

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on January 19, 2000, 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 Office
 Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Alan Stevens, Executive Secretary, Kansas Greenhouse Growers Association
Connie Fischer, Director, Agriculture Products Development Division, Kansas Department of
Commerce and Housing

Others attending: See attached list

Alan Stevens, Executive Secretary, Kansas Greenhouse Growers Association, requested introduction of a committee bill to include the wording "greenhouses and greenhouse ornamental crops" within the definition of agriculture in the Kansas Statutes. (Attachment 1) Representative Weiland moved to introduce this proposed legislation as a committee bill. Seconded by Representative Dahl, the motion carried.

Representative Tedder moved to introduce a committee bill to allow producers a tax credit for the 1 percent they are required to pay to FSA on agriculture loans. Seconded by Representative Feuerborn, the motion carried.

Connie Fischer, Director, Agriculture Products Development Division, Kansas Department of Commerce and Housing, in her annual report to the legislature gave an overview of the Agriculture Division's accomplishments for FY 1999, as well as some of the Division's current and future endeavors. She introduced staff that were in attendance and highlighted various projects in the Agricultural Value Added Center, International Trade, and the From the Land of Kansas Program.

Ms. Fischer reported that the Agricultural Value Added Center provided \$444,469 in commercialization loans to nine companies in FY 1999; these loans were leveraged with \$2,555,662 in matching funds. The Division joined with USDA to fund research to promote canola production in Kansas, providing \$60,000 over three years, while USDA contributed \$141,347. She reported a 20 percent increase in membership in the From the Land of Kansas Program in FY 1999 and successful sales at the Olathe and Belle Plaine Travel and Information Centers; however, Kansas Connection Catalog sales continued to lag behind the cost of publishing and would probably not be republished. She also discussed development of an ethanol template and the success in dairy industry recruitment in western Kansas.

Ms. Fischer reported that the 3rd annual Value Added Conference is being planned for FY 2001. Breakout sessions for this conference will include containerized grain marketing and agri-tourism. She explained that plans are underway to partner with the Trade Division to present all the international services KDOC&H has to offer to all commodity and grower organizations in the state. A Mexican Wheat Marketing Research Project and the "Farm to Fork" display at the Kansas State Fair were also discussed. Ms. Fischer said that technical assistance will continue to be the cornerstone of the Division and that marketing their services to the agriculture community is a priority in FY 2000. (Attachment 2)

The meeting adjourned at 4:35 p.m. The next meeting is scheduled for January 24, 2000.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: January 19, 2000

NAME	REPRESENTING
Schwien, Fred	KDOC & H
Hannarund, Ray	KDOC & H
MELEESA YOUNG GREN	KDOC & H - AG PRODUCTS
Connie Fischer	KDOC & H, Ag. Products
Jerry Dudley	KDOC & H - Ag Products
Rich McKee	KLA
Tom Tunnel	Kansas Grains Feed Assoc
Jim Herrman	K State Grain Sci
Bruce Anits	KFB
Matt Walters	Rep Dahl
Greg Krissch	KS Dept Ag
Vivien Olsen	Ag Resources & Commun.
Sally Baltus	KDOC & H
NED WEBB	KDOC & H
Leslie Kaufman	KFB
Mark Weddle	Intern for Clay Aurand
Dink Schmidt	Office of the Governor
Sarah Stephens	Rep Glasscock
Paul Johnson	PACK



Kansas Greenhouse Growers Association

January 19, 2000

Agriculture Committee
House of Representatives
State of Kansas

The Kansas Greenhouse Growers Association respectfully requests that any and all Kansas State Statutes wherein agriculture is defined be amended to include the wording **greenhouses and greenhouse ornamental crops** within the definition of agriculture. The exclusion of such specific wording has and continues to cause Kansas greenhouse companies undo harm in the form of legal fees, wasted managerial time, and unfair disadvantage in the marketplace.

Various local and county governing entities are interpreting Kansas statutes differentially as they relate to the wholesale greenhouse industry being included within the statutory definition of agriculture. They point to a Kansas statute defining agriculture and note the definition specifically includes everything from farming and ranching to aquiculture and Christmas trees but nowhere does the word greenhouse appear. Therefore greenhouse production of floral crops must not be agriculture. A similar governmental agency in an adjacent county says, well, of course greenhouses are agriculture and applies the statutes appropriately. One company then has an unfair advantage over another company. The playing field should be level.

