GENERATED
1- 999	3	@ \$200.	= \$ 600.
1000-2000	3	@ \$350.	= \$ 1,050.
2001-3000	4	@ \$450.	= \$ 1,800.
3001-4000	0	@ \$550.	= \$ 0.
4001-5000	0	@ \$650.	= \$ 0.
5001-	3	@ \$750.	= \$ 2,250.
			\$ 5 700.

HOUSE COMMITTEE ON AGRICULTURE

House Bill 2836

March 3, 1992

Mr. Chairman, Members of the House Committee on Agriculture. My name is Larry D. Woodson, Director of the Division of Inspections of the Kansas State Board of Agriculture and I am here this morning to address House Bill 2836.

The purpose of HB 2836 is to increase the tonnage fee on pet food from \$.10/ton to \$2.60/ton and to credit \$2.50/ton to the Animal Dealers Fee fund. This increase applies to pet food sold in packages exceeding ten pounds. The bill also allows for the agency to assess reasonable charges not to exceed 1% for reimbursement of expenses incurred.

The increase from \$.10/ton to \$2.60/ton will place additional responsibility upon the agency to review tonnage reports more closely and to perform audits of firms submitting reports to the agency. These audits will be performed both in Kansas and at the manufacturer's establishment wherever located in the United States.

The division's manpower assigned to audit functions is less than one FTE. In addition to audit responsibilities, assistance is provided to the preparation of the division's budget and special assignments. One-third of the division's budget is supported by fees amounting to an excess of 1.3 million dollars. Audits are performed randomly on a number of the 800 firms marketing feeding stuffs and over 288 firms manufacturing or distributing fertilizer. Most of the

HS.AC. 3-3-92 ATTACHMENT 2 800 firms currently pay the minimum fee. An audit would be difficult as the pet foods would be distributed through wholesale and retail outlets. Verifying records of pet food sales at large distributing facilities is a most difficult exercise because of volume and the number of products that each facility handles.

As a result of the amount of the fee increase, the number of firms involved, and the difficulty of auditing the firms involved, we have submitted a fiscal note which exceeds the one percent (1%) allowed. Our fiscal note permits us to hire an additional auditor to assure that the state identifies and collects fees owed to the State.

Mr. Chairman, that concludes our testimony. I will be happy to answer any questions that the committee may have.



WACONDA KENNELS

BOX 158 GLEN ELDER, KANSAS 67446



JoAnne Kieffer Phone (913) 545-3437

3-3-92

TO: HOUSE AGRICULTURE COMMITTEE

RE: TESTIMONY ON HB 2836 - PET FOOD FEE

My name is JoAnne Kieffer from Waconda Kennels at Glen Elder in North Central Kansas. I am here to testify very much in favor of HB 2836. I have proudly been in the great pet industry for 27 yrs. I am on the Pet Advisory Board for the Animal Health Department and a member of the Concerned Breeders of Kansas. I have been USDA licensed and inspected since the beginning of that program twenty two years ago.

In 1988 the Kansas legislation enacted the first law for the state inspection program for kennels, catteries, pet shops, research facilities, shelters and pounds with the Animal Dealers Act. It was estimated by uninformed people outside our industry that there were over 3,000 kennels in the state. This proved to be very inaccurate information, but the estimated funding for the program was based on those figures.

We have had to use General Fund or other fund money each year to keep our inspection program. That money is needed elsewhere but we can not loose our program!! You have all seen what the media has done to us. Just imagine what the media, the humane societies and the animal activists would do to us and to Kansas if we do not continue the inspection program.

Last year we ask you to enact legislation to raise our own license fees by double. Some facilities have closed, for a number of reasons, economy, sub-standard facilities, aged breeding stock, owners retiring, etc. There are fewer paying licenses each year.

Last year we met with a group of legislators to discuss the pet industry and funding was considered. A Pet Food Fee was suggested. Everyone at that meeting thought it was an excellent idea.

