

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Joann Flower at 9:00 a.m. on February 15, 1996, in Room 423-S of the Capitol.

All members were present except:

Committee staff present: Raney Gilliland, Legislative Research Department  
Jill Wolters, Revisor of Statutes  
Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Tom Sim, Plant Protection Administrator, Department of Agriculture  
Jamie Clover Adams, Kansas Grain & Feed Association

Others attending: See attached list

Minutes of the February 13 and 14 meetings were distributed. Chairperson Flower asked members to notify the secretary of any corrections or additions before 5:00 p.m. today or they will be considered approved as presented.

**Hearing on HB 2983 - Plant pest act fees.**

Chairperson Flower opened the hearing on **HB 2983**. Jill Wolters, Revisor of Statutes, briefed the committee on the bill stating that this legislation was requested by the Secretary of Agriculture. She noted that the first changes are cleanup as nurseryman is changed to nurseryperson. As there is no longer a Board of Agriculture and these duties have been transferred to the Secretary, these changes were also made. She explained that the purpose of this bill is to increase the fee limit for phytosanitary certificates from \$5 to \$100. After July 1, 1996, the certificate fee shall be \$5 for certificates issued for plant and plant products shipped into another state and \$35 for plants and plant products shipped into another country.

Allie Devine, Secretary, Department of Agriculture, addressed the committee explaining that in response to discussions with the industry, the Department wished to amend **HB 2983** to place a cap of \$50 per certificate, instead of \$100, and a fee of \$20, instead of \$35, for plants and plant products shipped into another country after July 1, 1996. She then introduced Tom Sim, Plant Protection Administrator in the Division of Plant Health, to further explain the bill.

Tom Sim gave a brief synopsis of the state's plant protection program. He stated that the enactment of NAFTA and GATT has placed added importance on export commodity certification. In 1995 their office inspected and certified the shipment of 28 different Kansas commodities to 49 foreign countries. The number of certificates issued annually has risen from 875 in FY 1988 to 1,721 in FY 1995. The current certificate limit and fee of \$5 has been in effect since the mid-1960's. It is the Agency's request that the \$100 limit in **HB 2983** be amended to \$50, and that the actual fee for plants shipped to another country after July 1, 1996, be set at \$20, instead of \$35 as stated in the bill. The increase in fees received will be used to support another field position, increasing the number of area plant protection staff from five to six. Included with his testimony is fee comparison information with neighboring states. (Attachment 1)

Jamie Clover Adams, Vice President of Government Affairs for the Kansas Grain and Feed Association, testified in support of **HB 2983** with the amendment to raise the cap per certificate to \$50 and the certificate fee for plants and plant products shipped into another country to \$20. She explained that phytosanitary certificates are documents issued by the Kansas Department of Agriculture on lots of grain shipped to other countries. Grain companies cannot export grain without these certificates. She stated that grain companies do not like increased costs, but realize that phytosanitary certificates are absolutely necessary to insure shipments. (Attachment 2)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE, Room 423-S Statehouse, at 9:00 a.m. on February 15, 1996.

The committee expressed concern about the wording in **HB 2983** Page 2, Line 13, beginning "except that on or after July 1, 1996, the certificate fee shall be." Staff was asked to clarify that the Secretary can raise certificate fees through the rules and regulations process in the future. The effective date of the bill being publication in the Kansas register, as opposed to publication in the statutes, was also questioned.

This closed the hearing on **HB 2983**.

**Hearing on HB 2984 - Allowing the secretary of agriculture to contract with private entities in regard to the plant pest act; allowing the secretary to join the interstate pest control compact.**

Chairperson Flower opened the hearing on **HB 2984** by asking Jill Wolters, Revisor of Statutes, to brief the committee on the bill. She stated that this bill will allow the Secretary of Agriculture to enter into contracts and agreements with private entities to locate, suppress, control, eradicate, prevent, or retard the spread of any plant pests. This bill also authorizes the secretary to take any actions necessary and convenient for the state to become a party to and participate as a member of the Interstate Pest Control Compact.

Tom Sim, Plant Protection Administrator in the Division of Plant Health, addressed the committee in support of **HB 2984**. He explained that the Interstate Pest Control Compact was an organization of 25 states and Puerto Rico that have joined together to address the realities of plant pest infestations. He included a map with his testimony indicating the status of each state with regard to the compact. He noted that none of our adjacent states are members; however, member states may apply for funds to eradicate a weed infestation in a neighboring state that threatens to move into their state. He explained membership fees and the financial condition of the compact. States may apply for pest control funds immediately upon joining. He stated that future eradication projects would be totally funded by the compact without additional state funds being necessary. (Attachment3)

Due to lack of time, the hearing on **HB 2984** will be continued tomorrow.

