

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Joann Flower at 9:00 a.m. on March 12, 1997, 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:

Chris Wilson, Director of Member Services, Kansas Seed Industry Association
Brad Taylor, Taylor Seed Farms, President, Kansas Seed Industry Association
Steve Ahring, DeLange Seed, immediate Past President, Kansas Seed Industry Association
Dr. James A. Wilson, Trio Research, Inc.

Others attending: See attached list

Hearing on SB 149 - Creating the Kansas agricultural seed commission.

Chairperson Flower opened the hearing on **SB 149** and asked Raney Gilliland, Legislative Research Department, to provide background information on this bill. He explained that this bill is new legislation which would create a seven-member Kansas Agricultural Seed Council. Members of the Council would be residents of the state and currently be active seedsmen, including representatives of seed product development, distribution, and production. The Director of the Agricultural Experiment Stations of Kansas State University and the Director of the Agricultural Products Development Division of the Department of Commerce and Housing, or their representatives, would serve as ex officio nonvoting members of the Council. He explained that Section 3 outlines the powers and duties of the Council and that Section 4 establishes the assessments, with new language in Section 4 providing for a refund. All assessments would be deposited in a bank account established by the Council. He said the Council would be very similar to the dairy and sheep councils and operate separately from the state.

Chris Wilson, Director of Member Services, Kansas Seed Industry Association, testified in support of **SB 149**, which was introduced at the request of the Kansas Seed Industry Association. She said the establishment of the Kansas Seed Council would allow the industry to better respond to the dynamic changes which are occurring with the seed industry. She said this bill would provide a structure to allow the seed industry to partner with state and federal agencies and seed commissions in other states on projects and to apply for grant funding. She said the Council is expected to generate only about \$25,000 to \$30,000, annually, making it one of the smallest commissions. She included a list of project ideas envisioned for the Council, examples and comparison with other agricultural commodity commissions, and the benefits of being a statutory entity. She offered two suggested amendments with her testimony. (Attachment 1)

Brad Taylor, Taylor Seed Farms, White Cloud, Kansas, President of the Kansas Seed Industry Association, appeared in support of **SB 149** and discussed the rapid changes occurring in the seed industry. He thought the main advantage of this bill would be for educational purposes.

Steve Ahring, agronomist with DeLange Seed and immediate Past President of the Kansas Seed Industry Association, testified in support of **SB 149**. He shared some of the changes and challenges facing the seed industry in Kansas. He said there have been a record number of mergers, buy outs, consolidations, and alliances formed within the seed industry. He showed slides outlining new technologies which will have a profound impact upon the seed industry. Mr. Ahring said this bill would allow the seed dealers in Kansas to help themselves. (Attachment 2)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE, Room 423-S Statehouse, at 9:00 a.m. on March 12, 1997.

Dr. James A. Wilson, Trio Research, Inc., Wichita, appeared in opposition to **SB 149**. His son, Dean Wilson, presented their written testimony. He said Trio Research is in the business of wheat seed development and said that their most formidable competition is Kansas State University. He indicated that K-State used various commissions and organizations to siphon off additional financial support, and that the proposed Council could become another source of tax dollars for the University seed business especially if more tax dollars would hold back the growing influence of private research and development. (Attachment 3)

This concluded the hearing on **SB 149**.

Discussion and action on SB 63 - Prohibiting the sale of injured, disabled or diseased livestock at a public livestock market.

Chairperson Flower opened discussion on **SB 63**. Debra Duncan, Kansas Animal Health Department, said the department was still interested in the committee's consideration of the stray animal amendment offered by the Livestock Commissioner at the hearing on the bill. Representative Faber moved to adopt the amendment concerning the disposition of stray animals. Seconded by Representative Ballou, the amendment passed.

Representative Ballou moved to pass **SB 63** out favorably as amended. The motion was seconded by Representative Showalter. The motion carried.

The meeting adjourned at 10:20 a.m. The next meeting is scheduled for March 13, 1997.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: 3-12-97

NAME	REPRESENTING
James A. Wilson	Trio Research
Dean A. Wilson	Trio Research
Chris Wilson	KSIA
Steve Ahing	KSIA
Brad Taylor	KSIA
Curtis Chrystal	KDOC: H
Lowell Burchett	KSIA
Gary Reser	Ks. Veterinary Medical Assn.
Uelle Carlson	Leadership Rice County
Todd Whitney	Leadership Rice County
Comey Chubb	Leadership Rice County
Tim Allen	Seaboard
Art Rowley	Mid-Mn Lumberman
Debra Duncan	Animal Health Dept.
Shirley Fair	Rice County
Mike Jensen	Ks Pork Council
Jim Jurnell	Ks Grain & Seed Assn

**STATEMENT OF THE
KANSAS SEED INDUSTRY ASSOCIATION
TO THE HOUSE AGRICULTURE COMMITTEE
REPRESENTATIVE JOANN FLOWER, CHAIR
REGARDING S.B. 149, ESTABLISHING THE KANSAS SEED COMMISSION
MARCH 12, 1997**

Madam Chair and Members of the Committee, I am Chris Wilson, Director of Member Services of Kansas Seed Industry Association (KSIA). KSIA is the professional organization of seedsmen in Kansas, including wholesale, retail, farmer-dealer, seed company representative, and associate industry members. We thank you for holding this hearing today on S.B. 149, and giving us the opportunity to testify in support of the bill.

