

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Joann Flower at 3:30 p.m. on February 22, 1999, in Room 423-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee:

 Kerri Ebert, Kansas Dairy Association
 Warren Winter, President, Kansas Dairy Association
 Mark Nelson, Director, Commodities Division, Kansas Farm Bureau
 Representative Joe Humerickhouse
 Kerwin Nichols (written testimony only)
 Brad Clark (no written testimony)
 Steve Williams, Secretary, Department of Wildlife and Parks

Others attending: See attached list

Chairperson Flower asked committee members to review the minutes of February 15. If there were corrections or additions, members were asked to contact the committee secretary before 10:00 a.m., February 23, or they will stand approved as presented.

Hearing on HB 2486 - Enabling the State of Kansas to enter into the Southern Dairy Interstate Compact.

Chairperson Flower opened the hearing on **HB 2486** and asked Raney Gilliland to provide background information on the Southern Dairy Compact. He explained that it was modeled after the Northeast Dairy Compact that was authorized in 1996. He provided members of the committee with a map depicting the states participating in both the Northeast Dairy Compact and the proposed Southern Dairy Compact, as well as a copy of the Southern Dairy Compact. (Attachments 1 and 2, respectively)

Gordon Self cautioned that by passing **HB 2486** allowing Kansas to join the Southern Dairy Compact, the state is delegating its legislative powers to the Compact. The Compact becomes law; the states are powerless to amend it. He said that a copy of the Compact may be entered into the statute books if the committee should decide to make that requirement. He explained that the state may withdraw from the Compact by enacting a statute repealing the same; however, one-year's written notice would be required. The state would remain accountable for any liability already incurred as a participating member of the Compact.

Kerri Ebert, Kansas Dairy Association, testified in support of **HB 2486** enabling Kansas to join the Southern Dairy Compact if it is authorized by Congress later this year. She said the Dairy Compact, designed to work with Federal Milk Marketing Orders, will allow producers to have a voice in establishing a regional Class I milk price. (Attachment 3)

Warren Winter, President of the Kansas Dairy Association, appeared in support of **HB 2486**. He said the Kansas Dairy Association believes the Southern Dairy Compact will be beneficial to Kansas producers, helping stabilize the price a producer receives for milk by setting a price for Class I milk. (Attachment 4)

Mark Nelson, Director, Commodities Division, Kansas Farm Bureau, testified in support of **HB 2486**. He said that Kansas Farm Bureau believes it is in the best interest of Kansas dairy farmers for Kansas to enter into the Southern Dairy Compact for several reasons: 1) Protection of Kansas markets for milk; 2) Increased milk price stability; and 3) Would provide the Kansas dairy industry and dairy producers an alternate plan if federal milk marketing orders were to come to an end. (Attachment 5)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE, Room 423-S Statehouse, at 3:30 p.m. on February 22, 1999.

Copies of the Kansas Dairy Marketing Advisory Board Annual Report were distributed. (Attachment 6)

As there were no opponents, Chairperson Flower closed the hearing on **HB 2486**.

Hearing and action on HB 2492 - Lifetime fur harvester license.

Chairperson Flower opened the hearing on **HB 2492**. Raney Gilliland briefed the committee on the bill.

Representative Joe Humerickhouse testified in support of **HB 2492** to allow the Secretary of Wildlife and Parks to issue a lifetime fur harvester license. He explained that this would be consistent with licenses now available for hunting and fishing. (Attachment 7)

Kerwin Nichols, representing the Flint Hills Coon Hunters Association, submitted written testimony in support of **HB 2492**. He stated that a lifetime fur harvester license would be a convenience and time saver for the hunter. (Attachment 8)

Brad Clark appeared in support of **HB 2492**. As the state offers lifetime hunting and fishing licenses, he would like the state to also offer a lifetime fur harvester license. He reported a lot of local group support for this legislation.

Steve Williams, Secretary, Kansas Department of Wildlife and Parks, testified that the department is not opposed to **HB 2492**. He said KDWP had determined that the provisions of the bill would have a minimal fiscal impact. Based on the number of lifetime hunting and fishing licenses issued, he estimated that approximately 65 state residents would apply for a lifetime fur harvester license. KDWP recommended that the bill be amended to provide for the issuance of the lifetime fur harvester license beginning on January 1, 2000, as all licenses issued by the department are annual licenses valid for the calendar year in which they are issued; recommended that lines 29 and 30 on page 6 be deleted. (Attachment 9)

This concluded the hearing on **HB 2492**.

Chairperson Flower opened discussion on the bill. Representative Freeborn moved to amend **HB 2492** as suggested by the Department of Wildlife and Parks and to reduce the fee to \$240, making it the same as current lifetime hunting and fishing licenses. The motion was seconded by Representative Light.

After much discussion on the amendment, Secretary Williams suggested that to be consistent with lifetime hunting and fishing licenses, **HB 2492** be amended on page 5, lines 25 and 26: "Lifetime: minimum \$200, maximum \$300; or 8 quarterly payments, each minimum, \$30, maximum \$45." On page 6, lines 29 and 30: "The fee for a lifetime fur harvester license shall be \$240 from the effective date of this act through calendar year 1999."

With Representative Light's consent, Representative Freeborn withdrew her amendment. Representative Freeborn then moved to amend **HB 2492** as suggested by Secretary Williams. Seconded by Representative Aurand, the motion carried.

Representative Faber moved to pass **HB 2492** as amended. The motion was seconded by Representative Showalter. The motion passed.

Action on HB 2486 - Enabling the State of Kansas to enter into the Southern Dairy Interstate Compact.

Representative Faber moved to recommend **HB 2486** be passed, and because the bill is of a noncontroversial nature, be placed on the consent calendar. The motion was seconded by Representative Tedder. The motion carried.

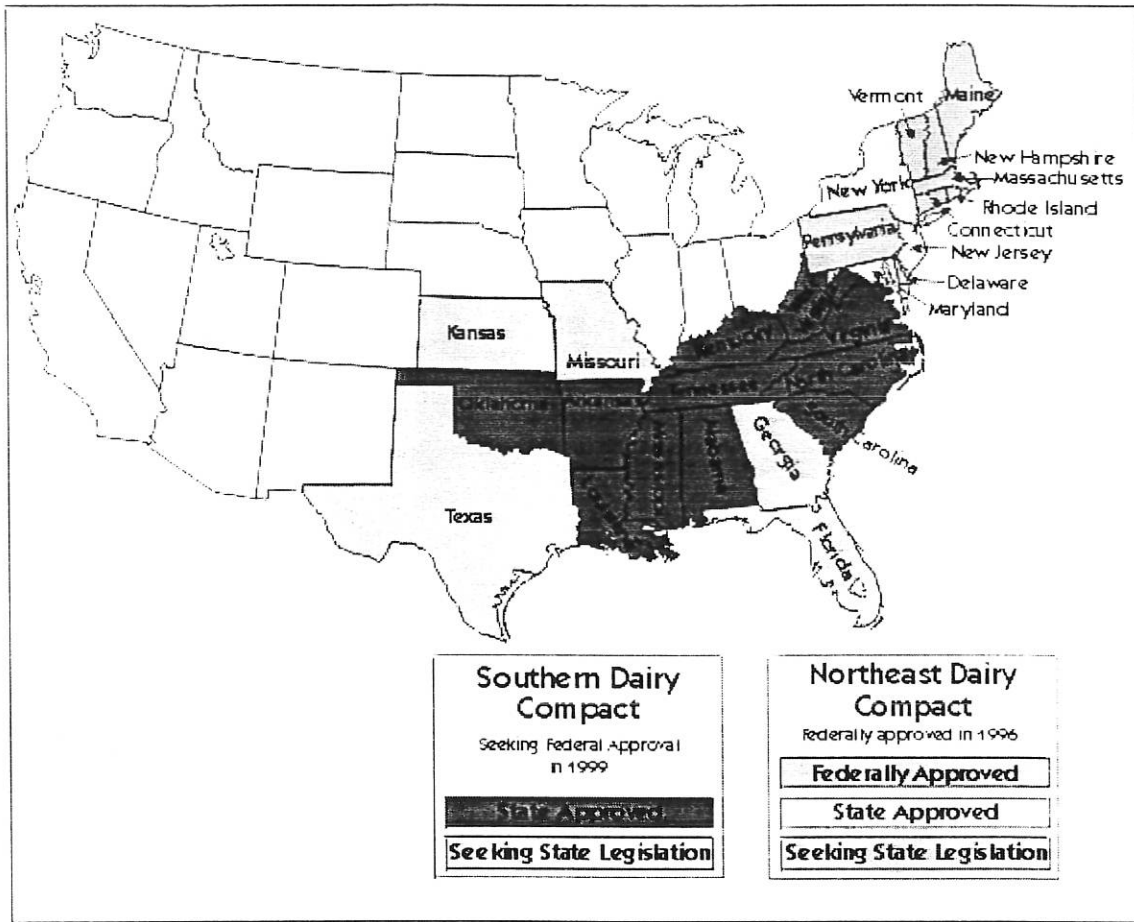
The meeting adjourned at 5:08 p.m. The next meeting is scheduled for March 3, 1999.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 22, 1999