The meeting adjourned at 9:55 a.m. The next meeting is scheduled for February 16, 1996.

# HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: Feb. 15, 1996

NAME	REPRESENTING
Tom Sim	Kansas Department of Agriculture
Alice D. Devine	KS Department of Agriculture
Mary Jane Spattelman	KSA
Mark Barcellona	KDOCAH
Dean Carlwood	Entomologist Consultant
Kerri Ebert	Kansas Veterinary Medical Assoc.
GARRY COWAN & <sup>Daughters</sup> Jennifer & Cassie	KS Veterinary Medical Assn.
FORREST Sr. AUBIN	KS DEPT OF AGRICULTURE
Jamie Clover Adams	KS Grain & Feed Assn
K. Megan King	KS Oil Marketers Assoc.
Marty Vanier	KS Ag Alliance
Tom Tunnell	KS GRAIN & FEED ASSN.
Joe Lieber KS Co-op Council	KS Co-op Council
VICKIE Woodbury	Propane Marketers Assn.
Mike Beam	KS LIVSTK. ASSN.
Lew Jene Schwoeder	KS LIVESTOCK ASSOC.

STATE OF KANSAS

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KANSAS DEPARTMENT OF AGRICULTURE

KANSAS DEPARTMENT OF AGRICULTURE

TESTIMONY

TO THE

HOUSE COMMITTEE ON AGRICULTURE

by

Thomas Sim IV  
Plant Protection Administrator

Presented February 15, 1996

Re: House Bill 2983

Good morning Chairperson Flower and Members of the Committee. My name is Tom Sim and I am the Plant Protection Administrator in the Division of Plant Health. I am pleased to be here to present information to you about House Bill 2983.

This bill proposes to increase both the fee limits and the current fees charged for phytosanitary certificates for shipments of Kansas-produced commodities moving in international commerce.

Before I discuss the specifics of this proposal, it might be useful to give you a brief synopsis of the state's plant protection program. Generally, it is the mission of public pest prevention agencies to protect agriculture, the environment, and citizens from the damaging effects of plant pests. We try to accomplish this through two basic functions. One is to prevent the entry and spread of plant pests into the state from other areas, and the second is to attempt to keep the pests we have here in Kansas so that they do not become problems in other states or foreign countries. This is accomplished through commodity inspections and plant pest detection activities.

Most plant pests do not move very far on their own. However, it has long been recognized that plant pests are able to move long distances through man's activities by accompanying the plants and plant products that are moved in commerce.

Each country in the world has established specific entry requirements for commodities entering their borders with regard to plant pests. International convention provides a mechanism for plant pest regulatory officials in the shipping country to certify plants and plant products as meeting the phytosanitary requirements of the importing country. The Kansas Plant Pest Act

*House Agriculture  
Attachment 1  
2-15-96*

provides the authority to provide these services and the Kansas Department of Agriculture plant protection staff has been certified by USDA to provide export commodity certification services to Kansas exporters.

Information regarding the occurrence and distribution of plant pests in Kansas is essential in the export certification process. This information is used to ensure a commodity meets the importing country's phytosanitary requirements.

The enactment of the North American Free Trade Agreement (NAFTA) and the General Agreement on Trade and Tariffs (GATT) has placed added importance on export commodity certification. These agreements have abolished artificial trade barriers. They have also reserved to each participating country the right to establish its own phytosanitary standards. Some countries may attempt to use phytosanitary standards as trade barriers. However, NAFTA and GATT state that all phytosanitary requirements are to be based on science and not be used as artificial trade barriers. It is in Kansas' best interest to continue its export facilitation efforts through a solid pest detection function. This information should be considered a value-added component to the commodity and can be used to facilitate the movement of Kansas-produced commodities throughout the world.

Increasingly, importing countries are requesting pest occurrence and distribution information as they purchase commodities. For example, a team of Australian plant regulatory officials visited our agency last spring to determine the risk of importing Kansas grain sorghum for use in its feed lot industry. A prolonged drought in Australia had reduced its feed grain production to the point where they needed to import grain to sustain their industry. Our program was able to provide accurate distribution information on several plant diseases and weeds of quarantine significance to Australia.