KSIA has been discussing the idea of establishing a Kansas Seed Commission for over two years. It is with a great deal of thought and communication with seedsmen and other organizations that KSIA brings this bill to the Legislature for your consideration. We have worked hard to make this a consensus piece of legislation. We have responded to concerns that another commission not be funded by fees on producers. Therefore, this commission would not set a per unit checkoff, but a low fee on the sellers of seed, so that it becomes a small cost of doing business, rather than a passed-on cost to growers. We have responded to concerns that it not be a burden on those who sell small amounts of seed by providing an the opportunity to have the full assessment refunded. We have responded to concerns that it not be repetitive of existing commission efforts. The projects seedsmen are interested in funding through this commission are very seed-specific ones which would not have appeal for the commodity-specific commissions.

The establishment of the Kansas Seed Commission would allow this industry to better respond to the dynamic changes which are occurring within the industry. It would provide a structure to allow the seed industry to partner with state and federal agencies and seed commissions in other states on projects and to apply for grant funding. The Commission will allow them to match K-Tech funds or sponsor projects with the Kansas Department of Agriculture Inspections Division and Agricultural Statistics Division or assist with research

*House Agriculture Committee
March 12, 1997
Attachment 1*

projects at Kansas State University.

The Commission, however, is expected to generate only about \$25-30,000 annually, making it by far one of the smallest commissions. It's certainly not enough money to fund major research projects. It is enough, though, to participate in some of the kinds of projects envisioned with the agencies above. And the structure would allow additional funds to be derived from grant sources.

With me today are representatives of the Kansas Seed Industry Association, who will share with you some of the changes occurring in the industry which prompt the industry to seek new ways to help itself and about some of the projects which are envisioned for the Commission.

Thank you for your consideration of S.B. 149. We respectfully request that you report it favorably for passage. We will be glad to respond to any questions you may have.

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Suggested amendments to S.B. 149:

1. In Section 4 (b) add:

“The retailer assessment may be submitted by a wholesaler.”

Purpose: Encourage wholesalers to submit the assessment on behalf of their retailers, to minimize the “hassle” for small retailers. This would not work, however, where the retailer sells only their own seed and not on behalf of a wholesaler. It would also not work where a retailer sells more than one product line. To avoid more than one assessment being paid on behalf of such a retailer, such retailer would need to submit directly.

2. In Section 4, add (e):

“Any retailer who is the sole end user of the agricultural seed which such retailer sells may so certify to the council and upon the filing of a written request for an exemption shall be exempt from the assessment imposed by this section. The council, upon request, shall furnish forms by which the retailer may request an exemption.”

Purpose: Exempt retailers such as a farmer-dealer who only sells to himself.

Project Ideas

Project Ideas for the Kansas Seed Council

Goal: Provide support for educational, research and promotion programs to serve the Kansas seed industry and thereby also serve Kansas farmers and ranchers.

- A survey of the economic impact of the seed industry on the state, which could be used for informing consumers and policymakers.
- Educational materials on the benefits of planting quality, professionally conditioned seed.
- Educational materials on the state and federal seed laws.
- Research for using seed screenings for fuel, as opposed to taking the screenings to landfills; adding value to the product and reducing waste. (There are sources for funding for this research if the seed industry can provide some matching funds.)
- Establishment of a world wide web resource center for seedsmen, providing technical and regulatory information they need but do not now have ready access to.
- Public service announcements for media use concerning seed quality, availability and value.
- A series of educational seminars on topics such as safety, new seed technology, identity preserved information, marketing, international markets...
- Educational projects to assist seedsmen transition to new technologies and to prepare them to assist customers in using new technologies.

Services for the retailer:

Traditional “commodity commission” projects:

Research
Education
Promotion
Marketing

Beyond the traditional types of projects, the Kansas Seed Council would offer retailers of agricultural seed:

Consumer educational materials for use at their retail outlet

Seed-specific Internet information in a seed network, providing discounted Internet service throughout Kansas (with a savings of \$55-110 the first year and \$30-\$60 thereafter, depending on their location)

Promotional & marketing materials for use in-store, or in the local media

KS SEED INDUSTRY SURVEY

- * KS Agricultural Statistics/KS Seed Industry Association**
- * Economic Impact of the Seed Industry Upon Kansas**
- * A Benchmark - Useful to Compare a Company to the Industry Average**
- * Information Needed by Legislators and Other Policy Members**
- * Information to Leverage Access “BioTech” Products**

BIO MASS PROJECT

- * Grass Seed Industry Generates Substantial Waste in the Form of Screenings**
- * Screenings and Out-of-Condition Seed Utilized to Produce Fuel, Rather than Fill Landfills**
- * K - TEC Matching Funds**

WORLD WIDE WEB SITE

- * Resource Center - Seed Laws, Ag Treaties, Employee Training Materials, etc...**
- * Product Information**
- * Technology Updates**
- * Trading Post**

EDUCATIONAL SEMINARS

- * Seed Technology**
- * Identity Preserve Programs**
- * Marketing Short Courses**
- * Accessing International Markets**
- * Safety and Health Issues**
- * Etc....**

Agriculture Self-Help Through Commodity Commissions

Examples of Other Commodity Research and Promotion Programs

<u>Commodity</u>	<u>Commission Budget/Receipts</u>	<u>Cash Receipts</u>
Wheat	\$2.5 million	\$1.3 billion
Corn	{ \$3.1 million for corn, SB, & GS	\$794 million
Soybeans		\$351 million
Grain Sorghum		\$547 million
Sheep	\$30,000	\$11.5 million
Cattle	\$8 million	\$4.2 billion
Hogs	\$1.5 million	\$231 million
Milk	\$80,000 state	\$145 million
	\$1.6 million federal	
Seed	\$25,000 proposed	\$150 million??

