

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on January 26, 2000, in Room 423-S of the Capitol.

All members were present except: Representative Aurand - excused
Representative Showalter - excused

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

Conferees appearing before the committee:

Steve Howell, MARC-IV Consulting
Richard Nelson, PhD, Kansas State University
Jamie Clover Adams, Secretary, Kansas Department of Agriculture
Dr. Lyman Kruckenberg, Meat and Poultry Inspection Program Manager, Kansas Department of Agriculture

Others attending: See attached list

Representative Dahl requested introduction of a committee bill to allow the owner of a water right to change the place of use or the point of diversion of the water, without losing priority of right, provided such owner shall use the water only for irrigation upon land owned or leased by the owner of such water. Seconded by Representative Flower, the motion carried.

Representative Schwartz requested introduction of a committee bill to allow the Kansas Department of Wildlife and Parks upon receipt of a renewal application for a license to operate a controlled shooting area to reinspect the area. Seconded by Representative Dahl, the motion carried.

Chairman Johnson appointed a subcommittee comprised of Representative Schwartz, chairperson; Representative Weiland; and Representative Light to study HB 2674 -- structure of grain commodity commissions.

Mr. Jim Ploger, Energy Program Manager, Kansas Corporation Commission, introduced Steve Howell, MARC-IV Consulting, and Dr. Richard Nelson, Kansas State University, who have been conducting a Bio-diesel Feasibility Study using beef tallow funded in part with US Department of Energy money.

Steve Howell, MARC-IV Consulting, and Dr. Richard Nelson, Kansas State University, gave an update on their Bio-diesel Feasibility Study to convert beef tallow into diesel fuel, which could create manufacturing jobs, reduce energy imports, and expand markets for agriculture in Kansas. It was reported that as the No.1 cattle slaughtering state, Kansas generates about 1.2 billion pounds of beef tallow each year at the six largest slaughtering plants which could produce about 166 million gallons of bio-diesel. They said that bio-diesel is supported by federal energy policy; last August the president signed an executive order to triple the use of bio-energy and bio-based products by 2010.

They reported that the environmental benefits of bio-diesel include cleaner emissions and reduced carbon monoxide, unburned hydrocarbons and targeted compounds thought to cause cancer; bio-diesel can play an important role in reducing cancer and birth defects. They noted that one drawback to bio-diesel derived from beef tallow is that beef tallow freezes faster than soybean oil and other fuels. Other challenges to developing bio-diesel markets they reported are increasing awareness of bio-diesel and placing a value on the benefits of the fuel which can cost 30 to 40 cents more per gallon than traditional diesel fuel. (Attachment 1)

CONTINUATION SHEET

Copies of the Kansas Department of Agriculture's Annual Legislative Report were distributed to members of the committee. (Attachment 2)

Jamie Clover Adams, Secretary, Kansas Department of Agriculture, reported on improvements the department has made in the Meat and Poultry Inspection Program and their efforts to assist small processing plants comply with the new HACCP regulations. She noted that USDA Secretary Dan Glickman has stated that HACCP was enacted with the hope of creating a system where interstate shipment of state inspected meat could occur. She believes the state system of meat inspection ensures that safe and wholesome products are produced, and that our meat processors should not be prohibited from marketing their meat across the country. (Attachment 3)

Dr. Lyman Kruckenberg, Meat and Poultry Inspection Program Manager for the Kansas Department of Agriculture, discussed implementation of the HACCP inspection system in state inspected meat and poultry plants and the regulations concerning the custom slaughter of dead, dying, diseased, or disabled animals. He noted that unlike federal inspectors, all state supervisory level inspectors have been trained in both regulatory and industry HACCP making it possible for state inspectors to offer assistance to plant owners in the development of their HACCP plans. Stating that food safety for all consumers of meat and poultry is the primary mission of the Meat and Poultry Inspection Program in the state, Dr. Kruckenberg discussed federal and state regulations concerning restrictions on the slaughter of animals that are disabled, diseased, or downers in "custom only" plants. (Attachment 4)