Greenhouses in Kansas are being required to spend considerable amounts of time, energy and large legal fees to receive what they have always been entitled to. To overcome the erroneous application of a Kansas Statute by a local governmental agency, greenhouse companies are repeatedly being required to hire lawyers and work the problem through the appellate process.

The decision of No. 73,330 in the Court of Appeals of the State of Kansas, in the Matter of the Appeal of Alex R. Masson, Inc. clearly defined the growing, cultivation, and selling of ornamental plants by a commercial greenhouse as an agricultural pursuit.

We are not asking for a change in status. We are not asking for any change in taxation. We are not asking for a new definition of agriculture. We only are asking for clarity. We request that any and all Kansas State Statutes wherein agriculture is defined be amended to include the wording **greenhouses and greenhouse ornamental crops**. This amendment is necessary to prevent the continued local misinterpretation of State Statutes and unfair, inconsistent treatment of Kansas greenhouse companies.

Sincerely,

Alan Stevens
Executive Secretary, Kansas Greenhouse Growers Association.

House Agriculture Committee
January 19, 2000
Attachment 1

House Agriculture Committee
January 19, 2000
Kansas Dept. of Commerce & Housing
Agriculture Products Development Division

Good afternoon, Chairman Johnson and members of the committee. I have prepared for the committee today an overview of the Agriculture Division's accomplishments for fiscal year 1999, as well as some of the Division's current endeavors.

Before I go through each of the programs, I would like to introduce the Division's staff: Jerry Dudley, International Trade; Meleesa Younggren, Field Representative; and Ray Hammerlund, Agricultural Value Added Center, Cooperative Development. Lee Masenthin, who is also with our Value Added Center is absent today. The Division currently has two vacancies, one in the Industrial Agriculture program and one in the *From The Land of Kansas* program.

Agricultural Value Added Center:

• **KSU Pilot Plant Support**

The Division continued its support of the Foods and Nutrition and Meats pilot plants at KSU by committing \$80,500 to these two areas. This assistance saved clients using the services provided by the pilot plants approximately \$155,582, compared to what clients would have paid to receive similar services at commercial facilities. The pilot plants jointly had 1,127 requests for information. The Division also partnered with Dr. Fadi Aramouni at KSU to publish the Reference Guide for Food Processors in early FY 99. This reference piece is available free of charge to Kansas food processors.

• **Commercialization Loans**

The Center provided \$444,469 in commercialization loans to nine companies. Agriculture Division funds were leveraged with \$2,555,662 in matching funds. These projects are projected to create over 25 new jobs.

1. Advanced Market Concepts, St. George, KS, received \$98,000 for the development of 100% soy ink.
2. Evans Enterprises, Leoti, KS, received \$44,000 for market development.
3. G&L Advantages, Buhler, KS, received \$72,584 in phased funding for the development and marketing of wheat strawboard products.
4. Kiowa Locker, Kiowa, KS, received \$90,205 in assistance for the expansion of a meat processing facility that has developed value added meat products.
5. Mathes Farms, Bartlett, KS, received \$30,000 for a specialty grain packaging facility.
6. North Central Kansas Processors, Washington, KS, received \$33,000 for a soybean processing facility.
7. Premium Red Meat, Oakley, KS received \$26,500 for a multi-species processing facility.
8. SEK SEE Clean, Thayer, KS, received \$40,180 for an organic seed cleaning facility.
9. Wheat Straw Products, Inc., Bushton, KS, received \$10,000 to purchase equipment for the processing of recycled plastic/wheat straw composite products.

- **Alternative Crops**

In FY99, the Division joined with the USDA to fund research to promote canola production in the state. The Division's contribution was \$60,000 over three years, while the USDA contributed \$141,347.

- **Cooperative/Producer Group Development**

The Cooperative Development services of the Division seek to provide technical assistance to producer alliances, both prospective and formed. In FY99 the Division assisted seven formed alliances and many potential groups that are investigating value added agriculture.

International Trade:

- **Market Development Awards**

The Division provided market development awards to two producer alliances in FY 99 to further their international trade programs.

1. Agramark, Everest, KS, received \$23,500 to assist in the development of international identity-preserved grains.
2. A joint award to the 21st Centuries Bean Processing COOP, 21st Centuries Grain Processing Cooperative, and the 21st Century Alliance provided \$20,000 for the development of Mexican markets.