NAME	REPRESENTING
GREG KRISSEK	KS Dept Ag
George Blush	Ks Dept of Ag.
JOHN C. BOTTENBERG	PHILIP MORRIS
Ann Dukes	DOB
Joe Lieber	KS-C-C Council
Leo Magorhan	KDOCEH - Ag Division
Kerwin Nichols	Same
Brad Clark	Same
Joe Hummerckhouse	Self
Mark Nelson	Kansas Farm Bureau
Richard Benoit	Ks Dairy Farmers
Kerri Ebert	Kansas Dairy Association
Wanda S. Winton	Kansas Dairy Assoc.
Chris Wilson	KS Dairy Ass'n
STEVE WILLIAMS	KDWP
Spencer Tomb	KS Wildlife Federation
Bill Fuller	Kansas Farm Bureau

Participating Dairy Compact States



[Southern Dairy Compact Articles](#)
[Signing of Compact](#)
[News Releases](#)

*House Agriculture Committee
 February 22, 1999
 Attachment 1*

The Southern Dairy Compact

- Article I. Statement of Purpose, Findings and Declaration of Policy
- Article II. Definitions and Rules of Construction
- Article III. Commission Established
- Article IV. Powers of the Commission
- Article V. Rulemaking Procedure
- Article VI. Enforcement
- Article VII. Finance
- Article VIII. Entry Into Force; Additional Members and Withdrawal

ARTICLE I. STATEMENT OF PURPOSE, FINDINGS AND DECLARATION OF POLICY

§1. STATEMENT OF PURPOSE, FINDINGS AND DECLARATION OF POLICY

The purpose of this compact is to recognize the interstate character of the southern dairy industry and the prerogative of the states under the United States Constitution to form an interstate commission for the southern region. The mission of the commission is to take such steps as are necessary to assure the continued viability of dairy farming in the south, and to assure consumers of an adequate, local supply of pure and wholesome milk.

The participating states find and declare that the dairy industry is an essential agricultural activity of the south. Dairy farms, and associated suppliers, marketers, processors and retailers, are an integral component of the region's economy. Their ability to provide a stable, local supply of pure, wholesome milk is a matter of great importance to the health and welfare of the region.

The participating states further find that dairy farms are essential and they are an integral part of the region's rural communities. The farms preserve land for agricultural purposes and provide needed economic stimuli for rural communities.

By entering into this compact, the participating states affirm that their ability to regulate the price which southern dairy farmers receive for their product is essential to the public interest. Assurance of a fair and equitable price for dairy farmers ensures their ability to provide milk to the market and the vitality of the southern dairy industry, with all the associated benefits.

Recent, dramatic price fluctuations, with a pronounced downward trend, threaten the viability and stability of the southern dairy region. Historically, individual state regulatory action had been an effective emergency remedy available to farmers confronting a distressed market. The federal order system, implemented by the Agricultural Marketing Agreement Act of 1937, establishes only minimum prices paid to producers for raw milk, without preempting the power of states to regulate milk prices above the minimum levels so established.

In today's regional dairy marketplace, cooperative, rather than individual state action is needed to more effectively address the market disarray. Under our constitutional system, properly authorized states acting cooperatively may exercise more power to regulate interstate commerce than they may assert individually without such authority. For this reason, the participating states invoke their authority to act in common agreement, with the consent of Congress, under the compact clause of the Constitution.

In establishing their constitutional regulatory authority over the region's fluid milk market by this compact, the participating states declare their purpose that this compact neither displace the federal order system nor encourage the merging of federal orders. Specific provisions of the compact itself set forth this basic principle.

Designed as a flexible mechanism able to adjust to changes in a regulated marketplace, the compact also contains a contingency provision should the federal order system be discontinued. In that event,

*House Agriculture Committee
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Attachment 2*

the interstate commission is authorized to regulate the marketplace in replacement of the order system. This contingent authority does not anticipate such a change, however, and should not be so construed. It is only provided should developments in the market other than establishment of this compact result in discontinuance of the order system.

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ARTICLE II. DEFINITIONS AND RULES OF CONSTRUCTION

§2. DEFINITIONS

For the purposes of this compact, and of any supplemental or concurring legislation enacted pursuant thereto, except as may be otherwise required by the context:

- (1) "Class I milk" means milk disposed of in fluid form or as a fluid milk product, subject to further definition in accordance with the principles expressed in subdivision (b) of section three.
- (2) "Commission" means the Southern Dairy Compact Commission established by this compact.
- (3) "Commission marketing order" means regulations adopted by the commission pursuant to sections nine and ten of this compact in place of a terminated federal marketing order or state dairy regulation. Such order may apply throughout the region or in any part or parts thereof as defined in the regulations of the commission. Such order may establish minimum prices for any or all classes of milk.
- (4) "Compact" means this interstate compact.
- (5) "Compact over-order price" means a minimum price required to be paid to producers for Class I milk established by the commission in regulations adopted pursuant to sections nine and ten of this compact, which is above the price established in federal marketing orders or by state farm price regulation in the regulated area. Such price may apply throughout the region or in any part or parts thereof as defined in the regulations of the commission.
- (6) "Milk" means the lacteal secretion of cows and includes all skim, butterfat, or other constituents obtained from separation or any other process. The term is used in its broadest sense and may be further defined by the commission for regulatory purposes.
- (7) "Partially regulated plant" means a milk plant not located in a regulated area but having Class I distribution within such area. Commission regulations may exempt plants having such distribution or receipts in amounts less than the limits defined therein.
- (8) "Participating state" means a state which has become a party to this compact by the enactment of concurring legislation.
- (9) "Pool plant" means any milk plant located in a regulated area.
- (10) "Region" means the territorial limits of the states which are parties to this compact.
- (11) "Regulated area" means any area within the region governed by and defined in regulations establishing a compact over-order price or commission marketing order.
- (12) "State dairy regulation" means any state regulation of dairy prices, and associated assessments, whether by statute, marketing order or otherwise.

§3. RULES OF CONSTRUCTION

(a) This compact shall not be construed to displace existing federal milk marketing orders or state dairy regulation in the region but to supplement them. In the event some or all federal orders in the region are discontinued, the compact shall be construed to provide the commission the option to replace them with one or more commission marketing orders pursuant to this compact.