Representative Thimesch discussed helping small independent locker plants to prosper and creating opportunities for producers to increase profits. He gave an overview of the new Minnesota Meat Inspection Program created by the Minnesota Department of Agriculture in November, 1998. He reported that in its first year of existence the program has become popular among farmers and small-scale meat processors with fifteen plants registered and sixteen other processors interested in joining the program. It was noted during questioning that prior to November, 1998, Minnesota had no state inspected meat program and that Kansas has had a state meat and poultry inspection program and permits the sale of state inspected meat products by processors and producers. Representative Thimesch suggested that the state actively promote and encourage processors and producers to directly market their products to consumers, citing the economical benefits for farmers, small businesses, and rural communities in Kansas. (Attachment 5)

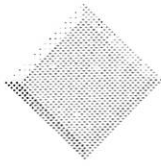
Representative Thimesch requested introduction of a committee bill to provide a tax credit for processing plants that had to purchase machinery and equipment to comply with safety regulations, up to \$10,000 per year, with carry over. Seconded by Representative Faber, the motion carried.

The meeting adjourned at 5:18 p.m. The next meeting is scheduled for January 31, 2000.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: January 26, 2000

NAME	REPRESENTING
Jeff Apin	Division of the Budget
Paul Johnson	KCC
Jan Blyer	KCC
Steve Howell	MARC-10
Jamie Clover Adams	KIDA
James Knabending NEM	KDA
Mary Jane Stattelman	KSA
Vivian Olsen	Ag Resources & Comm
GEORGE TEAGARDEN	Ks Animal Health Dept
Clyton L. Williams	myself
Laura E. Willms	self
Tad Carlisle	self
Leslie Kaufman	Ks Farm Bureau
John Garlmgien	KS Dept of Ag
Dennis Morrice	Ks Soybean Assoc.
Bill Fuller	Kansas Farm Bureau
Alto Sity	KCC



Biodiesel Update
Kansas House Agricultural
Committee

Steve Howell, MARC-IV
Richard Nelson, Kansas State University
January, 2000



Biodiesel Update--Objectives

- ❖ Overview of Biodiesel
- ❖ Preliminary Findings from Biodiesel Feasibility Study
- ❖ Spark Interest

What is Biodiesel?



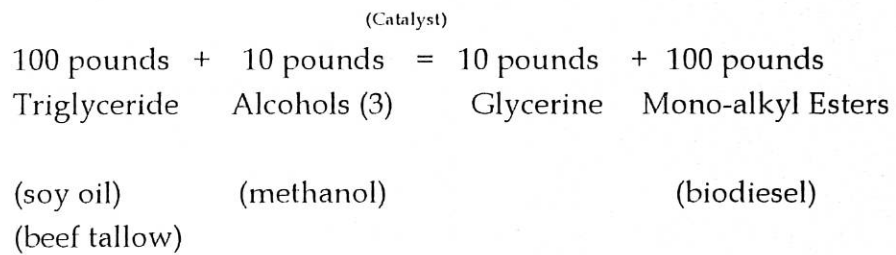
Written Definition

- ❖ *biodiesel*, n. -- a fuel comprised of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100.
- ❖ *biodiesel blend*, n. -- a blend of biodiesel fuel with petroleum-based diesel fuel designated BXX, where XX is the volume percent of biodiesel.

So...What is Biodiesel?