- **Technical Assistance**

The International Program facilitated awards totaling nearly \$500,000 from the Mid-America International Agri-Trade Council for export marketing assistance. The staff provided individual technical assistance in international trade to 126 Kansas companies. Ninety-one companies received direct sales leads, resulting in over \$130,000 in international sales. The staff was host to 13 foreign trade missions.

From the Land of Kansas Program:

- **Membership**

Membership in the FLOK program increased by 20% in FY99, rising from 500 companies to 623 companies.

- **Tradeshow Assistance**

The Division provided \$10,000 in tradeshow assistance grants to FLOK companies in FY99.

- **Travel Information Centers**

The APDD provided a \$12,000 grant to Kansas Originals Market to take over the consignment and merchandising of Kansas products at the Olathe and Belle Plaine Travel and Information Centers. FY99 sales at these two locations were approximately \$224,510.

- **Kansas Connection Catalog**

The Kansas Connection catalog was once again published featuring 52 FLOK members. The catalog, in FY99, generated over 600 orders, earning revenues of approximately \$45,000. Unfortunately, performance of catalog sales continues to lag behind the cost of publishing the catalog. Division expenditures to publish the catalog were \$103,000.

Ethanol:

Prompted by an increased interest in ethanol, the Agriculture Division has partnered with the Kansas Corn and Grain Sorghum organizations and the KS Dept. of Agriculture to develop an ethanol template. This reference piece will enable producer groups and others interested in building an ethanol plant, valuable information on determining the suitability of their area to ethanol production.

Dairy Recruitment:

The Division's Field Office staff continued to play an active role in the development of the dairy industry in Western Kansas. Field staff participated in recruitment trips to Madison, Wisconsin, and Ontario, California, and helped negotiate the location of one new dairy facility near the city of Colby, and two new facilities in Hamilton County.

This recruitment effort has been a unified KDOC&H effort. Over the last seven years, KDOC&H has worked to attract over 32,000 head of dairy cattle to Kansas. With each dairy cow utilizing approximately 3000 lbs. of feeds stuffs monthly, the impact on agriculture is great.

Value Added Agriculture Conference:

FY99 marked the first annual Value Added Conference. Over 200 people attended the first conference held in Wichita, KS.

Current/Future Endeavors:

- **Value Added Conferences**

In FY 2000, the Division partnered with USDA and KSU to host the 2nd Annual Conference held in Pittsburg. FY 2001's conference plans are currently underway, with central Kansas locations being investigated. Breakout sessions for this conference will include containerized grain marketing and agri-tourism.

- **International Marketing Assistance**

Partnering with the KDOC&H Trade Division, plans are underway to present the international services KDOC&H has to offer to all the commodity and grower organizations in the state. Utilizing the overseas KDOC&H offices will be one way to partner with these producer organizations.

- **Mexican Wheat Marketing Research Project**

Partnering with the Grain Industry Alliance and 21st Century Alliance, the Division has made application to the Kansas Wheat Commission for funding of a wheat-marketing project. The project objective is to take identity preserved, high quality wheat from Kansas directly to a flour mill in Mexico. The wheat will be evaluated through the mill and bakeries as to the increased economic efficiencies of using identity preserved, high quality wheat. Knowing these efficiencies will allow the Kansas producers the information needed to negotiate premiums for I.P. wheat.

- **Kansas State Fair**

FY 2001 will mark the third year the Division has partnered with other agricultural organizations throughout the state to bring the "Farm to Fork" display. This unified display seeks to educate fairgoers on the economic impact Kansas agriculture has on all Kansans.

- **Technical Assistance**

Technical assistance will continue to be the cornerstone of the Division. It is impossible to associate a dollar figure with the assistance we give to our clients. From food processors to producer groups, our associates are answering questions, from all areas of the state, daily.

- **Outreach**

Marketing our services to the agriculture community will be a priority in FY 2000. The Division will continue to build partnerships with Kansas organizations, to improve our efficiency and effectiveness. It is my hope that you, as members of the House Agriculture Committee, will relay your concerns and the concerns of your constituency to the Division, not only during the legislative session, but all through the year. I am not the first Director of this Division to extend this invitation, and I hope you will take it seriously.