(b) This compact shall be construed liberally in order to achieve the purposes and intent enunciated in section one. It is the intent of this compact to establish a basic structure by which the commission may achieve those purposes through the application, adaptation and development of the regulatory techniques historically associated with milk marketing and to afford the commission broad flexibility to devise regulatory mechanisms to achieve the purposes of this compact. In accordance with this intent, the technical terms which are associated with market order regulation and which have acquired commonly understood general meanings are not defined herein but the commission may further define the terms used in this compact and develop additional concepts and define additional terms as it may find appropriate to achieve its purposes.

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ARTICLE III. COMMISSION ESTABLISHED

§4. COMMISSION ESTABLISHED

There is hereby created a commission to administer the compact, composed of delegations from each state in the region. The commission shall be known as the Southern Dairy Compact Commission. A delegation shall include not less than three nor more than five persons. Each delegation shall include at least one dairy farmer who is engaged in the production of milk at the time of appointment or reappointment, and one consumer representative. Delegation members shall be residents and voters of, and subject to such confirmation process as is provided for in, the appointing state. Delegation members shall serve no more than three consecutive terms with no single term of more than four years, and be subject to removal for cause. In all other respects, delegation members shall serve in accordance with the laws of the state represented. The compensation, if any, of the members of a state delegation shall be determined and paid by each state, but their expenses shall be paid by the commission.

§5. VOTING REQUIREMENTS

All actions taken by the commission, except for the establishment or termination of an over-order price or commission marketing order, and the adoption, amendment or rescission of the commission's bylaws, shall be by majority vote of the delegations present. Each state delegation shall be entitled to one vote in the conduct of the commission's affairs. Establishment or termination of an over-order price or commission marketing order shall require at least a two-thirds vote of the delegations present. The establishment of a regulated area which covers all or part of a participating state shall require also the affirmative vote of that state's delegation. A majority of the delegations from the participating states shall constitute a quorum for the conduct of the commission's business.

§6. ADMINISTRATION AND MANAGEMENT

(a) The commission shall elect annually from among the members of the participating state delegations a chairperson, a vice-chairperson, and a treasurer. The commission shall appoint an executive director and fix his or her duties and compensation. The executive director shall serve at the pleasure of the commission, and, together with the treasurer, shall be bonded in an amount determined by the commission. The commission may establish through its by-laws an executive committee composed of one member elected by each delegation.

(b) The commission shall adopt by-laws for the conduct of its business by a two-thirds vote, and

shall have the power by the same vote to amend and rescind these by-laws. The commission shall publish its by-laws in convenient form with the appropriate agency or officer in each of the participating states. The by-laws shall provide for appropriate notice to the delegations of all commission meetings and hearings and of the business to be transacted at such meetings or hearings. Notice also shall be given to other agencies or officers of participating states as provided by the laws of those states.

(c) The commission shall file an annual report with the Secretary of Agriculture of the United States, and with each of the participating states by submitting copies to the governor, both houses of the legislature, and the head of the state department having responsibilities for agriculture.

(d) In addition to the powers and duties elsewhere prescribed in this compact, the commission shall have the power --

(1) to sue and be sued in any state or federal court;

(2) to have a seal and alter the same at pleasure;

(3) to acquire, hold, and dispose of real and personal property by gift, purchase, lease, license, or other similar manner, for its corporate purposes;

(4) to borrow money and to issue notes, to provide for the rights of the holders thereof and to pledge the revenue of the commission as security therefor, subject to the provisions of section eighteen of this compact;

(5) to appoint such officers, agents, and employees as it may deem necessary, prescribe their powers, duties, and qualifications; and

(6) to create and abolish such offices, employments, and positions as it deems necessary for the purposes of the compact and provide for the removal, term, tenure, compensation, fringe benefits, pension, and retirement rights of its officers and employees. The commission may also retain personal services on a contract basis.

§7. RULEMAKING POWER

In addition to the power to promulgate a compact over-order price or commission marketing orders as provided by this compact, the commission is further empowered to make and enforce such additional rules and regulations as it deems necessary to implement any provisions of this compact, or to effectuate in any other respect the purposes of this compact.

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ARTICLE IV. POWERS OF THE COMMISSION

§8. POWERS TO PROMOTE REGULATORY UNIFORMITY, SIMPLICITY, AND INTERSTATE COOPERATION

The commission is hereby empowered to:

(1) Investigate or provide for investigations or research projects designed to review the existing laws and regulations of the participating states, to consider their administration and costs, to measure their impact on the production and marketing of milk and their effects on the shipment of milk and milk products within the region.

(2) Study and recommend to the participating states joint or cooperative programs for the

administration of the dairy marketing laws and regulations and to prepare estimates of cost savings and benefits of such programs.

(3) Encourage the harmonious relationships between the various elements in the industry for the solution of their material problems. Conduct symposia or conferences designed to improve industry relations, or a better understanding of problems.

(4) Prepare and release periodic reports on activities and results of the commission's efforts to the participating states.

(5) Review the existing marketing system for milk and milk products and recommend changes in the existing structure for assembly and distribution of milk which may assist, improve or promote more efficient assembly and distribution of milk.

(6) Investigate costs and charges for producing, hauling, handling, processing, distributing, selling and for all other services performed with respect to milk.

(7) Examine current economic forces affecting producers, probable trends in production and consumption, the level of dairy farm prices in relation to costs, the financial conditions of dairy farmers, and the need for an emergency order to relieve critical conditions on dairy farms.

§9. EQUITABLE FARM PRICES

(a) The powers granted in this section and section ten shall apply only to the establishment of a compact over-order price, so long as federal milk marketing orders remain in effect in the region. In the event that any or all such orders are terminated, this article shall authorize the commission to establish one or more commission marketing orders, as herein provided, in the region or parts thereof as defined in the order.

(b) A compact over-order price established pursuant to this section shall apply only to Class I milk. Such compact over-order price shall not exceed one dollar and fifty cents per gallon at Atlanta, Georgia, however, this compact over-order price shall be adjusted upward or downward at other locations in the region to reflect differences in minimum federal order prices. Beginning in nineteen hundred ninety, and using that year as a base, the foregoing one dollar fifty cents per gallon maximum shall be adjusted annually by the rate of change in the Consumer Price Index as reported by the Bureau of Labor Statistics of the United States Department of Labor. For purposes of the pooling and equalization of an over-order price, the value of milk used in other use classifications shall be calculated at the appropriate class price established pursuant to the applicable federal order or state dairy regulation and the value of unregulated milk shall be calculated in relation to the nearest prevailing class price in accordance with and subject to such adjustments as the commission may prescribe in regulations.

(c) A commission marketing order shall apply to all classes and uses of milk.

(d) The commission is hereby empowered to establish a compact over order price for milk to be paid by pool plants and partially regulated plants. The commission is also empowered to establish a compact over order price to be paid by all other handlers receiving milk from producers located in a regulated area. This price shall be established either as a compact over-order price or by one or more commission marketing orders. Whenever such a price has been established by either type of regulation, the legal obligation to pay such price shall be determined solely by the terms and purpose of the regulation without regard to the situs of the transfer of title, possession or any other factors not related to the purposes of the regulation and this compact. Producer-handlers as defined in an applicable federal market order shall not be subject to a compact over-order price. The commission shall provide for similar treatment of producer-handlers under commission marketing orders.

(e) In determining the price, the commission shall consider the balance between production and consumption of milk and milk products in the regulated area, the costs of production including, but

not limited to the price of feed, the cost of labor including the reasonable value of the producer's own labor and management, machinery expense, and interest expense, the prevailing price for milk outside the regulated area, the purchasing power of the public and the price necessary to yield a reasonable return to the producer and distributor.

(f) When establishing a compact over-order price, the commission shall take such other action as is necessary and feasible to help ensure that the over-order price does not cause or compensate producers so as to generate local production of milk in excess of those quantities necessary to assure consumers of an adequate supply for fluid purposes.

(g) The commission shall whenever possible enter into agreements with state or federal agencies for exchange of information or services for the purpose of reducing regulatory burden and cost of administering the compact. The commission may reimburse other agencies for the reasonable cost of providing these services.