> HS. AG. 3-3-92 ATTACHMENT 3

When we checked more thoroughly into this Pet Food Fee, we found that there was already an inspection fee for pet food set up through the Kansas State Board of Agriculture. We simply needed to add this fee to that law and the money collected would be sent to the Animal Dealers Fee Fund. The mechanism to implement was already in effect.

We contacted Larry Woodson at the Board of Agriculture and were told that they collected the inspection fee on 68,000 tons of pet food in 1991. At \$2.50 per ton (which would be 5¢ on a 40# bag of feed), this would bring \$170,000.00 to our program, less the Board of Agriculture fee to collect.

We have just hired a new Director of the Pet Facilities Inspection Program, Jack Jones from Kansas City Animal Control. He is very ambitious and will make this program work. We also have our own inhouse attorney, Susan Stanley, from the Attorney General's office. We have to have the funds to pay them, along with three inspectors, office help and expenses.

The members of the Pet Advisory Board have voted unanimously that this is the most feasible way to fund our program.

We want the Commissioner to be able to lower the license fees for the smaller facilities with a graduated fee schedule. We do not feel that a kennel or cattery with only 10 breeding animals should pay the same maximum fee as one with 400 breeding animals. We do not feel that a city or county with an animal pound of only two runs should pay the same maximum fee as one with 200 runs. But these facilities all need to be inspected!!

We have to bring up the image of the pet industry in the State of Kansas. This industry brings millions of new fresh dollars into the state each year because the largest percentage of animals are sold outside the state. We have to have the funding for this inspection program so that we will have the ability to make sure that every facility in the state humanely cares for their animals, keeps their facilities clean and in good repair. We want to be foremost with our Kansas professional kennels and catteries as the best in the country.

This Pet Food Fee will have everyone in the state paying equally to improve the image of our great State of Kansas. This will not cost

the feed companies anything since the 5¢ per bag will be passed on to the consumer. The feed companies should be completely in favor of this fee fund because it will make great publicity for Kansas and publicity for the feed companies that those companies are helping with the inspection program to eliminate sub-standard facilities. The humane societies should promote the Kansas feed companies when those companies endorse this HB 2836. Every consumer should and will be willing to pay their 5¢ per 40# bag to MAKE KANSAS SHINE.

TO: AGRICULTURE COMMITTEE

FROM: PINKY LEWIS

RE: HOUSE BILL 2836

DATE: MARCH 3, 1992

Mr. Chairman and Members of the Committee:

I am Pinky Lewis, Kansas kennel owner and operator, from Independence, Kansas. I hold U.S.D.A. license number 48-A-733 and Kansas license number 031-A. Also I am President of the South East Kansas chapter of A.P.P.D.I. and a Concerned Breeder of Kansas. I am here today to testify in support of House Bill # 2836.

A year ago the legal breeders of Kansas was instrumental in increasing our own license fee's from \$75.00 to \$150.00. This is how important our Kansas licensing program is to us. This year we are asking for help from pet owners, animal lovers and any unlicensed breeders left in Kansas. We need their help, by paying their fair share, to keep our program.

The strides we have made in our Kansas licensing program in the last year have been many. With each step taken, the improvements have been great. We now have a Kansas Companion Animal Advisory Board. This means that all aspects of the pet industry are working together to improve the industry. We have our own in house attorney, Susan Stanley, working for us now. And Captain Jack Jones is our new director. This is quite an improvement in one (1) year.

The Pet Industry can not afford another large license fee increase. But we can afford to pay an extra five (5) cents per sack of pet food, a little at a time. The economy in the state of Mansas is in serious trouble. Please don't put a \$43 million industry in jeopardy. Unfortunatly if our license fee doubles again, we can be assured, fifty (50) percent of Mansas kennels will go out of business. The results would be far reaching. From our pet food and pharmaceutical companies, veterinarians and grocery stores would all be affected. Can Mansas stand the detrimental results?

This will not cost the pet food companies, we the consumer, will pay this increase of five (5) cents per forty (40) pounds. The larger the kennel, the more they will pay. This is the only fair way. It's not fair to make the person who has ten (10) dogs pay the same as the person who has two hundred (200).