Last fall, the Kansas Wheat Commission hosted a visit by a Brazilian trade team seeking to purchase wheat. Again, our program was able to provide accurate pest occurrence and distribution information to the Brazilians to assist them in obtaining wheat that would satisfy their pest quarantine requirements.

In calendar year 1995, our office inspected and certified the shipment of 28 different Kansas-produced commodities to 49 foreign countries. The number of certificates issued annually has risen from 875 in FY 1988 to 1,721 in FY 1995. Fluctuations have occurred in this time period, but the trend continues upward.

I should also mention that in the 20 years I have worked in the state's plant protection program, I do not recall a single shipment of any commodity certified by our program being rejected by a foreign country for failure to meet its phytosanitary requirements.

The current limit and fee for phytosanitary certificates is \$5. This rate has been in effect since the mid-1960's. When our FY97 program budget was assembled last summer, we projected receipts using a \$20 fee and suggested a fee limit of \$50. The bill currently under consideration would raise the limit on these certificates to \$100 and establish the actual certificate fee at \$35 as suggested by the Agriculture Advisory Board. However, it is our agency's desire, following further discussions with industry, to return to the figures as contained in our agency's proposed FY97 budget. These figures are also contained in the governor's FY97 budget recommendations. This change can be accomplished by modifying the language

of the proposed bill as follows:

On page 2, line 9, change \$100 to \$50. This establishes the certificate fee limit at \$50.

On page 2, line 15, change \$35 to \$20. This establishes the actual certificate fee at \$20.

The increase in fees received will be used to support a field position in the Wichita-Hutchinson area. This will provide an increased level of both pest detection activities and phytosanitary inspection services in that area. The addition of this position will increase the number of area plant protection staff from five to six. This position is not a new FTE, but a reclassification of an existing vacant clerical position. In addition to pest detection and export inspection responsibilities, this position will perform duties in other regulatory plant pest functions such as nursery and nursery dealer inspections and noxious weeds.

Administrative support to exporters will remain at the current level. Once a commodity has been inspected and authorized for export, the exporter will generally fax a request for a phytosanitary certificate to our office when a sale is made. If that request is received by noon, the certificate is prepared and express delivered that same afternoon.

Some summary information is provided on the attached tables. One table lists the phytosanitary fees for the states in the Central Plant Board as of last August. The second table compares updated fee information as well as export commodity certification program components for Kansas, a number of our neighboring states, and USDA.

Thank you for your consideration in this matter and for allowing me to present this information. I will try to answer any questions you might have.

Central Plant Board Phytosanitary Fees (8/29/95)

Illinois	\$10 per certificate. \$15 per hour of inspection time.
Indiana	\$30 for each inspection and subsequent certificate.
Iowa	\$30 per federal certificate. \$30 per state certificate. \$30 per re-export certificate. \$20 per plant product certificate. \$10 for each re-issued certificate.
Kansas	\$50 for each authorization inspection and \$5 per certificate or \$30 per hour plus mileage and no certificate fee or \$15 per hour plus mileage and no certificate fee (growing season).
Kentucky	\$35 per certificate (linked to federal rate).
Michigan	\$21 per hour plus mileage and no certificate fee (rising to \$30 per hour on January 1, 1996).
Minnesota	\$35 per certificate.
Missouri	\$10 per certificate. \$25 for first hour of inspection time. \$20 for each additional hour.
Nebraska	\$10 per certificate. \$5 for each application for certificate. \$12 per hour inspection time plus \$0.21 per mile.
North Dakota	inspection fee of \$10 if performed at a duty station plus \$5 per certificate. inspection fee of \$20 plus mileage if performed away from duty station plus \$5 per certificate.
Ohio	no charge for phytosanitary certification.
South Dakota	inspection fee only - \$30 per hour. Field inspection is \$30 for first acre and \$0.30 for each additional acre.
Wisconsin	\$15 per certificate. \$20 per hour inspection fee plus \$0.26 per mile. field inspection - \$50 minimum or \$1.50 per acre.