§10. OPTIONAL PROVISIONS FOR PRICING ORDER

Regulations establishing a compact over-order price or a commission marketing order may contain, but shall not be limited to, any of the following:

(1) Provisions classifying milk in accordance with the form in which or purpose for which it is used, or creating a flat pricing program.

(2) With respect to a commission marketing order only, provisions establishing or providing a method for establishing separate minimum prices for each use classification prescribed by the commission, or a single minimum price for milk purchased from producers or associations of producers.

(3) With respect to an over-order minimum price, provisions establishing or providing a method for establishing such minimum price for Class I milk.

(4) Provisions for establishing either an over-order price or a commission marketing order may make use of any reasonable method for establishing such price or prices including flat pricing and formula pricing. Provision may also be made for location adjustments, zone differentials and for competitive credits with respect to regulated handlers who market outside the regulated area.

(5) Provisions for the payment to all producers and associations of producers delivering milk to all handlers of uniform prices for all milk so delivered, irrespective of the uses made of such milk by the individual handler to whom it is delivered, or for the payment of producers delivering milk to the same handler of uniform prices for all milk delivered by them.

(A) With respect to regulations establishing a compact over-order price, the commission may establish one equalization pool within the regulated area for the sole purpose of equalizing returns to producers throughout the regulated area.

(B) With respect to any commission marketing order, as defined in section two, subdivision nine, which replaces one or more terminated federal orders or state dairy regulation, the marketing area of now separate state or federal orders shall not be merged without the affirmative consent of each state, voting through its delegation, which is partly or wholly included within any such new marketing area.

(6) Provisions requiring persons who bring Class I milk into the regulated area to make compensatory payments with respect to all such milk to the extent necessary to equalize the cost of milk purchased by handlers subject to a compact over-order price or commission marketing order. No such provisions shall discriminate against milk producers outside the regulated area. The provisions for compensatory payments may require payment of the difference between the Class I price required to be paid for such milk in the state of production by a federal milk marketing order or

state dairy regulation and the Class I price established by the compact over-order price or commission marketing order.

(7) Provisions specially governing the pricing and pooling of milk handled by partially regulated plants.

(8) Provisions requiring that the account of any person regulated under the compact over-order price shall be adjusted for any payments made to or received by such persons with respect to a producer settlement fund of any federal or state milk marketing order or other state dairy regulation within the regulated area.

(9) Provision requiring the payment by handlers of an assessment to cover the costs of the administration and enforcement of such order pursuant to Article VII, Section 18(a).

(10) Provisions for reimbursement to participants of the Women, Infants and Children Special Supplemental Food Program of the United States Child Nutrition Act of 1966.

(11) Other provisions and requirements as the commission may find are necessary or appropriate to effectuate the purposes of this compact and to provide for the payment of fair and equitable minimum prices to producers.

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ARTICLE V. RULEMAKING PROCEDURE

§11. RULEMAKING PROCEDURE

Before promulgation of any regulations establishing a compact over-order price or commission marketing order, including any provision with respect to milk supply under subsection 9(f), or amendment thereof, as provided in Article IV, the commission shall conduct an informal rulemaking proceeding to provide interested persons with an opportunity to present data and views. Such rulemaking proceeding shall be governed by section four of the Federal Administrative Procedure Act, as amended (5 U.S.C. §553). In addition, the commission shall, to the extent practicable, publish notice of rulemaking proceedings in the official register of each participating state. Before the initial adoption of regulations establishing a compact over-order price or a commission marketing order and thereafter before any amendment with regard to prices or assessments, the commission shall hold a public hearing. The commission may commence a rulemaking proceeding on its own initiative or may in its sole discretion act upon the petition of any person including individual milk producers, any organization of milk producers or handlers, general farm organizations, consumer or public interest groups, and local, state or federal officials.

§12. FINDINGS AND REFERENDUM

(a) In addition to the concise general statement of basis and purpose required by section 4(b) of the Federal Administrative Procedure Act, as amended (5 U.S.C. §553(c)), the commission shall make findings of fact with respect to:

(1) Whether the public interest will be served by the establishment of minimum milk prices to dairy farmers under Article IV.

(2) What level of prices will assure that producers receive a price sufficient to cover their costs of production and will elicit an adequate supply of milk for the inhabitants of the regulated area and for manufacturing purposes.

(3) Whether the major provisions of the order, other than those fixing minimum milk prices, are in

the public interest and are reasonably designed to achieve the purposes of the order.

(4) Whether the terms of the proposed regional order or amendment are approved by producers as provided in section thirteen.

§13. PRODUCER REFERENDUM

(a) For the purpose of ascertaining whether the issuance or amendment of regulations establishing a compact over-order price or a commission marketing order, including any provision with respect to milk supply under subsection 9(f), is approved by producers, the commission shall conduct a referendum among producers. The referendum shall be held in a timely manner, as determined by regulation of the commission. The terms and conditions of the proposed order or amendment shall be described by the commission in the ballot used in the conduct of the referendum, but the nature, content, or extent of such description shall not be a basis for attacking the legality of the order or any action relating thereto.

(b) An order or amendment shall be deemed approved by producers if the commission determines that it is approved by at least two-thirds of the voting producers who, during a representative period determined by the commission, have been engaged in the production of milk the price of which would be regulated under the proposed order or amendment.

(c) For purposes of any referendum, the commission shall consider the approval or disapproval by any cooperative association of producers, qualified under the provisions of the Act of Congress of February 18, 1922, as amended, known as the Capper-Volstead Act, bona fide engaged in marketing milk, or in rendering services for or advancing the interests of producers of such commodity, as the approval or disapproval of the producers who are members or stockholders in, or under contract with, such cooperative association of producers, except as provided in subdivision (1) hereof and subject to the provisions of subdivisions (2) through (5) hereof.

(1) No cooperative which has been formed to act as a common marketing agency for both cooperatives and individual producers shall be qualified to block vote for either.

(2) Any cooperative which is qualified to block vote shall, before submitting its approval or disapproval in any referendum, give prior written notice to each of its members as to whether and how it intends to cast its vote. The notice shall be given in a timely manner as established, and in the form prescribed, by the commission.

(3) Any producer may obtain a ballot from the commission in order to register approval or disapproval of the proposed order.

(4) A producer who is a member of a cooperative which has provided notice of its intent to approve or not to approve a proposed order, and who obtains a ballot and with such ballot expresses his approval or disapproval of the proposed order, shall notify the commission as to the name of the cooperative of which he or she is a member, and the commission shall remove such producer's name from the list certified by such cooperative with its corporate vote.

(5) In order to insure that all milk producers are informed regarding a proposed order, the commission shall notify all milk producers that an order is being considered and that each producer may register his approval or disapproval with the commission either directly or through his or her cooperative.

§14. TERMINATION OF OVER-ORDER PRICE OR MARKETING ORDER

(a) The commission shall terminate any regulations establishing an over-order price or commission marketing order issued under this article whenever it finds that such order or price obstructs or does not tend to effectuate the declared policy of this compact.

(b) The commission shall terminate any regulations establishing an over-order price or a commission marketing order issued under this article whenever it finds that such termination is favored by a majority of the producers who, during a representative period determined by the commission, have been engaged in the production of milk the price of which is regulated by such order; but such termination shall be effective only if announced on or before such date as may be specified in such marketing agreement or order.

(c) The termination or suspension of any order or provision thereof, shall not be considered an order within the meaning of this article and shall require no hearing, but shall comply with the requirements for informal rule-making prescribed by section four of the Federal Administrative Procedure Act, as amended (5 U.S.C. §553).

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ARTICLE VI. ENFORCEMENT

§15. RECORDS, REPORTS, ACCESS TO PREMISES

(a) The commission may by rule and regulation prescribe record keeping and reporting requirements for all regulated persons. For purposes of the administration and enforcement of this compact, the commission is authorized to examine the books and records of any regulated person relating to his or her milk business and for that purpose, the commission's properly designated officers, employees, or agents shall have full access during normal business hours to the premises and records of all regulated persons.