It would be easy for the pet food companies to pay a few cents extra in to the state. This few cents would be passed on to us, the consumer, There would be no extra office or paper work required of the pet food companies, as they already pay a ten (10) cents per ton, inspection fee to the state of Kansas.

The results of this would mean, we could lower our existing license fee. And no more needing support from general funding. Wouldn't that be great for everyone involved.

Thank you Mr. Chairman and Members of the Committee for allowing me to testify today.



TESTIMONY ON HOUSE BILL No. 2836

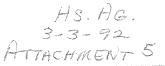
HILL'S PET PRODUCTS TOPEKA, KANSAS

March 3, 1992

Chairman Hamm, Members of the Agriculture and Small Business Committee and staff my name is Ken Johannes (Director or Regulatory Affairs of Hill's) and I am grateful for the opportunity to present the following comments on House Bill 2836 mostly on behalf of the pet owners in the state of Kansas, but also for Hill's Pet Products of Topeka and the Pet Food Institute.

Hill's Pet Products has long been a worldwide leader in pet nutrition and health care. We believe that feeding pets the finest nutrition possible can help establish a lifelong pattern of health and happiness. As a company whose vision is to be the global leader in pet nutrition and health care we are committed to the principles of responsible pet ownership. This extends to breeders of dogs (and cats) who should be responsible for the healthful and humane treatment of their animals. The pet owners who purchase our products are delivering the finest nutrition to their pets and we're certain are responsible in every other way as well.

We enthusiastically support the goal of proper control and inspection of the Kansas breeder operations. Such activities will maintain, and enhance, the quality of animals produced by the Kansas breeders.



Testimony on HB 2836 Page 2

However, after reviewing HB No. 2836 we feel that there are several facts that should be considered about the purposed method to fund the inspection of Kansas dog breeders.

The proposed increase in the tonnage tax for dog and cat foods unfairly places the burden for funding inspection of dog breeder operation on people who do not necessarily benefit from the service. It doesn't seem appropriate to increase the cost of pet ownership to residents of Kansas only, to address a problem with nationwide implications since dogs bred in Kansas are sold throughout the country. In addition, this tax would have to be paid by pet owners for the life of their dog or cat. This appears arbitrary and unfair.

Kansas pet food customers should not bear the cost burden to control commercial dog breeding with a program that the breeders themselves requested. If this program cannot be funded by fees within the industry that is benefitting from such activities, then it should be funded from general revenues rather than discriminating against one segment of the population.

Just because there is a system in existence in Kansas, i.e. the tonnage tax on pet food, there is no reason to abuse its intended purpose by expanding the tax for an additional, unrelated purpose as stipulated in HB No. 2836, i.e. increased revenue for the animal dealers fee fund.

Thank you very much for the opportunity to present these remarks.

K-9 RATION DOG FOODS

The Feed Professionals Prefer

1-800-232-4710

Phone (913) 336-3597 K-9 Rations, Inc. Box 141 Bern, Kansas 66408

March 2, 1992

Reference: House Bill #2836

We oppose House Bill #2836

As distributors of pet food in the State of Kansas, we are concerned with having any additional taxes assessed to our products.

We face enough expense with having to comply with new label regulation. These expenses involve destroying or relabeling existing bags, and paying new plate charges to get new bags printed to meet the labeling requirements.

We urge that you do not past House Bill #2836

Dor Esisson Pres.

TESTIMONY ON HOUSE BILL NO. 3826

THE QUAKER OATS COMPANY TOPEKA, KANSAS

MARCH 3, 1992

Chairman Hamm, members of the Agriculture and Small Business
Committee, thank you for the opportunity to address you this morning.
I am Herman Simon, Plant Manager of Quaker's pet food plant here in
Topeka. I am here today representing Quaker's two pet foods plants in
Kansas, the Topeka Plant and a sister plant in Lawrence.

These plants have been here for some time, in one case over twenty years. In the other, over fifteen years. Both plants were located here principally to be close to raw materials used in manufacturing our products. We are in an increasing competitive market. Needless to say quality and cost containment are the watch words for success.