About Commodity Research and Promotion Programs:

Some are state, some are federal, and some are both. State programs are voluntary, meaning the contributor can obtain a refund. Some federal programs are voluntary, and some are mandatory with no refunds.

Federal "check-off" programs include dairy, beef, pork, soybeans, eggs, potatoes, honey, watermelons, mushrooms, cut flowers and greens, and cotton. There are also federal marketing programs for a variety of fruits and vegetables.

MARKETING PROGRAMS BRANCH

The Marketing Programs Branch implements, coordinates, and monitors federally-legislated promotion and research programs for beef, pork, soybeans, mohair, wool, and lamb. These programs are requested, administered, and funded by the industries themselves. Commonly referred to as "check-off" programs, they operate under promotion and research orders or agreements issued by the Secretary of Agriculture and are financed by industry-established assessments.

The beef, pork, soybean, wool/lamb, and mohair check-off programs generate over \$175 million annually in assessments collected from producers or growers. These funds finance a variety of programs including advertising; consumer education; nutrition, production, and marketing research; and new product and foreign market development.

Commodity "check-off" programs are designed to strengthen the position of each respective commodity in the marketplace by increasing domestic demand and consumption and by expanding foreign markets for these commodities.

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Fruit and Vegetable Research and Promotion Programs

Research and promotion programs are intended to expand, maintain, and develop markets for individual agricultural commodities. While advertising is a large part of research and promotion programs, product development is also a major focus. The Fruit and Vegetable Division oversees several national programs, each of which is authorized by an individual Act of Congress. Promotion and research boards, usually composed of producers, handlers, importers, and, in some cases, a public member, are appointed by the Secretary of Agriculture to administer the programs. Generally, these programs require industry approval through referenda of those who would be covered by the program. Assessments are collected from designated segments of the industry. The costs incurred by USDA to administer the programs are charged to the respective administering boards. Currently, the Fruit and Vegetable Division oversees five programs which cover **potatoes, honey, watermelons, mushrooms, and cut flowers and greens.**

- The National Potato Promotion Board, authorized by the Potato Research and Promotion Act of 1971, collects assessments on domestic and imported potatoes and imported potatoes and potato products. The assessment is paid by producers of five or more acres of potatoes (through handlers) and all importers. The Potato Board collects about \$7.6 million in assessments each year (93 percent from domestic production and 7 percent from imports) and spends about \$5 million annually on promotion activities in the United States. USDA's Foreign Agricultural Service provides additional funds for promotion of U.S. potatoes in export markets. The board is composed of 101 producers, 1 importer, and a public member.

- Under the Honey Research, Promotion, and Consumer Information Act of 1985, the Honey Board collects assessments from domestic producers (through handlers) and importers. Approximately \$3.1 million in assessments is collected annually (65 percent from domestic production and 35 percent from imports). The Honey Board, which also receives funds from the Foreign Agricultural Service to promote U.S. honey overseas, spends approximately \$3.6 million annually to promote honey. The board is currently composed of seven producers, two handlers, an importer, an exporter, a cooperative member, and a public member. Each member has an alternate.

- In 1985, the Watermelon Research and Promotion Act was signed into law. The National Watermelon Promotion Board collects assessments from producers of 10 or more acres of watermelons and handlers importers of 150,000 or more pounds of watermelons annually. Total revenues from assessments are about \$1 million per year (all from domestic production). Assessments on imported watermelons began in late 1995 and are expected to generate an additional \$300,000 per year. The board is composed of 14 producers, 14 handlers, and a public member. In 1996, four importer members will be added to the board. The board plans to spend about \$860,000 on promotional activities in 1996.

- Under the Mushroom Promotion, Research, and Consumer Information Act of 1990, the Mushroom Council collects assessments from producers (through handlers) and importers who produce or import, on average, more than 500,000 pounds of mushrooms per year. Total revenues from assessments are about \$2.3 million per year (with over 99 percent from domestic production). The council is composed of nine producers and will spend approximately \$1.7 million on promotional activities in 1996.

- The Fresh Cut Flowers and Fresh Cut Greens Promotion and Consumer Information Act of 1993 authorized the National PromoFlor Council to collect assessments from wholesale handlers of \$750,000 or more in gross sales of fresh cut flowers and greens. Assessments are expected to generate about \$10 million each year, and the council plans to spend \$10 million on television advertising over a 15-month period in 1995-96. The program became fully operational in 1995. The council is composed of 14 handlers, 3 importers, 5 producers, and 3 retailers. Each member has an alternate.

INFORMATION

Benefits of a Statutory Entity

Funding Sources for a Seed Council which is a Statutory Entity

What types of funding would be available to a seed council which are not available to KSIA? KSIA is a 501(c)(6) trade, professional, and lobbying organization. As such, there are numerous sources of funding which are available only to governmental instrumentalities and private non-profit 501(c)(3) organizations.

There are basically three types of such funding:

1. Government: Many government grants are available only to government instrumentalities. By being statutorily created, commodity commissions qualify as instrumentalities. Some examples of federal relevant grants are attached. In addition, federal commodity programs administered by USDA require that grant applicants be a statutorily-created entity. Some other programs do not require a statutory entity, but give preference to one.
2. Foundations: Foundations may grant funds only to tax-exempt organizations in order to protect their tax exemption. Commissions also qualify in this regard, where a 501(c)(6) does not. We have researched foundations which provide grants in areas for which seed council projects might be submitted. A list is attached.
3. Corporate giving: Many corporate funds are available only to tax-exempt, non-lobbying organizations.

A commission structure provides optimum flexibility and opportunity to apply for funds available to either government instrumentalities or private non-profit organizations.

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice of Availability of Pollution Prevention Grants.