(b) Information furnished to or acquired by the commission officers, employees, or its agents pursuant to this section shall be confidential and not subject to disclosure except to the extent that the commission deems disclosure to be necessary in any administrative or judicial proceeding involving the administration or enforcement of this compact, an over-order price, a compact marketing order, or other regulations of the commission. The commission may promulgate regulations further defining the confidentiality of information pursuant to this section. Nothing in this section shall be deemed to prohibit (i) the issuance of general statements based upon the reports of a number of handlers, which do not identify the information furnished by any person, or (ii) the publication by direction of the commission of the name of any person violating any regulation of the commission, together with a statement of the particular provisions violated by such person.

(c) No officer, employee, or agent of the commission shall intentionally disclose information, by inference or otherwise, which is made confidential pursuant to this section. Any person violating the provisions of this section shall upon conviction be subject to a fine of not more than \$1,000 or to imprisonment for not more than one year, or to both, and shall be removed from office. The commission shall refer any allegation of a violation of this section to the appropriate state enforcement authority or United States Attorney.

§16. SUBPOENA, HEARINGS AND JUDICIAL REVIEW

(a) The commission is hereby authorized and empowered by its members and its properly designated officers to administer oaths and issue subpoenas throughout all signatory states to compel the attendance of witnesses and the giving of testimony and the production of other evidence.

(b) Any handler subject to an order may file a written petition with the commission stating that any such order or any provision of any such order or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the commission. After such hearing, the commission shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

(c) The district courts of the United States in any district in which such handler is an inhabitant, or has his principal place of business, are hereby vested with jurisdiction to review such ruling, provided a complaint for that purpose is filed within thirty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the commission by delivering to it a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the commission with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to this subdivision shall not impede, hinder, or delay the commission from obtaining relief pursuant to section seventeen. Any proceedings brought pursuant to section seventeen, except where brought by way of counterclaim in proceedings instituted pursuant to this section, shall abate whenever a final decree has been rendered in proceedings between the same parties, and covering the same subject matter, instituted pursuant to this section.

§17. ENFORCEMENT WITH RESPECT TO HANDLERS

(a) Any violation by a handler of the provisions of regulations establishing an over-order price or a commission marketing order, or other regulations adopted pursuant to this compact shall:

(1) Constitute a violation of the laws of each of the signatory states. Such violation shall render the violator subject to a civil penalty in an amount as may be prescribed by the laws of each of the participating states, recoverable in any state or federal court of competent jurisdiction. Each day such violation continues shall constitute a separate violation.

(2) Constitute grounds for the revocation of license or permit to engage in the milk business under the applicable laws of the participating states.

(b) With respect to handlers, the commission shall enforce the provisions of this compact, regulations establishing an over-order price, a commission marketing order or other regulations adopted hereunder by:

(1) Commencing an action for legal or equitable relief brought in the name of the commission in any state or federal court of competent jurisdiction; or

(2) Referral to the state agency for enforcement by judicial or administrative remedy with the agreement of the appropriate state agency of a participating state.

(c) With respect to handlers, the commission may bring an action for injunction to enforce the provisions of this compact or the order or regulations adopted thereunder without being compelled to allege or prove that an adequate remedy of law does not exist.

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ARTICLE VII. FINANCE

§18. FINANCE OF START-UP AND REGULAR COSTS

(a) To provide for its start-up costs, the commission may borrow money pursuant to its general power under section six, subdivision (d), paragraph four. In order to finance the costs of administration and enforcement of this compact, including payback of start-up costs, the commission is hereby empowered to collect an assessment from each handler who purchases milk from producers within the region. If imposed, this assessment shall be collected on a monthly basis for up to one year from the date the commission convenes, in an amount not to exceed \$.015 per hundredweight of milk purchased from producers during the period of the assessment. The initial assessment may apply to

the projected purchases of handlers for the two-month period following the date the commission convenes. In addition, if regulations establishing an over-order price or a compact marketing order are adopted, they may include an assessment for the specific purpose of their administration. These regulations shall provide for establishment of a reserve for the commission's ongoing operating expenses.

(b) The commission shall not pledge the credit of any participating state or of the United States. Notes issued by the commission and all other financial obligations incurred by it, shall be its sole responsibility and no participating state or the United States shall be liable therefor.

§19. AUDIT AND ACCOUNTS

(a) The commission shall keep accurate accounts of all receipts and disbursements, which shall be subject to the audit and accounting procedures established under its rules. In addition, all receipts and disbursements of funds handled by the commission shall be audited yearly by a qualified public accountant and the report of the audit shall be included in and become part of the annual report of the commission.

(b) The accounts of the commission shall be open at any reasonable time for inspection by duly constituted officers of the participating states and by any persons authorized by the commission.

(c) Nothing contained in this article shall be construed to prevent commission compliance with laws relating to audit or inspection of accounts by or on behalf of any participating state or of the United States.

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ARTICLE VIII. ENTRY INTO FORCE; ADDITIONAL MEMBERS AND WITHDRAWAL

§20 ENTRY INTO FORCE; ADDITIONAL MEMBERS

The compact shall enter into force effective when enacted into law by any three states of the group of states composed of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia and when the consent of Congress has been obtained.

§21. WITHDRAWAL FROM COMPACT

Any participating state may withdraw from this compact by enacting a statute repealing the same, but no such withdrawal shall take effect until one year after notice in writing of the withdrawal is given to the commission and the governors of all other participating states. No withdrawal shall affect any liability already incurred by or chargeable to a participating state prior to the time of such withdrawal.

§22. SEVERABILITY

If any part or provision of this compact is adjudged invalid by any court, such judgment shall be confined in its operation to the part or provision directly involved in the controversy in which such judgment shall have been rendered and shall not affect or impair the validity of the remainder of this compact. In the event Congress consents to this compact subject to conditions, said conditions shall not impair the validity of this compact when said conditions are accepted by three or more compacting states. A compacting state may accept the conditions of Congress by implementation of this compact.



Kansas Dairy Association

Providing a unified voice for Kansas dairy farmers

Warren Winter
President
Hillsboro

Richard Benoit
Vice President
Damar

Mike Bodenhausen
Muscotah

Richard Gress
Seneca

Joe Hinton
Fort Scott

Dennis Metz
Wellington

Steve Ohlde
Linn

Tim Pauly
Conway Springs

Elwood Schmidt
Riley

Office

4210 Wam-Teau Drive
Wamego, KS 66547
913-456-8357
FAX 913-456-9705

FEBRUARY 22, 1999

**TESTIMONY FROM KERRI EBERT, KANSAS DAIRY ASSOCIATION
IN SUPPORT OF HB 2486**

Good afternoon Chairman Flower and members of the Ag Committee. The bill before you today is a bill I requested on behalf of dairy producers in Kansas. As you can see by its length, it is a fairly straightforward bill. In a nutshell, it provides necessary state enabling legislation that will allow Kansas to join the Southern Interstate Dairy Compact if it is authorized by Congress later this year.

The Southern Compact is patterned after the Northeast Interstate Dairy Compact that was authorized in the 1996 Farm Bill. The Compact is a formal agreement between states that is enacted through state and federal legislation under the Interstate Commerce Clause of the U.S. Constitution. We seek enabling legislation now because the Northeast Compact will have to be reauthorized before October 1999 and several southern states are seeking to have Congress authorize a Southern Compact at the same time it considers extending the Northeast Compact. We would like the opportunity for Congress to name Kansas a state that is eligible to join the Southern Dairy Compact when it considers authorizing the Southern Compact this fall.