The Biodiesel Reaction



Biodiesel Raw Materials

Oil or Fat

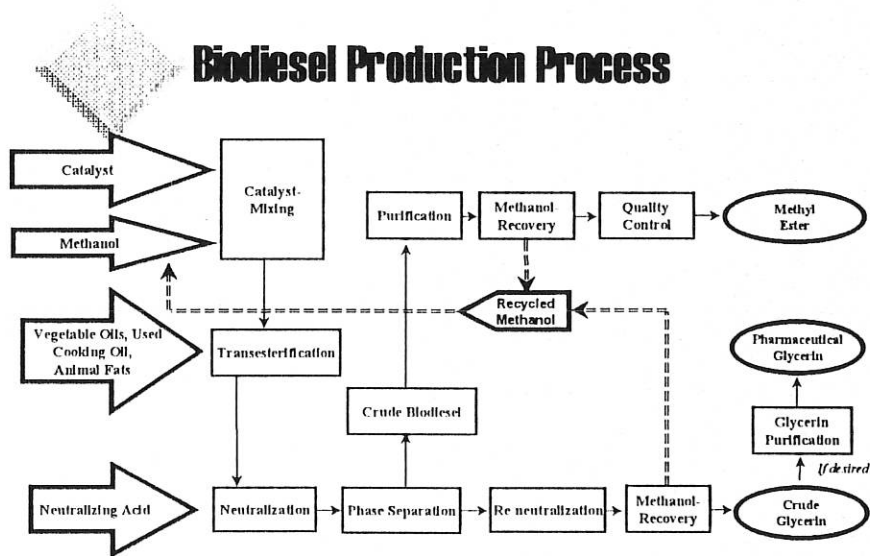
Soybean
 Corn
 Canola
 Cottonseed
 Sunflower
 Beef tallow
 Pork lard
 Used cooking oils

Alcohol

Methanol
 Ethanol

Catalyst

Sodium hydroxide
 Potassium hydroxide



1-4

Biodiesel--Physical Properties

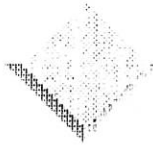
- ❖ No Sulfur
 - ❖ No Aromatics
 - ❖ High Cetane (over 50)
 - ❖ High Lubricity (over 6000 g)
 - ❖ Biodegradable
 - ❖ Non-Toxic
- ❖ All Proven Through Scientific Study



How can Biodiesel be used?

- ❖ As a pure fuel
- ❖ As a blending stock with petrodiesel (B20)
- ❖ In low levels with petrodiesel (1 to 5%)

ANYWHERE #1 or #2 diesel is used

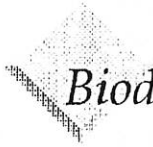


Consumer Readiness

- ❖ Compliments new diesel technologies--
petroleum's preferred partner

- ❖ Existing distribution system can be used
(pipes, tanks, fueling stations)

- ❖ Existing engines/vehicles can be used



Biodiesel Technical Attributes

- ❖ **Biodiesel Emissions**
 - Reduces Particulates
 - Reduces Carbon Monoxide
 - Reduces Unburned Hydrocarbons
 - Nitrogen Oxides Unchanged or Up Slightly:
 - ◆ Optimized Engine Can Reduce NOx

Health Effects

- ❖ The cancer causing potential of diesel exhaust largely a function of:
 - Amount, size, and composition particulates
 - Mutagenicity of exhaust gases
- ❖ High exhaust mutagenicity can cause:
 - shortened life, still births
 - birth defects, cancer
 - asthma and respiratory problems
 - ◆ Especially in infants or the elderly

Biodiesel and Health Effects

- ❖ Reduces Particulate Emissions
- ❖ Reduces targeted compounds thought to cause cancer: PAH, nPAH
- ❖ Significantly Reduces the Mutagenicity of Exhaust
 - In both the gaseous and particulate phases

- ❖ Biodiesel Can Play an Important Role in Reducing Cancer and Birth Defects

Global Warming



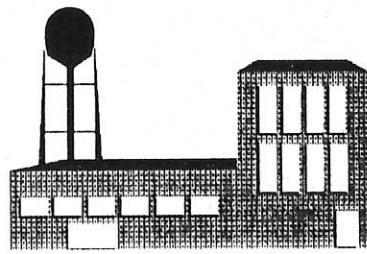
- ❖ Focus: Reduce CO₂
- ❖ How?
 - ❖ Reducing Fossil Fuels: Gasoline, Diesel, Natural Gas, Coal, etc.
 - ❖ Higher Efficiency Engine Platforms
 - ❖ Increased CAFE