*Export Commodity Certification Program Component Comparison*

	<u>Kansas</u>	<u>Nebraska</u>	<u>Missouri</u>	<u>Colorado</u>	<u>Texas</u>	<u>Oklahoma</u>	<u>USDA</u>
Current Certificate Fee	\$ 5	\$ 10	\$ 10	\$ 30 (1/96)	\$ 25	\$ 0	\$ 35
Proposed Certificate Fee	\$ 20	\$ 30 (pending)	-	-	\$ 50 (pending)	-	\$ 50 (3/1/96)
Associated Inspection Fee	\$ 50	\$12/hour + \$.21/mile	\$25 first hr. \$20 add'l/hr.	\$ 0	\$ 0	\$ 0	\$ .29/mile
Authorization Period On Commodity	60 days maximum	6 months on facility	30 days maximum	none	none	none	none
Utilize Field Pest Detection Information - Grain	Yes	No	No	from CSU	No	No	Yes
Utilize Field Pest Detection Informations - Seeds	Yes	Yes	Yes	Yes	Yes	Yes (declining)	Yes
Inspect Commodity At Storage Facility For Stored Grain Pests	Yes	rely on others	Yes	Yes	Yes	occasionally	Yes
Utilize NAFTA/GATT Principles In Program	Yes	becoming aware	becoming aware	No	becoming aware	No	Yes

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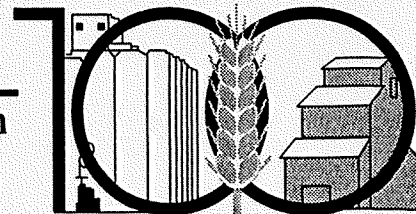
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**STATEMENT OF THE  
KANSAS GRAIN AND FEED ASSOCIATION  
TO THE  
HOUSE AGRICULTURE COMMITTEE  
REP. JOANN FLOWER, CHAIR  
REGARDING H.B. 2983  
FEBRUARY 15, 1996**

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KGFA, promoting a viable business climate through  
sound public policy for a century.

*House Agriculture  
Attachment 2  
2-15-96*



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The Kansas Grain and Feed Association .....

..... a voluntary state organization founded in 1896 providing governmental representation, educational opportunities and a wide variety of other services to the vast and indispensable grain and feed marketing system. The 1200 members of the KGFA include country elevators, subterminal and terminal elevators, feed manufacturers, grain merchandisers and allied industries such as railroads, grain exchanges, equipment manufacturers and insurance firms.

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Madam Chair and members of the Committee, I am Jamie Clover Adams, Vice President of Government Affairs for the Kansas Grain and Feed Association (KGFA). We appreciate the opportunity to appear today in support of H.B. 2983.

KGFA is a voluntary state organization founded in 1896 to provide government representation, educational opportunities and a wide variety of other services to the vast and indispensable grain and feed marketing system. The 1200 members of the KGFA include both independent and cooperative country elevators, subterminal and terminal elevators, feed manufacturers, grain merchandisers and allied industries such as railroads, grain exchanges, equipment manufacturers and insurance firms.

H.B. 2983 raises the cap for phytosanitary certificate fees and establishes an increased charge that goes into effect on July 1, 1996 for the first time since the mid-1960s. KGFA supports a \$50 cap and a \$20 per certificate fee.

Phytosanitary certificates are documents issued by the Kansas Department of Agriculture (KDA) on lots of grain shipped to other countries -- primarily Mexico but also the Pacific Rim. They are required by these countries and verify that the grain does not contain insects or disease undesirable to the importing country. KDA derives its authority to issue these certificates from the United State Department of Agriculture (USDA). The program is intrinsically linked to the phytosanitary program and the ability of the KDA to issue the certificates -- without pest data they cannot issue certificates. Tom Sim, Plant Administrator at KDA discussed the mechanics of this program with the Committee when Secretary Devine asked for introduction of this bill. Without a credible pest detection program, foreign buyers may choose to buy from other states that can provide them with more tangible evidence that an undesirable pest or plant disease does not exist in their state. However, the most important thing about these certificates is that grain companies cannot export grain without them. No certificate, no sale.

There are only a handful of grain companies in Kansas currently shipping grain to Mexico. These include: Cargill, Collingwood Grain, Continental Grain, Farmland, Scoular Grain Co. and to a lesser extent Harvest States and DeBruce Grain. These companies will bare the cost of this increase. It will not be passed on to the producer since grain prices are set by the market. Added cost cuts into grain company margins. However, these companies agreed -- not without some spirited discussion -- that while they never want to increase cost, phytosanitary



certificates are necessary to export grain. Secretary Devine told KGFA and some of these companies individually she was asking for the fee increase because she believes they do not have the funds to continue the current level of service and will certainly not have the funds to provide increased service should NAFTA and GATT lead to increased exports. Again, no phytosanitary certificate, no sale. Given her track record, KGFA had no reason to doubt the Secretary's assessment. However, as one exporter put it "We expect service in return for the increased revenue." The committee can rest assured that KGFA will hold KDA accountable for these extra monies.