The Compact is governed by a Commission that establishes a fair and equitable price for Class I milk in the Compact region. Class I milk is that milk bottled for fluid purposes. Class II and Class III milk is used for other dairy product manufacturing. Members of the Compact Commission are dairy producers, milk processors and consumers — giving all parties affected by the price of fluid milk a voice in setting the price.

The map attached to the back of this testimony shows the Southern Compact states. You will notice that two bordering states, Missouri and Oklahoma, are part of the Southern Dairy Compact. Oklahoma has passed enabling legislation and Missouri's House has passed enabling legislation that has strong support in their Senate and a commitment from their governor to sign. Because most of the milk we produce in

*House Agriculture Committee
February 22, 1999
Attachment 3*

Kansas is processed just across the border in Missouri, we believe it will be beneficial to be in a position to join the Compact, should it be authorized. Furthermore, an economic impact study conducted at the University of Missouri by economist Ken Bailey indicates that based on his economic models of the Southern Dairy Compact, non-compact states will see a drop in the effective farm price from between 17¢ and 21¢ due to lower dairy commodity prices.

Any milk sold into a Compact region for fluid purposes, whether from a Compact state or not, must receive the Compact Class I price differential. And while it is illegal for a Compact to prohibit or otherwise restrict out-of-Compact milk, we can imagine times when milk from within the Compact is used for all of the Compact region's Class I processing and out-of-Compact milk is used only for manufacturing purposes.

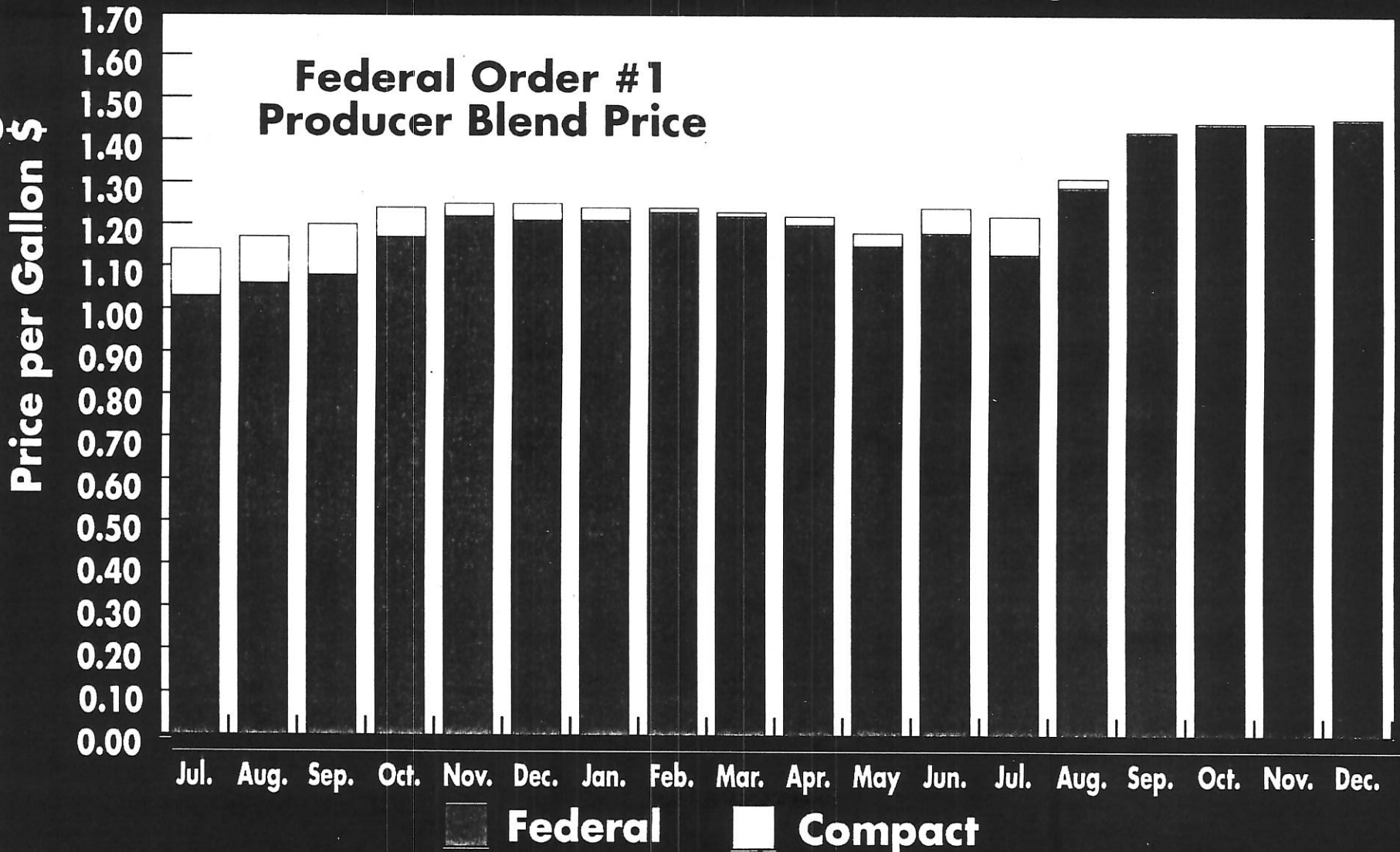
Production capacity in the southern United States is deteriorating. By becoming a member of the Southern Dairy Compact we will be in a perfect position to send our surplus into a milk deficit area and to receive fair compensation for that milk. All of the states currently seeking Congressional approval for the Southern Dairy Compact are states with declining milk production — except Kansas. Our future as a dairy state is bright. While we continue to lose producers, our cow numbers, per-cow production and milk production continue to increase. In 1997 Kansas ranked 28th in national milk production. I expect that when 1998 figures are released, we could be as high as 25th. We produce approximately 1.3 billion pounds of milk each year. Last year that milk was worth about \$200 million at the farm gate. But last year was a record year. Right now the milk price is plunging and economists predict as much as a \$7 drop in the BFP in the next few months. The ability to take advantage of a pre-determined price for Class I milk would help make the naturally-occurring dips in milk price not as steep.

Milk marketing in the United States is a relatively complicated system. For the past 40 years, the Federal Government has provided the basic framework for orderly marketing of milk through the Federal Milk Marketing Order System. That system is being restructured and orders are being consolidated because of the 1996 Farm Bill. The Dairy Compact is designed to work with Federal Milk Marketing Orders (which help establish a regional minimum price for milk). It allows producers to have a voice in establishing a regional Class I milk price that will be to producers, processors and consumers.

Thank you for your time. We ask for your support of HB 2486. I will be happy to try to answer any questions you might have.