Biodiesel and Global Warming

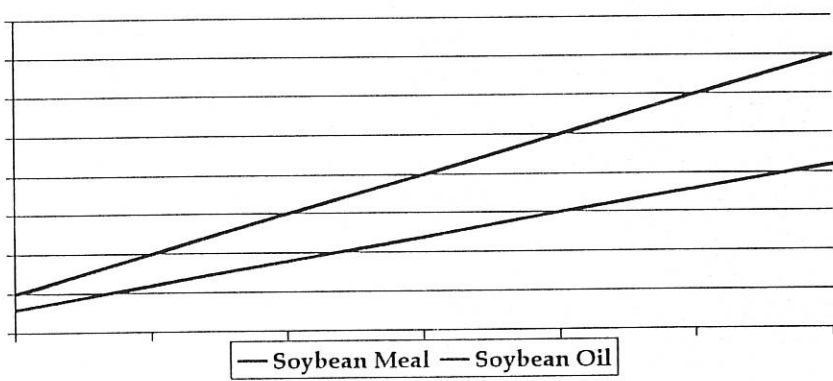
- ❖ Closed Carbon Cycle: CO₂ Used to Grow Feedstock is Put Back Into Air
 - ◆ 80% Life Cycle Decrease In CO₂
- ❖ Energy Balance 3.24 to 1
- ❖ Compression Ignition Platform 30% to 40% More Efficient Than Spark Ignition

Economic Development--Biodiesel

- ❖ Creates Manufacturing Jobs
- ❖ Reduces Energy Imports
- ❖ Improves Balance of Trade
- ❖ Creates Expanded Markets for Agriculture



Soybean Market Dynamics



Issues Facing Tallow

- ❖ Human Preference for Mono-unsaturated Fats and Oils
- ❖ BSE Issues are Impacting Foreign Markets for Tallow
- ❖ Recent European Concerns Regarding Contaminated (PCB) Feeding Fats, Combined With GMO Issues, Reducing Use of Feeding Markets in Europe.

Biodiesel and EPACK

- ❖ EPACK--Energy Policy Act of 1992
 - Federal, State, and Utility Fleets
 - Must Purchase Alternative Fueled Vehicles
- ❖ ECRA: Energy Conservation Reauthorization Act of 1998
 - 450 gallons of biodiesel in existing diesel vehicles equals one new AFV purchase credit
 - Congressional Budget Office
 - ◆ Savings of \$10MM