SUMMARY: EPA is announcing the availability of approximately \$5 million in fiscal year 1997 grant/cooperative agreement funds under the Pollution Prevention Incentives for States (PPIS) grant program. The grant dollars are targeted at State and Tribal programs that address the reduction or elimination of pollution across all environmental media: air, land, and water. Grants/cooperative agreements will be awarded under the authority of the Pollution Prevention Act of 1990.

FOR FURTHER INFORMATION CONTACT: Your EPA Regional Pollution Prevention Coordinator. Contact names for each Regional Office are listed under Unit VI. of this preamble.

SUPPLEMENTARY INFORMATION:

I. Background

Approximately \$30 million has been awarded to more than 100 State, Tribal, and regional organizations under EPA's multimedia pollution prevention grant program, since its inception in 1989.

In November 1990, the Pollution Prevention Act of 1990 (the Act) (Pub. L. 101-508) was enacted, establishing as national policy that pollution should be prevented or reduced at the source whenever feasible. Section 6603 of the Act defines source reduction as any practice that:

(1) Reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment (including fugitive emissions) prior to recycling, treatment, or disposal.

(2) Reduces the hazards to public health and the environment associated with the release of such substances, pollutants, or contaminants.

EPA further defines pollution prevention as the use of other practices that reduce or eliminate the creation of pollutants through increased efficiency in the use of raw materials, energy, water, or other resources, or protection of natural resources, or protection of natural resources by conservation.

Section 6605 of the Act authorizes EPA to make matching grants to States

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to promote the use of source reduction techniques by businesses. In evaluating grant applications, the Act directs EPA to consider whether the proposed State program will:

(1) Make technical assistance available to businesses seeking information about source reduction opportunities, including funding for experts to provide onsite technical advice and to assist in the development of source reduction plans.

(2) Target assistance to businesses for which lack of information is an impediment to source reduction.

(3) Provide training in source reduction techniques.

In addition to this grant making authority, the Act authorized EPA to establish a national source reduction clearinghouse and expanded EPA's authorities to collect data to better track source reduction activities. The Act also requires EPA to report periodically to Congress on EPA progress in implementing the Act.

In June 1996, EPA published the Pollution Prevention Incentives for States Assessment Study. The study documents the full range of activities funded by the PPIS grant program during its first 5 years. It represents an accounting of how grantees used EPA funds to stimulate and enhance pollution prevention awareness and initiatives throughout the country. For a copy of the report, including the Executive Summary, contact the Pollution Prevention Information Clearinghouse at 202-260-1023.

II. Availability of FY 97 Funds

With this publication, EPA is announcing the availability of approximately \$5 million in grant/cooperative agreement funds for FY 1997. The Agency has delegated grant making authority to the EPA Regional offices. Regional offices are responsible for the solicitation of interest, the screening of proposals, and the actual selection of awards. PPIS grant guidance will be provided to all applicants along with any supplementary information the Regions may wish to provide.

All applicants must address the national program criteria listed under Unit V.2. of this document. In addition, applicants may be required to meet any supplemental Regional criteria. Interested applicants should contact their Regional Pollution Prevention Coordinator for more information.

IV. Matching Requirements

Organizations receiving pollution prevention grant funds are required to match Federal funds by at least 50 percent. For example, the Federal government will provide half of the total allowable cost of the project, and the State will provide the other half. A grant request

for \$100,000 would support a total allowable project cost of \$200,000, with the State also providing \$100,000. State contributions may include dollars, in-kind goods and services, and/or third party contributions.

V. Eligibility

1. Applicants. In accordance with the Act, eligible applicants for purposes of funding under this grant program include the 50 States, the District of Columbia, the U.S. Virgin Islands, the Commonwealth of Puerto Rico, any territory or possession of the United States, any agency or **instrumentality of a State** including State universities, and all Federally recognized Native American tribes. For convenience, the term "State" in this notice refers to all eligible applicants. **Local governments, private universities, private nonprofit entities, private businesses, and individuals are not eligible.**

DEPARTMENT OF AGRICULTURE

Cooperative State Research, Education, and Extension Service

Request for Proposals (RFP): Fund for Rural America Program

AGENCY: Cooperative State Research, Education, and Extension Service, USDA.

ACTION: Announcement of availability of grant funds and request for proposals for the Fund for Rural America Program.

SUMMARY: The Federal Agriculture Improvement and Reform Act of 1996 established an account in the Treasury of the United States to provide funds for rural development programs and a competitive grant program to support research, education, and extension activities.

This notice pertains only to the competitive grant program for research, education, and extension activities. It identifies eligible participants in the program, the program areas to be supported, and the funding levels for each area; provides instructions for preparing and submitting proposals; and describes the selection process and evaluation criteria to be used to make funding decisions. To obtain program application materials, please contact the Proposal Services Unit, Grants Management Branch; Office of Extramural Programs; USDA/CSREES at (202) 401-5048. When calling the Proposal Services Unit, please indicate that you are requesting forms for the Fund Program.

These materials may also be requested via Internet by sending a message with your name, mailing address (not e-mail) and phone number to psb@reeusda.gov which states that you want a copy of the application materials for the Fiscal Year 1997 Fund Program. The materials will then be mailed to you (not e-mailed) as quickly as possible.

Planning Grant Applications must be received on or before March 24, 1997. Planning Grant proposals received after March 24, 1997, will not be considered for funding.

Standard Project Grant Applications must be received on or before April 28, 1997. Standard project proposals received after April 28, 1997, will not be considered for funding.

FOR FURTHER INFORMATION CONTACT: Dr. Patrick O'Brien, Cooperative State Research, Education, and Extension Service, U.S. Department of Agriculture, STOP 2240, Washington, D.C. 20250-2240; telephone (202) 401-1761.