According to KDA Plant Protection and Weed Control Section records and the KDA budget, field inspectors spend approximately 12% of their time performing inspections and issuing phytosanitary certificates. This does not include any portion of administrative overhead or pest detection activity. In contrast, the fees paid by KGFA member firms only provides about 4% of the section's resources. The remainder comes from nursery fees and state general fund dollars. In fiscal year (FY) 1988 KDA issued 875 phytosanitary certificates. In FY 1995, they issued 1721 on the same budget. It appears the Section is efficiently using the resources they currently have.

Finally, KGFA member exporters asked what other states were charging, specifically Texas and Oklahoma since they are Kansas' chief competitor in shipments to Mexico. With the increase proposed in H.B. 2983, Kansas will be somewhat higher. However, Oklahoma does not have a pest detection program and relies solely on USDA information while the Texas program is not a "full blown program." As markets tighten and competition increases, the pest detection program in Kansas may enable Kansas companies to increase sales to Mexico. Further, as Secretary Devine indicated, the money is necessary to keep the current level of service.

In closing, I would point out that grain companies do not like increased costs anymore than anyone else. However, we realize that it is highly unlikely that state general funds will be increased and the phytosanitary certificates are absolutely necessary to insure shipments to Mexico. Thank you for this opportunity to appear in support of H.B. 2983. I would be happy to answer any questions you may have.

STATE OF KANSAS

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Presented February 15, 1996

Re: House Bill 2984

Good morning Chairperson Flower and Members of the Committee. My name is Tom Sim and I am the Plant Protection Administrator in the Division of Plant Health. I am pleased to be here to present information to you about House Bill 2984.

The passage of this bill would allow Kansas to become a member of the Interstate Pest Control Compact. This compact is an organization of states that have joined together to bridge the economic and jurisdictional void between state governments and between state and federal government to more adequately address the realities of dynamic plant pest infestations or outbreaks for which no other appropriate federal or state control mechanism exists. The Council of State Governments assisted in the development of the compact in the early 1960's and it became operative in 1968 when five states became members. Since then, 25 states and Puerto Rico have become members of the compact. However, none of our adjacent neighboring states are members. The attached map visually indicates the status of each state with regard to the compact.

The compact operates an insurance fund to which member states may request funds to eradicate plant pests that become established within their borders. Membership fees consists of a \$2,000 base fee plus a percentage of the value of the state's agricultural and forest crops and products. The value of animals and animal products are not included. Kansas' membership fee will total \$28,714 according to the latest information from the compact's executive director. The compact allows states to take up to six years to fulfill their financial obligation. However, states pledging membership may apply for pest control funds immediately.

*House Agriculture  
Attachment 3*

Membership in the compact will fill a void in the state's regulatory plant pest control efforts. The Plant Pest Act authorizes the secretary to carry out eradication programs. However, no funds have been appropriated for that purpose. Instead, funds appropriated for other functions have been redirected to prevent the spread of serious pests. Property owners have also borne significant expenses in some instances.

We are currently conducting an eradication program on a potentially serious weed. Grecian foxglove (*Digitaria lanata*) is known to occur on about 20 acres near Fredonia in Wilson County. This plant produces digitalis, a cardiac stimulant, which can cause death if ingested. It has the potential to cause considerable harm to both humans and livestock if it is allowed to spread. Membership in the compact will allow Kansas to complete this eradication project without additional funds beyond those required to join the compact.

Future eradication projects will be totally funded by the compact without additional state funds being necessary.

A number of safeguards help ensure soundness of the fund. First, member states are required to maintain their existing regulatory pest control programs at normal levels. Second, the fund earns significant investment income. Third, an insurance fund base of \$1,000,000 has been established by fund managers. Finally, compact bylaws authorize the acceptance of gifts from private entities and the compact is actively seeking industry donations.

As of June 30, 1995 the insurance fund held total assets of \$1,059,648.79. There were no liabilities. The fund's financial summary between July 1, 1994 and June 30, 1995 indicates \$80,545.12 in interest income and \$14,441.00 in dues income.