Biodiesel--1999

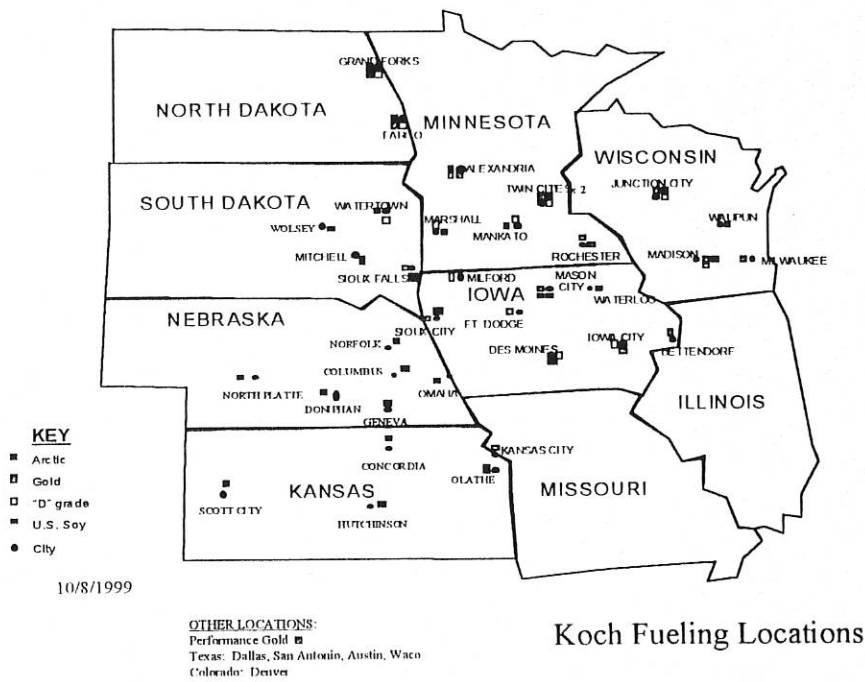
❖ Premium Biodiesel Additive

❖ Koch Petroleum

- US Soy Field and US Soy Field 50 Diesel
- 18 terminals in 5 states
- Enhanced lubricity
- Evaluating offering B20 at terminals

❖ Country Energy

- Soy Master
- 5 terminals in 5 states



1-11

President Signs Executive Order

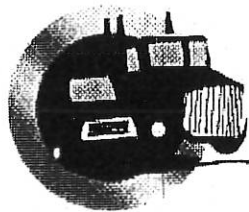
- ❖ Executive Order 13134, 8-12-99
- ❖ Triple the Use of Bioenergy and Bio-based products by 2010
- ❖ USDA Secretary Dan Glickman Announced USDA's Biodiesel Use



Photos Courtesy of the American Soybean Association

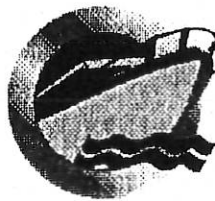


Biodiesel Fuel Markets



EPACT REGULATED FLEETS

- Federal
- State
- Utilities



MARINE

- Recreational
- Tour Boats
- Environmentally Sensitive Areas



PREMIUM DIESEL

- Lubricity Enhancement
- Carrier Oil for Multifunctional Chemistries



Biodiesel's Future

❖ Low Cost Compliance Option at B20 or Lower Blends:

- Energy Policy
- Clean Air/Health Effects
- Global Warming--CO₂ Reduction
- Economic Development



Biodiesel's Future

❖ Blending Component For Petrodiesel:

- Lubricity
- Farm/Rural Use
- Sulfur/Aromatic Reduction
- Incremental Cetane Improvement
- Emissions Benefits

Biodiesel Feasibility--Liberal, KS

❖ Objectives:

- Determine the economic viability of producing biodiesel near Liberal, KS
- Technology, size, operating questions
- Assess biodiesel demand near Liberal
- Summary of economic impacts to the region and to the state
- Use the study to provide information to private investors, others for consideration

US Energy Consumption and Imports

- ❖ Since 1990, US energy consumption has increased by 14% (28% in the last 25 years) and is forecast to increase another 22% by 2020
- ❖ Net petroleum imports are projected to increase to 65% of total energy consumption within 20 years while at the same time domestic crude production is expected to continue to decline
- ❖ Transportation sector accounts for about 70% of US petroleum use

US and Kansas Diesel Fuel Consumption

- ❖ Over the last 9 years diesel fuel use in the US has increased nearly 50% and is forecast to increase another 30% by 2020
- ❖ Kansas' annual consumption is nearly 375 million gallons
- ❖ Average percent increase in diesel fuel consumption in the 5 closest states was nearly 25% in the last three years

US and Kansas Cattle Slaughter

- ❖ Kansas is the #1 cattle slaughtering state accounting for over 1/5 of the total slaughter in the US
- ❖ Slaughter concentrated at 5 facilities in Southwest Kansas and 1 in Emporia
- ❖ Nearly 1.2 billion pounds of edible and inedible tallow generated annually at these 6 facilities

Kansas Biodiesel Feedstocks

❖ Primary feedstocks for biodiesel production in Kansas:

- soybean
- sunflower
- animal fats and waste greases

❖ Potential Kansas biodiesel production:

- | | |
|--------------------------------------|---------------------|
| <input type="checkbox"/> soybean | 107 million gallons |
| <input type="checkbox"/> sunflower | 5 million gallons |
| <input type="checkbox"/> animal fats | 166 million gallons |