Combined Federal & Compact Prices Paid to Farmers July 1997-Dec. 1998

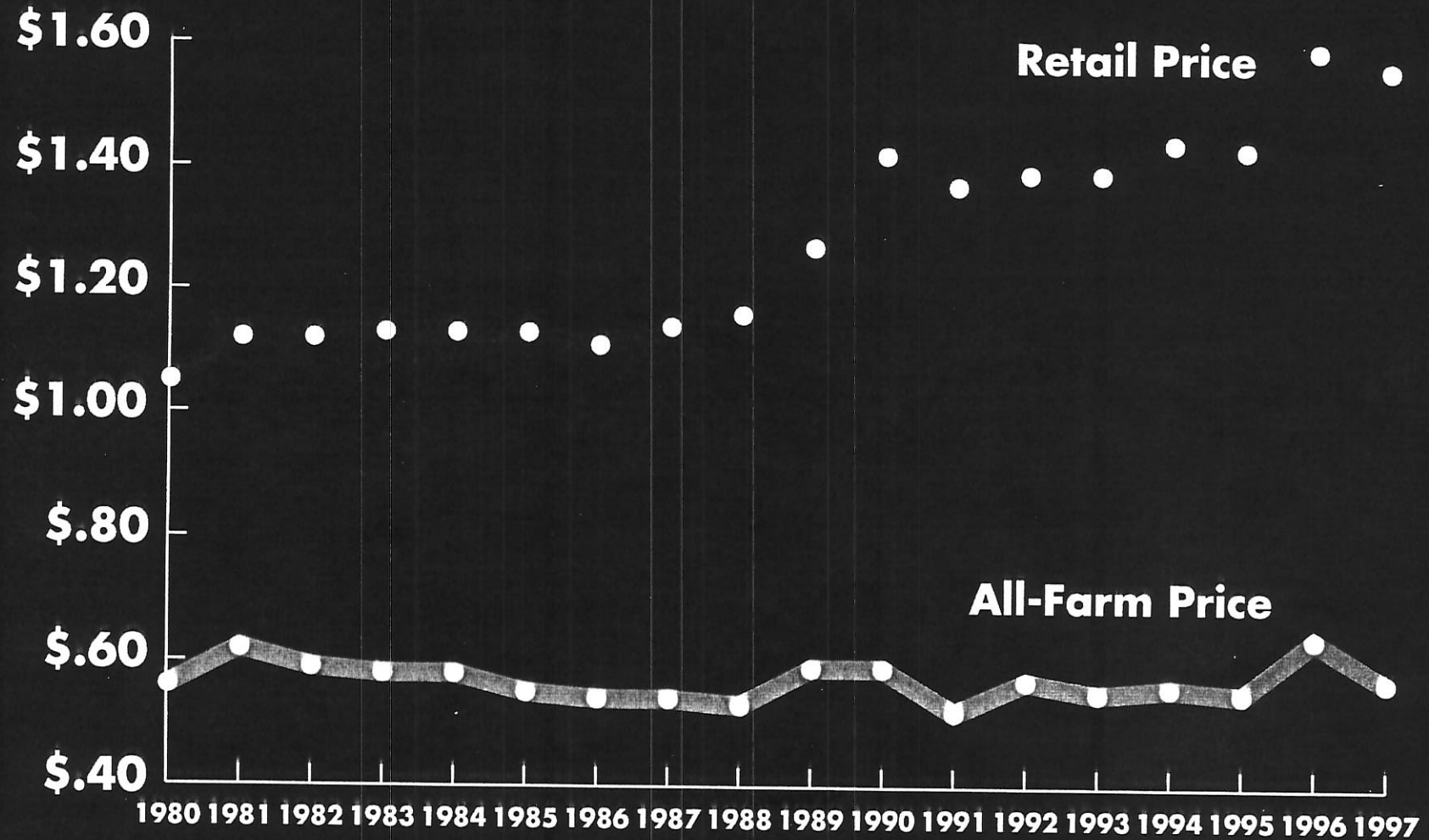
3-4



Source: Northeast Dairy Compact Commission

Retail vs All-Farm Milk Prices

Price per Half-Gallon



TESTIMONY SUPPORTING HB 2486
FROM
WARREN WINTER, HILLSBORO, KS
DAIRYMAN AND PRESIDENT OF THE KANSAS DAIRY ASSOCIATION
FEBRUARY 22, 1999

Chairman Flower and members of the House Ag Committee. Thank you for the opportunity to appear before you today to ask for your support of HB2486. This bill will allow Kansas to enter the Southern Dairy Compact. We believe that the Southern Compact will be beneficial to Kansas producers. It will help stabilize the price a producer receives for milk by setting a price for Class I (fluid) milk. Currently the Federal Government only sets a Basic Formula Price (BFP) for manufacturing grade milk.

Our industry, like all of agriculture, is experiencing a lot of change. The entire structure of the U.S. dairy industry is changing. To compete in the market today, producers need a well-equipped tool box. We believe that the ability to join the Southern Dairy Compact is a tool we need to remain viable in the changing dairy industry.

In 1995 when Congress was debating the new farm bill, our association supported the Northeast Interstate Dairy Compact. That Compact has been beneficial to dairy producers in the New England states. The Federal Government's Office of Management and Budget estimates that producer income from milk sales has risen about 6 percent because of the Compact.

There is a lot of support for the Southern Dairy Compact in states east and south of Kansas. Those producers are looking for ways to save their dairy production industry. Here, we are looking for a way to maintain and grow our dairy production. Kansas is a dairy growth state. By joining the Southern Compact we should be able to open up fluid as well as manufacturing markets for Kansas milk.

We ask you to join Kansas dairy producers in supporting HB2486. Thank you.

*House Agriculture Committee
February 22, 1999
Attachment 4*



PUBLIC POLICY STATEMENT

HOUSE AGRICULTURE COMMITTEE

HB 2486 – Enabling Kansas to enter into the Southern Dairy Compact

February 22, 1999

Prepared by:
**Mark Nelson, Director
Commodities Division
Kansas Farm Bureau**

Chairperson Flower and members of the Committee, thank you for the opportunity to appear today and communicate Kansas Farm Bureau's support for House Bill – 2486. My name is Mark Nelson; I serve as the Director of the Commodities Division of Kansas Farm Bureau. In that capacity, I have the pleasure of working with nine active dairy producers from across the state who serve on our Kansas Farm Bureau Dairy Advisory Committee, one of seven commodity specific advisory committees that examine issues and provide input to our Board of Directors.

The Kansas Farm Bureau Dairy Advisory Committee met February 1st, 1999 and discussed the issue of dairy compacts. The meeting included a teleconference with Dr. Ken Bailey, a dairy policy specialist from the University of Missouri and author of a recent compact analysis entitled, "A Regional Economic Analysis of Dairy Compacts: Implications for Missouri Dairy Producers." Dr. Bailey's economic study drew three conclusions of which were of primary concern to our Dairy Advisory Committee:

- 1) Farmers in the compact region will receive a higher effective milk price.
- 2) Compacts result in an increase in manufactured dairy products, which result in lower farm prices for non-compact farmers.
- 3) If a border state decides not to join a regional dairy compact, farmers in that state could face a lower milk price and lower farm sales than if they had joined.

*House Agriculture Committee
February 22, 1999
Attachment 5*

After a thorough discussion of the issue, our committee of dairy producers came to the conclusion that **it is in the best interest of Kansas dairy farmers for Kansas to enter the Southern Dairy Compact**. The committee recommended to the Board of Directors that Kansas Farm Bureau actively support HB 2486 and the Board unanimously approved. The committee cited several reasons.

- 1) The protection of Kansas markets for milk. Given the recent growth in the Kansas dairy industry and the fact that Kansas is a net milk exporting state, developing and maintaining market access is vital. It is vital not only to Kansas dairy farmers but also the supporting infrastructure, including trucking, feed and supply firms, local retail businesses and the accompanying jobs that they provide.
- 2) Increased milk price stability. Dairy compacts seek to fix the price of fluid milk at a level above the minimum federal order price. This acts to stabilize and enhance the fluid portion of a farmers milk check.
- 3) Participation in a dairy compact would likely provide the Kansas dairy industry and dairy producers an alternate plan if federal milk marketing orders were to come to an end.

Currently, six northern states are operating as the Northeast Dairy Compact. So far, eleven states have approved compact legislation that would enable them to form the Southern Dairy Compact. Eight of these states, receiving state Farm Bureau endorsements as per American Farm Bureau Federation policy, which supports ***“state and regional initiatives or compacts, which are consistent with our [AFBF] overall goals of federal market order reform and a market-oriented national dairy program.”*** Currently five other states, including Kansas, are seeking state legislation.

While state legislation is the first step, Congressional approval is required before a compact can be established. Thus the next step for the dairy industry will be securing congressional support, finding co-sponsors and having the compact introduced for a vote in congress.

I thank you for this opportunity to communicate Kansas Farm Bureau's support for House Bill – 2486, which will enable Kansas to enter into the Southern Dairy Compact. We are a grass-roots, farmer organization and we encourage passage of this bill because it will help to assure market access for our growing dairy industry and stabilize milk prices for our state's dairy farmers.

