

Approved: 2-5-97
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE

The meeting was called to order by Chairperson David Corbin at 10:00 a.m. on February 4, 1997 in Room 423-S of the Capitol.

All members were present except: Quorum was present.

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

Conferees appearing before the committee:
Ellen Sipp, Legislative Post Audit
James O'Connell, Secretary, Department of Health and Environment

Others attending: See attached list

Chairperson Corbin announced that as of midnight February 5 Senator Morris would be the Chair of the Agriculture Committee, Senator Umbarger would be the Vice-Chair, and he would become the Chair of the Energy and Natural Resources Committee. He called for action on the minutes of January 29 and 30. A motion was made by Senator Tyson to approve the minutes. The motion was seconded by Senator Morris. Motion carried.

In compliance with K.S.A. 74-555(e)(3), the annual report of the Kansas Dairy Marketing Advisory Board was submitted. It was accompanied by a cover letter from Secretary Allie Devine, dated January 31, 1997 (Attachment 1). Secretary Devine's letter states the Board would be happy to appear before the committee to respond to questions if the committee desired.

Fiscal Note on **SB 63** was distributed.

Chairperson Corbin called on Ellen Sipp who reported on the Legislative Post Audit report on: "Reviewing the Department of Health and Environment's Efforts to Protect Water from Pollution Caused by Confined Livestock Feeding Operations". Ms. Sipp gave a very informative report, and the printed report is available from Legislative Post Audit or on file in the Kansas Legislative Research Department Office.

James O'Connell, Secretary Department of Health and Environment was present to observe and responded to a question regarding the notification of neighbors when a new facility is planned. He said that information was a part of the application process, and the applicant should provide that information to them.

Vice-Chairperson Morris asked Secretary O'Connell if he would be willing to review the data available regarding the compliance and pollution caused by old confined livestock feeding operations versus the new facilities and report on this to the committee. Secretary O'Connell agreed to do so.

Chairperson Corbin commended Ms. Sipp for her report. He commented that in regulating the corporate operations it may hurt the small producers, and Secretary O'Connell may want to address this issue when he reports to the committee at a later date.

The meeting adjourned at 11:00 a.m.

The next meeting is scheduled for February 5, 1997.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: 2-4-97

NAME	REPRESENTING
Kay Kennedy	Farm Bureau
Gayle Ross	Sedg. Co. Farm Bureau
Cathy McGinn	Sedg. Co. Farm Bureau
Leo Hefner	Legislative Post Audit
Elynn Lipp	Legislative Post Audit
Chris Williams	KDOL & H
Troy Burr	KFB - Cheyenne Co.
Paul Johnson	PACK
Elwyn Attriby	Kansas Farm Bureau
Don Canton	Ks. Dept. of Health & Environment
Diana Kaiser	Lawe Co. Farm Bureau
CAROLYN BURNS	Ct Co. Farm Bureau
Carolyn Michael	Crawford Co. Farm Bureau
Ricky Griffin	Osborne Co. F.B.
Randall Hobe	Roots Co. Farm Bureau
Ron Betzen	Ks. Farm Bureau

STATE OF KANSAS

BILL GRAVES, GOVERNOR
Alice A. Devine, Secretary of Agriculture
901 S. Kansas Avenue
Topeka, Kansas 66612-1280
(913) 296-3558
FAX: (913) 296-8389



KANSAS DEPARTMENT OF AGRICULTURE

January 31, 1997

The Honorable David Corbin
Kansas Senate
300 SW 10th Ave., Room 120-S
Topeka, KS 66612-1504

Dear Senator Corbin:

Please find attached a copy of the annual report of the Kansas Dairy Marketing Advisory Board being submitted to the standing agriculture committee of the legislature, as required by K.S.A. 74-555(e)(3). The report is to be submitted on or before February 1 of each year.

The Board respectfully appreciates the opportunity to submit the Board's recommendations to your committee and, if desired, will appear and stand for any questions the committee may wish to raise regarding the annual report.

Respectfully,

A handwritten signature in cursive script, appearing to read "Alice A. Devine".