Edible and Inedible Tallow

- ❖ Tallow is defined as rendered animal fat derived from the slaughter of cattle
- ❖ Primarily two different grades of tallow, edible and inedible
- ❖ Edible tallow markets :
- baking and frying fats
- ❖ Inedible tallow markets:
- animal feed (primary)
 - lubricants and soaps (secondary)

Fat and Oil Price Trends

- ❖ Kansas fat and oil prices generally follow national averages
- ❖ Animal fat prices typically less than vegetable oil prices
- ❖ Current pricing is low for most fats/oils

Biodiesel and Kansas

- ❖ Biodiesel technology is available
 - Installed plant costs: \$3MM to \$15MM
- ❖ Beef tallow abundant in Kansas
 - As well as soybean oil
- ❖ Diesel demand is large
- ❖ Cold flow issues will affect tallow based biodiesel's ability to penetrate some markets

Biodiesel and Kansas

- ❖ Determining potential demand over next several months
 - State regulations, incentives a big part

- ❖ Time appears right for biodiesel
 - EPACT ramping up
 - Low blend/premium biodiesel ramping up
 - Agriculture needs a boost

Kansas and Biodiesel

Key Challenges for Biodiesel

- ❖ Increasing Awareness of the Fuel

- ❖ Monetizing the Benefits of the Fuel

Kansas Department of Agriculture Annual Legislative Briefing



Kansas Secretary of Agriculture
Jamie Clover Adams

January 2000

House Agriculture Committee
January 26, 2000
Attachment 2

Kansas Department of Agriculture Annual Legislative Briefing

Index

Organization and Programs

Mission and Vision of KDA	1
KDA Challenge	1
Governor's Agricultural Advisory Board	1
Budget Base FY 2000	1
FTE History	2
Department Budgets and Functions	2-5

Budget Highlights

Budgetary History During the Graves Administration	7
Notable Outcomes During the Graves Administration	7
FY 2000 Budget	8

Legislative Initiatives

Proposed Revisions of the Kansas Noxious Weed Law	9
General Approach to Weed Control Under the Modifications	9
Significant Modifications to Law	9
Changes in Cost-Share and Reimbursement	10
Structural Change of Commodity Groups	12
Current Structure Compared with Proposed Structure	12
Benefits of the Proposed Change	12
Ensuring Accountability Under Private Administration	13
Other State Examples	13
Amendments to the Kansas Egg Law	14
Eggs and Food Safety on the National Level	14

FQPA

What is FQPA?	15
The TRAC Process and the Kansas Secretary's Role	15
What has been the impact of FQPA on Kansas agriculture?	16
Potential Impacts of Further FQPA Implementation on Kansas Agriculture	17
What is KDA doing?	17
Tabular Summary of Pesticide Use Surveys Funded by Fee Fund	18
Tabular Summary of Planned Commodity Profile Completions	18

Meat and Poultry Inspection

Federal Reviews of Kansas Program 19
Hazard Analysis at Critical Control Points (HACCP) Adoption 20
Federal Legislation on Interstate Shipment of State-Inspected Products 20
States Maintaining State Meat Inspection Programs 21
Benefits of State Inspection Programs 21-23

KDA Information Resources

Adjustments to the Architectural Plan 25
Other Information Resource Technology Issues 26

KDA Building Renovations/Space Costs

Building Renovations 27

Education (Agriculture's Role in the Lives of Kansans)

The Role of the Secretary and the Kansas Department of Agriculture 29
Facts About Agriculture in Kansas 29-30

Division of Water Resources (DWR) Issues

Allied Signal Assistance 31
Summary of Procedures for Processing Applications
for Permit to Appropriate Water 31-32

Nutrient Management

Background 33
Nutrient Utilization Planning 33
Current Status 34

Grain Storage

More Storage Available 35

TMDLs

History 37
Participation by Agriculture is Vital 38

Organization and Programs

Mission and Vision of KDA

Mission - To administer the laws and programs assigned to the Department of Agriculture for the benefit of the people of Kansas.