The compact's operating expenses for the period July 1, 1995 through June 30, 1996 are budgeted at \$15,900 which is the same as fiscal years 1994 and 1995. Actual expenses for fiscal years 1994 and 1995 were \$9,465.73 and \$9,365.22, respectively.






Thank you for your consideration in this matter and for allowing me to present this information. I will try to answer any questions you might have.

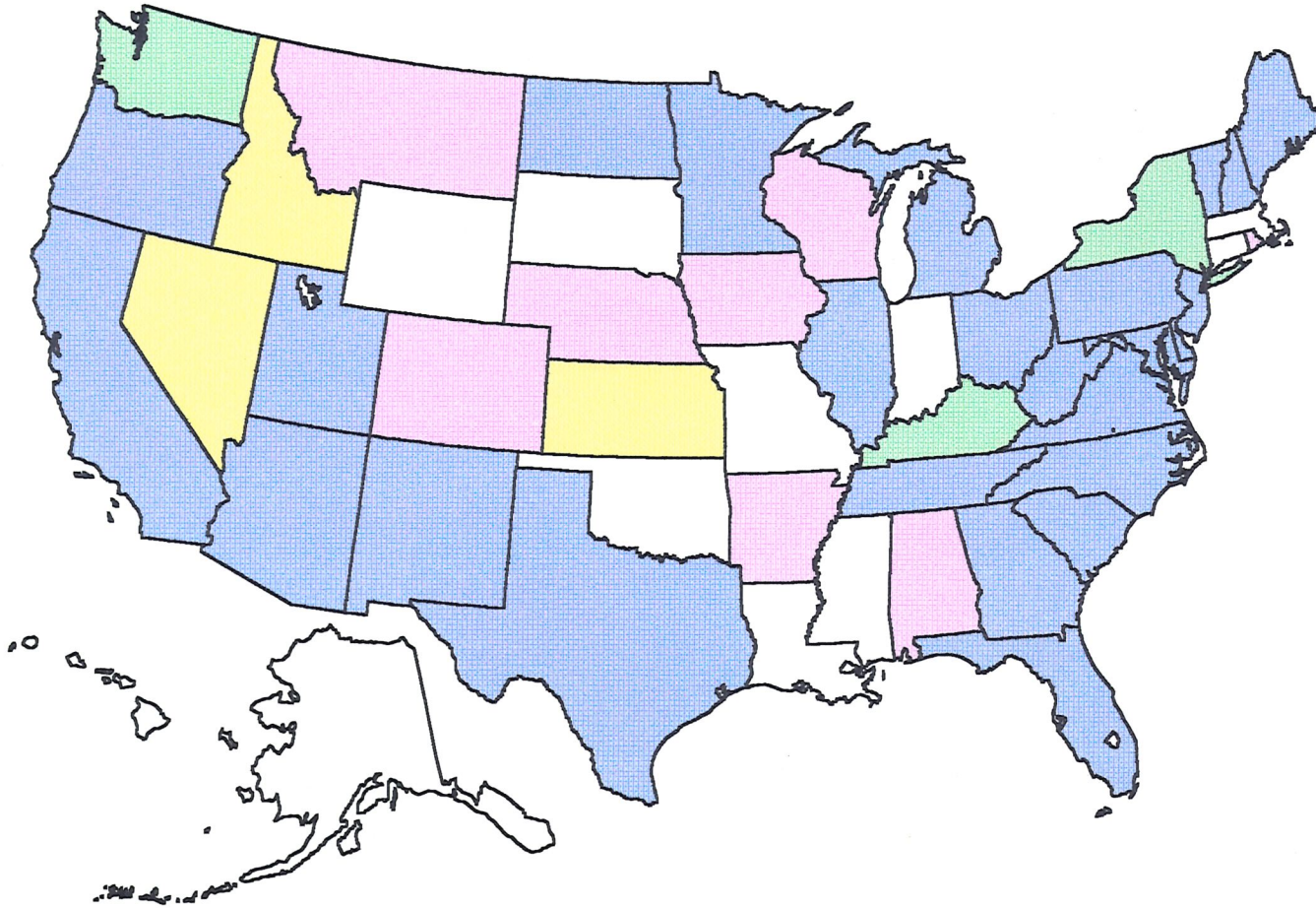


# Interstate Pest Control Compact

1995 Status of Each State

## IPCC Status

-  member
-  committed to join
-  requesting authority
-  interested
-  no interest



01/30/96

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