A. Legislative Authority

The Fund for Rural America (The Fund), authorized under Section 793 of the Federal Agriculture Improvement and Reform Act of 1996 (FAIR Act) (7 U.S.C. 2204(f)), is established as an account in the Treasury of the United States. The Fund will provide \$100 million in each of three years for rural development programs and a competitive grant program for research, education, and extension activities. Not less than one-third of the funds will be available for research, education, and extension activities, one-third will be available for the Department's rural development programs, and one-third will be allocated between the rural development and research activities according to the Secretary's discretion.

Grants are to be awarded on the basis of merit, quality, and relevance to advancing the purposes of federally supported agricultural research, extension, and education provided in Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3101). Section 1402 identifies the following purposes:

- (1) Enhance the competitiveness of the United States agriculture and food industry in an increasingly competitive world environment;
- (2) Increase the long-term productivity of the United States agriculture and food industry while maintaining and enhancing the natural resource base on which rural America and the United States agricultural economy depend;
- (3) Develop new uses and new products for agricultural commodities, such as alternative fuels, and develop new crops;
- (4) Support agricultural research and extension to promote economic

opportunity in rural communities and to meet the increasing demand for information and technology transfer throughout the United States agriculture industry;

(5) Improve risk management in the United States agriculture industry;

(6) Improve the safe production and processing of, and adding of value to, United States food and fiber resources using methods that maintain the balance between yield and environmental soundness;

(7) Support higher education in agriculture to give the next generation of Americans the knowledge, technology, and applications necessary to enhance the competitiveness of United States agriculture; and

(8) Maintain an adequate, nutritious, and safe supply of food to meet human nutritional needs and requirements."

Section 793(c)(2)(A) of the FAIR Act authorizes the Secretary to use the Fund for competitive research, education, and extension grants to:

(i) Increase international competitiveness, efficiency, and farm profitability;

(ii) Reduce economic and health risks;

(iii) Conserve and enhance natural resources;

(iv) Develop new crops, new crop uses, and new agricultural applications of biotechnology;

(v) Enhance animal agricultural resources;

(vi) Preserve plant and animal germplasm;

(vii) Increase economic opportunities in farming and rural communities; and

(viii) Expand locally-owned, value-added processing."

B. General Definitions

C. Eligibility

Proposals may be submitted by Federal research agencies, national laboratories, colleges or universities or research foundations maintained by a college or university, or **private research organizations**. **A programmatic decision on the eligibility status of the private organization will be made based on the information submitted.**

(KSIA note: With programs such as this, a statutory entity would be a benefit in competing for funding.)

RURAL BUSINESS ENTERPRISE GRANTS

Description - Grants to facilitate development of small and emerging business enterprises in rural areas. Use of grant funds may include acquisition and development of land and the construction of buildings, plants, equipment, access roads, parking areas, and utility extensions; refinancing; fees; technical assistant and training; working capital; financial assistance to third parties; production of television programs to provide information to rural residents; and distance learning networks.

Who Makes
the Grant?

Rural Business - Cooperative Service, USDA

Who Is
Eligible?

Public bodies, private nonprofit corporations, and Federally
recognized Indian Tribal
Groups.

Grant Amount

Based on need and available appropriated funds.

FY 1996 Funding Level

\$45 Million

RURAL COMMUNITY ADVANCEMENT

The Rural Community Advancement Program (RCAP), patterned on the President's initiative to reform the delivery of rural development programs, is the core of the farm bill's rural development initiatives.

RCAP fundamentally changes federal rural development programs. It puts in place a grassroots approach to rural economic development that will enable state and local officials to identify needs locally, and find flexible and innovative ways to meet them.

The farm bill gives state Rural Development offices the freedom to work with states, local communities, and federally recognized Indian tribes to maximize limited resources and provide meaningful assistance in addressing specific community needs. RCAP gives priority to communities with the smallest populations and lowest per capita income.

Program Categories

There are three categories of RCAP funds: rural community facilities, rural utilities, and rural business and cooperative development. They can be used for any combination of grants, direct loans, or loan guarantees.

In the past, these programs were funded on an individual basis and unused money could not be transferred from one program to another. RCAP allows state directors to move funding within the three funding streams to meet individual state needs. For example, if a state needs more money for revolving loan funds, it can allocate funds from within the rural business and cooperative development category to meet this objective.



RURAL TECHNOLOGY AND COOPERATIVE DEVELOPMENT GRANT PROGRAM

Description - Grants for establishing and operating centers for rural technology or cooperative development for the primary purpose of improving the economic condition of rural areas by promoting the development and commercialization of new products and services that can be produced or provided in rural areas, new processes that can be used in the production of products in rural areas, and new enterprises or cooperatives that can add value to on-farm production through processing or marketing.