Alice A. Devine
Kansas Secretary of Agriculture

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Attachments

*Senate Agriculture
Feb 4, 1997
attachment 1*

REPORT OF THE KANSAS DAIRY MARKETING ADVISORY BOARD

Presented to the Senate and House Agriculture Committees of Kansas Legislature

February 1, 1997

The Kansas Legislature had considered legislation directed toward the problems of prices received by the dairy producers in Kansas. In 1992 House Bill 3046 would have created a dairy stabilization fund based upon an assessment imposed on dairy products sold in this state. In 1993 Senate Bill 72 would have created a dairy marketing advisory board which could establish a milk marketing order for the State of Kansas. Neither of these bills passed.

In 1994 House Bill 3012, as originally introduced, passed which was very similar in purpose to 1993 Senate Bill 72. The Kansas Dairy Marketing Advisory Board submitted its original recommendations to the Senate and House Agriculture Committees on February 1, 1995 and a subsequent report on February 1, 1996.

The current members of the Dairy Marketing Advisory Board are:

Dennis Metz - Wellington, Kansas (dairy producer)

Mike Currie - Gypsum, Kansas (dairy producer)

Vacant position - (resignation 10-1-96 due to relocation out-of-state)

Elaine Sauerwein - Newton, Kansas (consumer)

Kansas Secretary of Agriculture or the Secretary's designee - Larry D. Woodson

The issue was and continues to the effectiveness of the federal milk marketing system and its ability to assist dairy producers in obtaining adequate financial returns. Several states had attempted to resolve the issue at the state level; however, the Massachusetts milk marketing order, created in this regard, was ruled unconstitutional by the United States Supreme Court (Ruling 93-141) as violating the Commerce Clause of the U.S. Constitution.

In attempting to resolve the issue, the 1996 Farm Bill required the consolidation of the current 32 Federal Marketing Orders into 10 to 14 orders. As a means of determining where interrelationships among the current marketing areas are strongest, data relating to the receipt and distribution of fluid milk products by distributing plants were gathered for all known distributing plants located in the 47 contiguous states, not including California, for the month of October 1995. California is not currently included as a suggested order area.

The most current milk order consolidation recommendations call for 10 orders. It places Kansas in the Central Order which would include Oklahoma, Colorado (eastern half), Nebraska (southern half), Iowa, Missouri, Illinois, and parts of South Dakota.

As a result of the meeting held on January 29, 1997 the Dairy Marketing Advisory Board wishes to submit the following recommendations to the legislature;

1. With the awareness of the magnitude of the problem of maintaining a fair and orderly system of marketing dairy products in the United States and the potential effect of the 1996 Farm bill, it remains of critical importance that the proposed Federal Milk Marketing Orders be fair and uniform and that the State of Kansas be contained in one order and not divided. Secondly, it is the belief of the Dairy Marketing Advisory Board that it would not be in our best interest to be on the fringes of a Federal Milk Marketing Order.

2. Currently, USDA establishes a Basic Formula Price based on a survey of prices paid for Grade "C" Milk in Minnesota/Wisconsin. Thus, Class I (retail fluid milk) prices and Class II (soft dairy products) are based on Grade "C" price in Minnesota/Wisconsin of two months ago. The committee believes that this method of pricing is outdated and not in the best interest of the Kansas Dairy Industry. It is recommended that the pricing system be decoupled.

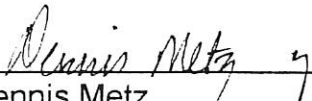
3. Another recommendation is to establish a 12 month running average pay price to reduce the peaks and valleys in the market.

4. It is further recommended that the Dairy Marketing Advisory Board remain in existence until the Kansas Dairy Association can review the objectives. The Dairy Marketing Advisory Board should also remain in existence until the federal marketing order modifications be finalized and prove to be meeting their stated objectives.

The dairy industry of Kansas makes a significant contribution to the agricultural economy of the state. It is in the best interest of dairy farmers, processors, retailers and consumers alike to maintain a viable dairy industry in Kansas and an orderly and fair system of marketing milk.

The Dairy Marketing Advisory Board stands ready to appear before the Senate and House Agricultural Committees, if appropriate, to discuss these ongoing issues and any recent developments.

Sincerely submitted,



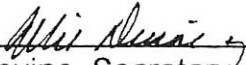
Dennis Metz



Mike Currie



Elaine Sauerwein



Allie Devine, Secretary of Agriculture (or designee)