Vision - We will have effective, efficient regulatory programs which, if challenged, will be proven credible.

KDA Challenge

Balancing responsible and efficient regulation and consumer protection with providing vital education and information about agriculture to an increasingly urban public and lawmakers.

Governor's Agricultural Advisory Board

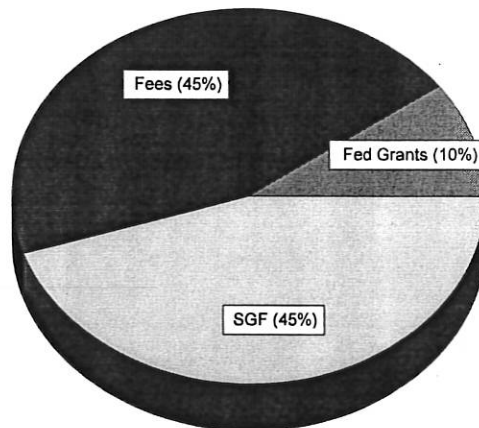
Stephen L. Mangan, Chair
Ann M. Peuser, Vice Chair
Galen Swenson
Elizabeth Perkins
Patrick J. Maloney
Betty Corbin
Roland L. Rhodes
Dr. Wade Taylor
Gary Beachner

Tribune
Baldwin
Salina
Howard
Kingman
Towanda
Gardner
Oakley
Parsons

Budget Base FY 2000

Total budget is \$22,120,554

State Water Fund accounts for less than 10 percent of fees - \$988,000



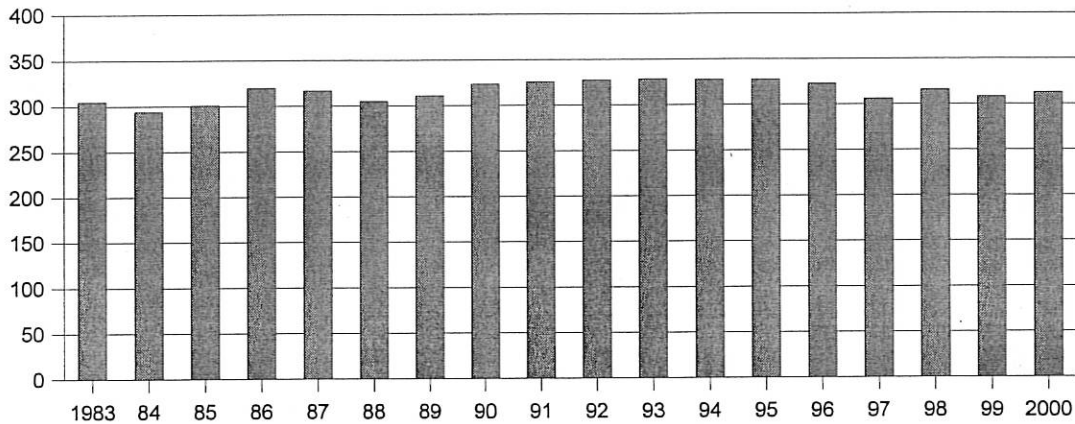
Federal Grants - 10%

SGF - 45%

Fees - 45%

FTE History

Number of FTEs by Year



Department Budgets and Functions

<i>Agricultural Statistics</i>	<i>Functions</i>	<i>Current Issues</i>
Manager: Eldon Thiesson FTE: 9 Budget: \$477,000	<ul style="list-style-type: none"> • Statistical surveys, crop and livestock production • Kansas farm facts • Kansas wheat quality 	<ul style="list-style-type: none"> • FQPA • Pesticide use data

<i>Commodities</i>	<i>Functions</i>	<i>Current Issues</i>
Manager: Trent LeDoux FTE: 1.5 Budget: \$4 million	<ul style="list-style-type: none"> • Administer the corn, grain and sorghum check-off programs • Invest funds in research, development and marketing programs that are beneficial to Kansas grain producers 	<ul style="list-style-type: none"> • What is the best structure under which to promote Kansas agricultural commodities?