Who Makes the Grant?	The Rural Business - Cooperative Service, USDA.
Who Is Eligible?	Private nonprofit institutions, awarded competitively.
Grant Amount	No limit.
Other Criteria	Applications are solicited annually and scored according to defined criteria including likelihood of project being effective, innovativeness, and transferability of project to other rural areas, ability to improve economic conditions, geographical distribution, and interagency cooperation.
Timeframes for Turn Around	FY 1996 applications are due May 10; scoring, ranking, and selection made in August 1996.
FY 1996 Funding Level>	\$1.33 Million

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FOUNDATIONS WITH A HISTORY OF MAKING NATURAL RESOURCE AND
AGRICULTURALLY-RELATED GRANTS
FOR WHICH A SEED COMMISSION WOULD QUALIFY

Ameritech Foundation
Archer-Daniels-Midland Foundation
Beldon Fund
Patrick and Ana M. Cudahy Fund
The Nathan Cummings Foundation, Inc.
The Educational Foundations of America
The Ford Foundation
Dane G. Hansen Foundation
W. Alton James Foundation, Inc.
The Joyce Foundation
W.K. Kellogg Foundation
J. Roderick MacArthur Foundation
Charles Stewart Mott Foundation
The Samule Roberts Noble Foundation
Jessie Smith Noyes Foundation
The Pew Charitable Trusts
Public Welfare Foundation
Z. Smith Reynolds Foundation
Rockefeller Brothers Fund
The Winthrop Rockefeller Foundation
Surdna Foundation
Wallace Genetic Foundation
General Service Foundation
The George Gund Foundation
John D. and Catherine T. MacArthur Foundation
The Florence and John Schwann Foundation
The McKnight Foundation
The Needmor Fund

HOUSE COMMITTEE ON AGRICULTURE

Chaired by: Joann Flower

SENATE BILL #149

Chairperson Flower, members of the committee, good morning, I'm Steve Ahring, agronomist with DeLange Seed and immediate Past President of the Kansas Seed Industry Association.

I would like to share with you some of the changes and challenges facing the seed industry here in Kansas. It is an exciting time to be involved in our industry, it is also a frightening time. There have been and continue to be, a record number of mergers, buyouts, consolidations, and alliances formed within the seed industry. Most of this activity can be traced directly to the anticipation of genetically modified crops which will be utilized in a startling array of end-uses. This "BioTech" is not the only new technology which will have an impact upon the seed industry but it is perhaps the most important, as seed will be the carrier of this technology.

"NEW TECHNOLOGIES"

This morning I'd like to briefly outline some of the new technologies that are likely to have a profound impact on Kansas Agriculture. And to speculate just a bit about how these technologies will effect the Kansas seedsman and the Kansas farmer.

We will begin with "BioTech".

"THE QUESTION"

The human genome is being mapped. Scientists expect to know the position of every gene on all 23 chromosomes by the year 2005. Likewise, the genes of all the major crops are being identified. Once this work is complete, the task of defining the function of each and every gene will be undertaken. The ramifications of this work is fantastic. The cause and effect of diseases will be known and strategies devised to effect cures. It may irradicate many of our most serious genetic disorders. In the case of crop production, scientists will be able to manipulate and alter individual gene sequences to accomplish plant improvement.

"NANO-ASSEMBLERS"

We now have Scanning Tunneling Microscopes capable of manipulating single atoms in the laboratory. Are we so far removed from being able to rearrange molecules of Carbon, Oxygen, and Nitrogen into a new or different product? As this slide depicts, could we take cheap ingredients such as grass and water and convert it into a beef product. Don't laugh, this is not far removed from what a cow does now. What would technology like this do to our livestock industry?

*House Agriculture Committee
March 12, 1997
Attachment 2*

"MONKEY DNA"

Human DNA differs from a chimp's by just 1%. For most of us that 1% makes a lot of difference, both in appearance and intelligence. The point I want to make is that very small differences in genetic make-up can result in very large differences in an organism.

"EXPLOSION"

There have been over 1000 patents applied for in the last 18 months involving genetically modified crop seeds. Over 1/2 of them have been requested by Monsanto. There will be a tremendous quantity of genetically modified germplasm released over the next 5 or 6 years. It will be a real challenge to keep up with what is available. You remember back 10 to 15 years ago when computer technology exploded. By the time you got home with your new system it was obsolete. There was already something newer, faster and better on the market. I suspect that this will be the case with this new technology as well.

"MODIFIED CROPS"

Almost all of the patent requests have involved technology directed at these 4 crops. I am including tomatoes in with the vegetables, even though my wife keeps telling me they are not really vegetables.

Of course, corn is king, we would expect to see it on the list. Some of the modifications involving corn will provide disease and insect resistance and herbicide tolerance. However, most of the work is focused on improved food quality, industrial uses, and other end-use applications. There is even talk about growing modified corn to produce plastics.

Soybeans are unique in that they have multiple applications in the food, oil and pharmaceutical industries. Dupont and others are attempting to utilize modified soybeans to produce pharmaceuticals. They are actually growing the crop to harvest things like antibodies.

Monsanto is very proud of the fact that they can grow cotton with different colored fibers. One day blue jeans will not have to be dyed blue, the cotton in the field will be blue.

The really interesting thing about this list is not what's on it, but rather what's not. Kansas perennially leads the nation in the production of wheat and sorghum. Yet, little work at this time is being pursued in these crops.

Since wheat and sorghum are not part of the big picture as of yet, Kansas seedsmen and perhaps Kansas farmers are in a situation where accessing this technology may become difficult. The corporate executives of the large companies now in control of most of the technology involved in gene modification do not consider Kansas to be a corn or soybean producing state. I have been

told on numerous occasions that Kansas is a "fringe area". Originally, only one Kansas seed company was awarded a contract to produce Round-up Ready soybeans. Monsanto was and is satisfied that the large companies such as Pioneer and Asgrow etc. can market these materials in Kansas. Where is the competition in this arrangement? Who is going to keep these big corporations honest? Ask yourself what is the difference between a small family owned seed company competing against major corporations and a small family farm competing against a corporate farm?

THE "SMALL" ADVANTAGE

You know, small companies are not without resources. In fact, we have an advantage in some respects. For example, we care about our customers. Without our customers continued success our businesses would fail. Sure the sales rep for the big company that calls on Kansas farmers cares, his paycheck depends upon it. But the corporate Big Shots, the ones making the decisions don't care, Kansas is a fringe area.