We will respond to any questions that you may have.

REPORT OF THE KANSAS DAIRY MARKETING ADVISORY BOARD

Presented to the Senate and House Agriculture Committees of Kansas Legislature

February 15, 1999

The Kansas Legislature considered legislation in 1992 and 1993 concerning low prices received by dairy producers in Kansas.

In 1994, House Bill 3012, as originally introduced, passed creating a dairy marketing advisory board. The Kansas Dairy Marketing Advisory Board submitted recommendations to the Senate and House Agriculture Committees in years 1995 through 1998.

The current members of the Dairy Marketing Advisory Board are:

Dennis Metz - Wellington, Kansas (dairy producer)

Elaine Sauerwein - Newton, Kansas (consumer)

Kansas Secretary of Agriculture or the Secretary's designee - Greg Krissek

Two positions are vacant--one representing dairy producers and one representing dairy processors.

The issue was and continues to be the effectiveness of the federal milk marketing system and its ability to assist dairy producers in obtaining adequate financial returns.

Total pounds of milk produced in Kansas continues to increase, primarily due to the growing number of larger dairy farms shipping over 100,000 pounds of milk each day. Kansas has only two major bottling plants located within the borders and during the past year saw the closure of the largest cheese processing facility in the state. Kansas produced milk is being used to supply processing plants far from the point of production. Kansas milk routinely moves north, northeast, east and southeast to supply plants in other states. This brings into sharp focus the need for Kansas dairymen to keep their market options open.

The new federal milk marketing orders will be consolidated into 11 orders as early as next year. Under the proposed new orders, Kansas is placed in the Central order. This meets the need for milk moving to processors north and northeast into Nebraska, Northern Missouri, Iowa and Illinois. However a great deal of Kansas produced milk goes to processors in Southern Missouri, Arkansas and states to the southeast. Kansas dairymen need to position themselves to take advantage of these markets by considering the Southern Dairy Compact.

*House Agriculture Committee
February 22, 1999
Attachment 6*

Congressional authorization of the Northeast Dairy Compact will sunset in October, 1999. Legislation is in Congress now that re-authorizes the Northeast Dairy Compact and also approves the Southern Dairy Compact which the Kansas Dairy Association would like to join. Congress must individually approve states that wish to become members of the Southern Compact. The Kansas Dairy Association is submitting a written request to Senator Jeferts of Vermont to consider Kansas for membership in the Southern Dairy Compact states.

The Association is also are requesting enabling legislation from the Kansas Legislature to become a Southern Dairy Compact member. The desired result will be that marketing options for Kansas produced milk will remain open. The newly consolidated federal orders should work together with state dairy compacts such as the Northeast and Southern Dairy Compact to provide producers fair markets for their product.

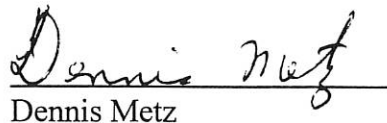
The Kansas Dairy Marketing Advisory Board recommends to the legislature that it monitor these issues for the next year:

- 1) Continued on-farm price volatility and its impacts on dairy producers.
- 2) Kansas' need to become part of the Southern Compact if it is approved by the U.S. Congress and its impacts on Kansas Grade A milk producers becomes more apparent.
- 3) Implementation of new federal milk marketing orders and potential impacts on Kansas dairy producers.

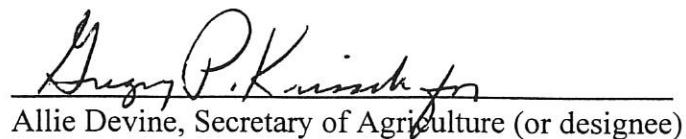
The dairy industry of Kansas makes a significant contribution to the agricultural economy of the state. It is in the best interest of dairy farmers, processors, retailers and consumers alike to maintain a viable dairy industry in Kansas and an orderly and fair system of marketing milk.

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

Elaine Sauerwein


Allie Devine, Secretary of Agriculture (or designee)

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Sincerely submitted,

Dennis Metz


Elaine Sauerwein


Allie Devine, Secretary of Agriculture (or designee)

STATE OF KANSAS

JOE D. HUMERICKHOUSE
REPRESENTATIVE, FIFTY-NINTH DISTRICT
OSAGE AND EAST CENTRAL LYON COUNTIES
712 S. FIFTH
OSAGE CITY, KANSAS 66523
(913) 528-3289

ROOM 427-S
STATE CAPITOL
TOPEKA, KS 66612-1504
(913) 296-7698



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
UTILITIES
FINANCIAL INSTITUTIONS
TRANSPORTATION

Testimony

On

House Bill 2492

February 22, 1999

Madam Chair and Members of the Committee :

I am here to support HB 2492, which allows the Secretary of Wildlife and Parks to issue lifetime license for furharvester. This would be consistent with license now available for hunting and fishing.

Thank you.

*House Agriculture Committee
February 22, 1999
Attachment 7*

Bill no 2492 Lifetime Furharvesters License

As a representative of the Flint Hills Coon Hunters Association, we feel that a Lifetime Furharvesters License would be beneficial to the hunters and to the state. Having access to the lifetime licence would be convenient and time saving for the hunter. At the current rate of \$15.00 per year it would take about 16 years for the lifetime license to pay for its self. That would guarantee payment to the state equal to 16 years per hunter.

Other clubs have shown an interest in having a Lifetime Furharvesters license also.

Thank You for your time and consideration of the Lifetime Furharvesters License.

Sincerely,

Kerwin Nichols

Kerwin Nichols

*House Agriculture Committee
February 22, 1999
Attachment 8*



STATE OF KANSAS
DEPARTMENT OF WILDLIFE & PARKS

Office of the Secretary
900 SW Jackson, Suite 502
Topeka, KS 66612-1233
785/296-2281 FAX 785/296-6953



February 22, 1999

The Honorable Joann Flower, Chairperson
Committee on Agriculture
House of Representatives
State Capitol Building
Topeka, Kansas 66612

Dear Representative Flower:

Subject: House Bill No. 2492

House Bill No. 2492 amends existing state law to authorize the acquisition of a lifetime furharvester license. Currently the Kansas Department of Wildlife and Parks (KDWP) is authorized to issue a lifetime license for hunting or fishing or a combination lifetime license for both activities. The bill would allow the KDWP to establish, by rules and regulation, a fee for a lifetime furharvester license between a minimum of \$250 and a maximum of \$400. The provisions of the bill further provide that the fee for a lifetime furharvester license shall \$250 from the effective date of the act, July 1, 1999, until the end of calendar year 1999.

The KDWP has determined that the provisions of HB 2492 will have a minimal fiscal impact and the Department is not opposed to the bill. The KDWP estimates that approximately 65 state residents may apply for a lifetime furharvester license. At the amount of \$250 per license authorized for calendar year 1999, revenue of approximately \$975 would be deposited to the Wildlife Fee Fund and \$15,275 to the Wildlife Conservation Fund in FY 2000. The administrative cost associated with issuing the licenses will be absorbed within amounts included in the FY 2000 Governor's Budget Report.

*House Agriculture Committee
February 22, 1999
Attachment 9*

The KDWP would recommend that the bill be amended to provide that the issuance of the lifetime furharvester license begin on January 1, 2000. All of the licenses issued by the KDWP are annual licenses valid for the calendar year in which they are issued. The KDWP would recommend that subsection (g), Sec. 4, page 6, lines 29 and 30 be deleted. This amendment would allow the bill to become effective on July 1, 1999 and further allow the Commission on Wildlife and Parks to approve regulations implementing the new license prior to January 1, 2000.

Thank you for the opportunity to comment on the provisions of House Bill No. 2492. If you or members of the Committee on Agriculture have any questions, please advise.

Sincerely,

A handwritten signature in cursive script that reads "Steve Williams".

Steve Williams, Secretary