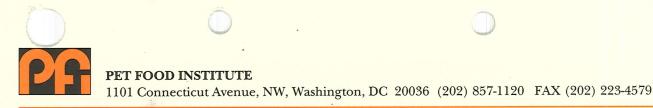
Of recent we have been besieged by higher taxes and other cost impediments to the business. Now comes the proposal to increase fees for selling pet food. While not large in the total context of doing business in Kansas, it is the purpose and who should pay for the assessment that is at issue.

HS.AG. 3-3-92 ATTACHMENT 7 If I understand the purpose of the fees, it is to support the contract and inspection of Kansas breeders. Ultimately, this should better assure quality animals are bred. We are in accord with this intent.

As proposed, House Bill 3826 places the burden of funding control and inspection on people and firms that do not directly benefit from the service. If the program cannot be funded within the industry that is benefiting; ie the breeders, then some other method of sourcing funds should be examined. Increasing the assessment on pet food manufacturers and suppliers of commercial feedstuffs is viewed as indiscriminate and inappropriate because it does not require anything from those who will benefit from it.

If it is in fact necessary to increase fees I urge the committee to consider assessing those who will directly benefit and/or use the general fund as a source of revenue.

Thank you for the opportunity to speak to you today.



March 2, 1992

Mr. Lee Hamm Chairman, Committee on Agriculture and Small Business Kansas House of Representatives Room 115 S State House Topeka, Kansas 66612

Dear Mr. Hamm:

The Pet Food Institute (PFI) would like to express its strong opposition to House Bill 2836. PFI is the national trade association representing manufacturers of cat and dog foods. PFI members account for a substantial percentage of the total tonnage of pet foods produced in the U.S.

The proposed legislation would amend the existing commercial feed law by imposing a significant new tax on pet foods to fund the regulation of commercial pet dealers. The new tax would increase by a factor of 25 the amount of the fees paid per ton of pet foods registered and sold in Kansas. The legislation would add to the burden of all pet food manufacturers selling products in Kansas and ultimately lead to significantly higher prices to consumers for pet foods.

Specifically, PFI is concerned about several aspects of this tax.

1) Pet food manufacturers now pay their fair share for appropriate regulation in Kansas.

All manufacturers of pet foods sold in Kansas, whether they produce pet foods in the state or elsewhere, now pay product registration fees and tonnage taxes on pet foods sold in the state. As in other states, the funds generated from these fees and taxes are used to support appropriate state regulation and product inspection activities for pet foods. While PFI generally supports the need of states to levy fair fees for legitimate product regulation and inspection activities, PFI objects to using such fee mechanisms to generate funds for a fundamentally different state issue and program.

OFFICERS

David Geier Chairman Douglas Mills Vice Chairman Jeffrey Lang
Secretary

Daniel Reid Treasurer

Duane Ekedahl

Executive Director

BOARD OF DIRECTORS

ADM Pet Food Co. Agway, Inc. Allied Foods ALPO Petfoods American Nutrition
Dad's Products Co.
Deep Run Packing Co.
Doane Products

Friskies Petcare Products Heinz Pet Products Hill's Pet Products Hubbard Milling Iams Company Kal Kan Nabisco Brands Pet Life Foods Quaker Oats Ralston Purina

> HS.AG. 3-3-92 ATTACHMENT 8

2) The pet food tax is highly discriminatory.

The tax discriminates generally against Kansans who have nothing to do with the problem of regulating commercial pet breeding activities. The tax would selectively impact responsible dog and cat owners who purchase pet foods to assure the proper health and well being of their pet. Singling out pet food manufacturers and consumers to bear the entire burden of supporting a program designed to regulate a specific, unrelated commercial activity is arbitrary and unfair.

3) The issue of properly regulating commercial breeding/selling operations extends beyond Kansas and requires concerted action.

The proper regulation of commercial breeding operations is a subject of significant concern for Kansas and other states with significant commercial pet breeding industries. It would be appropriate and desirable for Kansas and other concerned states to develop proper guidelines and regulations for commercial breeders in consultation with reputable breeders, sellers, and consumers.

We appreciate the opportunity to submit our views in the official record of this hearing.

Sincerely

July Just

Executive Director