Secondly, the small Kansas company produces locally, conditions seed locally, distributes locally and markets locally. We are a whole lot more efficient than the large national and international seed companies. The result is, we can sell our products at a more economical price.

Lastly, I would point out that we are able to tailor our product line to our specific marketing area. We don't care how our products work in Illinois or Iowa. We want specific adaptation to our trade area. Our customers can benefit substantially from this dedication.

"MONSANTO"

I have referred to Monsanto on several occasions, this overhead demonstrates why. Monsanto is no longer a chemical company. In fact, they are spinning off their chemical business to finance their acquisitions of seed companies and bio-tech firms. A complete picture of Monsanto's recent transactions would occupy an area larger than this screen. But, these are the transactions of most concern to our Industry.

With their recent purchase of AgriPro, Monsanto has pretty well achieved complete control of hybrid wheat. They own the chemical hybridization agent and the only two breeding programs actively marketing hybrid wheat. Ask yourself - when genetically modified wheat becomes available, how will it be marketed? Hybrid production requires the purchase of seed every year thus insuring that the farmer will pay for this technology with every purchase.

With the purchase of Asgrow Seed Company, Monsanto now has if not the finest, then certainly one of the finest soybean breeding programs in the world. They also purchased a substantial marketshare of the soybean seed sold in the United States.

And with the purchase of Holdens for 1.02 billion dollars, Monsanto has effectively challenged Pioneer for supremacy in seed corn. Holden Seed Company is a foundation seed company. In other words, they develop parent lines for corn hybrids and in turn license these lines to other seed companies for the production of hybrids. Holden parent lines account for approximately 35% of all the hybrid corn seed marketed in the United States.

Monsanto has very quickly established and entrenched themselves into a position of dominance in a broad segment of the seed industry. Please do not take me wrong, in no way am I being critical of Monsanto. However, their relative lack of experience in the seed trade coupled with the huge position they have acquired, does indeed make many in the seed trade nervous.

* Biotech is not the only new technology that affects agriculture.

"GPS"

Global Positioning Systems or site specific farming is a technology that will allow farmers to become very knowledgeable about their production fields. It is technology similar to what was utilized in the Gulf War to direct U.S. missiles with pinpoint accuracy. It involves a satellite in earth's orbit, a receiver on the ground, radar or some other tracking system, yield monitors on the combine, and extensive soil sampling of production fields. The idea is that farmers will be able to identify areas in the field that are low in fertility or that suffer from a pH imbalance or due to soil conditions, are just simply unproductive. With this knowledge they will be able to adjust plant populations, and apply a different amount of fertilizer or herbicide on these specific sites. Many of us in the seed trade anticipate multiple varieties or even multiple crops being utilized in a single field to help compensate for field differences. This technology could well provide high efficiency and substantial savings on fertilizer and pesticides, while maximizing the fields production potential.

However, it does carry a substantial price tag. The minimum equipment you need to get started is a yield monitor and satellite receiver. Cost of these items will range from \$7,000 to \$10,000, and that's just the beginning. When you start talking about variable rate applicators, you are talking serious money.

Who will benefit from this technology? Will those large farm operations that can afford the investment in the necessary equipment gain another competitive advantage? Who will interpret the data and make the recommendations? How can the Kansas Seed Industry participate in the implementation of this technology and the utilization of the information obtained from this technology?

"INTERNET"

The next generation of Kansas farmers will likely make all purchasing and all marketing decisions through the computer. I don't have to tell you that often how you buy is more critical to your success than how you sell. Access to the internet will provide invaluable product information in a matter of moments. A farmer will be at a severe competitive disadvantage if he fails to take advantage of this technology. Likewise, we as an industry must learn to take advantage of the Internet to educate and help prepare our customers for the not too distant future. We can use this vast information network to keep our customers and each other informed and prepared to adapt to rapid changes brought about by new technology.

CONCLUSION

This is a critical time for the Seed Industry. It is a time of great change and possibly of great opportunity. We foresee a future wherein our customers, the Kansas farmer, may no longer simply produce commodity grains, but rather grow modified crop seeds, under contract, for a specific end-use purpose. We anticipate our Industry being called upon to help our customers interpret satellite photography and make recommendations for site-specific agriculture. We anticipate a greater demand for information from our customers. This demand can only be met by enhancing our computer skills and utilizing the internet.

The companies and individuals that make up the seed industry here in Kansas, will be hard pressed to accomplish the transition to twenty-first century technology on their own. However, collectively, through a Commission we believe our Industry can meet the challenge. A Commission could educate and inform Kansas seed dealers through newsletters and seminars. A Commission could provide direction and guidance through a difficult and confusing time for our Industry. A Commission could apply funds to specific projects that would benefit all Kansas seedsmen and Kansas farmers.

We are not asking for much, just the opportunity to help ourselves.

Thank you for your attention and courtesy.

TRIO RESEARCH AGAINST SB 149—Am

Thank you for the opportunity for Trio Research, a Kansas corporation for over fifteen years, to present before this committee our opposition to Bill 149-- Amended.

We deeply regret, however, that such opposition is even necessary today due to the Senate Agricultural Committee's failure to kill this bill. In a time in which constituents across the nation are demanding that politicians reduce the role of government, we are astounded that the Senate committee as a whole failed to draw a line in the sand and "just say no" to the creation of yet another bureaucratic structure.

We are ideologically opposed to this bill. Within a law-abiding, free market system, businesses should have the freedom to meet the demands of the marketplace; businesses should have the freedom to build mutually profitable relationships, and, relevant to the intent of this bill today, businesses should have the freedom to join or not join associations which claim to represent the interests of their respective industries.

The Kansas Seed Industry Association, KSIA, is endorsing this bill to create a seed commission. KSIA's primary purpose is this: to work for the best interest of Kansas seeds people, those who make money by selling seed.

In trying to justify this commission, KSIA has stated, and I quote, "At the present time, just a few of the states' seeds people are shouldering the load of cost of these purposes and the commission would help distribute the cost to everyone in the industry."

In other words, we submit that KSIA is essentially saying, "Our association incurs expenses while propagating our interests. It's a shame that our members have to meet these costs. Let's get the government to redistribute our costs for us. Let's get the government to help us pad our membership."

Such coerced membership does not merely violate free market principles, it oppresses our freedom as a people. To grant such favors to vested interests makes a mockery of the sacred duty of government.

*House Agriculture Committee
March 12, 1997
Attachment 3*

We oppose this bill ideologically; we oppose this bill pragmatically.

Our business is wheat seed development, developing better wheat for wheat farmers. As a Kansas business, we know the competition. We know the tactics of our most formidable opponent—K-State University.

K-State has a history of using various commissions and organizations to siphon off moneys to sustain their seed business, a business whose products compete directly with ours. Moreover, how is it that our competition is being sustained by our tax money? How is it that K-State uses tax money to develop wheat products but then claims ownership of these very products? When the university sells these seed products, where does the money go?

Beyond these legitimate concerns, however, K-State continues to discriminate against private seed development companies such as ours, Trio Research. For example, K-State charges private companies, but not universities, to enter their 'Kansas Variety Performance Tests'. If K-State were truly an impartial state entity in regard to seed development, not only would they eliminate such barriers to publicity for private varieties, but they would also proactively use their public relation offices as well as their extension services to educate Kansas farmers on new seed varieties available from all private sources.

Yet K-State is not impartial. K-State is in the seed business. K-State needs the cooperation of seeds people to market their products. Over the years, K-State has crafted alliances with some seed distributors by giving them so-called 'free' research, research that in reality has unnecessarily cost taxpayers millions of dollars, research that private enterprise, companies such as Trio Research, is doing, has done, and is willing to do without any tax money.

In order to continue to lobby successfully for more and more tax dollars, K-State needs to be perceived as a successful seed business whose varieties occupy a lot of acres in Kansas. K-State needs to control entrepreneurial seed businesses such as ours which demonstrate the inequities and inefficiencies of their socialized variety development business. K-State has discriminated against private enterprise in the past; we submit that K-State will continue to do so.

Thus, we are not surprised to see the K-State influence on this bill. For example, not only has a K-State employee been responsible for K-State's seed production, but the same individual is currently the executive secretary of KSIA. Moreover, the same individual is a primary member of the KSIA legislative committee which drafted this very bill.

Thus, today we have pragmatically identified for you our most formidable opponent, this vested interest willing to legislate more dominance in the seed industry. We urge this committee to kill this bill, to preempt this latest attempt to further discriminate against private enterprise.

In spite of our opposition today, we realize this bill could unfortunately survive this committee. If that were to happen, we believe the following amendments must be made:

- that Section 2. (d) line 10, 11, and 12 on page 2 be eliminated in its entirety, which currently insists that K- State University have ongoing, official access to and influence on this commission. This is typical K-State political maneuvering: in effect, other contributors to this commission would have term limits; but K-State would not. Such is the audacity of powerful vested interest.
- that Section 2. (d) lines 14 and 15 on page 2 be changed from:
“as ex officio nonvoting members”
to: “as an ex officio nonvoting member”
- that the phrase in Section 2 (b) line 27 be changed from:
“elected at the annual meeting of the Kansas seed industry association”
to: “elected at an annual public meeting which is moderated and chaired by the President of the Kansas seed industry association”
- that the phrase in Section 2 (c) line 9 be changed from:
“at the annual meeting of the Kansas seed industry association”
to: “at an annual public meeting which is moderated and chaired by the President of the Kansas seed industry association”

- that the phrase in Section 2 (b) line 29 be changed from:

“members until”

to: “members but with no authority to make appointments until”

- that the phrase in Section 3 (g) line 11 be changed from:

“the council”

to: “the elected council”

- that the phrase in Section 2 (c) line 1 be changed from:

“active seedsmen”

to: “active in the seed industry”

- that the phrase in Section 2 (f) line 23 be changed from:

“an active seedsman”

to: “active in the seed industry”

that the following related amendments be made to include farmers, that is grain producers, on this commission:

- that the phrase in Section 2. (b) lines 32 and 33 on page 1 be changed from:

“or representatives of seed product development, distribution and production”

to: “or representatives of seed product development, distribution and production and representatives of grain production”

- that the phrase in Section 2. (c) lines 2 and 3 on page 2 be changed from:

“representatives of seed product development; distribution and production”

to: “representatives of seed product development; distribution and production and representatives of grain production”

- that the phrase in Section 2. (c) lines 5 and 6 be changed from:

“or representatives of seed product development; distribution and production”

to: “or representatives of seed product development; distribution and production and representatives of grain production”

- that the phrase in Section 2. (c) lines 7, 8 and 9 be changed from:

“and representatives of seed product development; distribution and production”

to: “and representatives of seed product development; distribution and production and representatives of grain production”

In summary, we firmly believe it is completely unnecessary, indeed, completely irresponsible for government to legislate a campaign for seed industry development. Private businesses can and will respond to the needs of the seed industry provided that government, this house committee, protects our rights to not only compete but to prosper in a free market.

We urge you to kill this bill.

Thank you.

ⁱ KSIA Newsletter, June 1996.