<i>Division of Water Resources</i>	<i>Subdivisions of DWR</i>
Manager: David Pope, Chief Engineer FTE: 80.5 Budget: \$4.3 million (\$3.74 million SGF; \$570,000 fees; \$988,000 State Water Plan)	<ul style="list-style-type: none"> • Water Management Services • Water Structures • Water Appropriations

<p>Water Management Services Manager: Steve Stankiewicz/ Jim Bagley</p>	<p><i>Functions</i></p> <ul style="list-style-type: none"> • Interstate Water Section — Kansas vs. Colorado — Republican River involving Nebraska • Basin Teams 	<p><i>Current Issues</i></p> <ul style="list-style-type: none"> • Working with Attorney General's office to prepare for possible litigation • Rules and regulations
--	--	---

<p>Water Structures Manager: Sam Sunderraj</p>	<p><i>Functions</i></p> <ul style="list-style-type: none"> • Dam safety • Channel changes • Levees and flood plains • Environmental Coordination Act 	<p><i>Current Issues</i></p> <ul style="list-style-type: none"> • 34 dams designated "unsafe" • 4 emergency unsafe dam situations resolved (situation resolved by breaching dam or lowering water level) • Improving process through use of data
--	--	---

<p>Water Appropriations Manager: Tom Huntzinger</p>	<p><i>Functions</i></p> <ul style="list-style-type: none"> • Applications for permits to appropriate water • Issue certificates of appropriation • Applications to change an existing water right • Enforcement of water right statutes and regulations • Forfeiture of water rights 	<p><i>Current Issues</i></p> <ul style="list-style-type: none"> • Project Zeroed Out • Conducting abandonment hearings • Addressing the problem of over-pumping
---	---	--

<p>Weights & Measures Manager: Constantine Cotsoradis FTE: 22 Budget: \$1.39 million</p>	<p><i>Functions</i></p> <ul style="list-style-type: none"> • Test petroleum devices annually • Conduct statistical testing of other weighing and measuring devices used in commerce 	<p><i>Current Issues</i></p> <ul style="list-style-type: none"> • Continue good compliance in fuels • Improve compliance in large scales, LP/VTM and scanners
--	---	---

<p style="text-align: center;">ACAP</p> <p>Acting Manager: Dale Lambley FTE: 13 Budget: \$631,000</p>	<p><i>Functions</i></p> <ul style="list-style-type: none"> • Feed, fertilizer, lime, soil amendments • Eggs, tissue residue, pet foods • Seed, good manufacturing practices 	<p><i>Current Issues</i></p> <ul style="list-style-type: none"> • Revenue and expenditure tracking • Consistent enforcement of laws/regulations • Analyzing/rebuilding a credible program • Efficiencies
--	--	--

<p style="text-align: center;">Grain Warehouse</p> <p>Manager: Ron White FTE: 10 Budget: \$435,000</p>	<p><i>Functions</i></p> <ul style="list-style-type: none"> • Annual elevator reviews • Special exams 	<p><i>Current Issues</i></p> <ul style="list-style-type: none"> • Storage shortages in recent years • Temporary licenses • Funding
---	--	---

<p style="text-align: center;">Plant Protection</p> <p>Manager: Tom Sim FTE: 12 Budget: \$937,000</p>	<p><i>Functions</i></p> <ul style="list-style-type: none"> • Phytosanitary certification • Nursery/greenhouse inspections • Noxious weeds • Disease/pest monitoring 	<p><i>Current Issues</i></p> <ul style="list-style-type: none"> • Noxious weed law review • Exports to other nations assured free of pests • Discovery of pests new to Kansas
--	---	--

<p style="text-align: center;">Pesticide</p> <p>Manager: Ross Manes FTE: 20 Budget: \$1.5 million</p>	<p><i>Functions</i></p> <ul style="list-style-type: none"> • Response to complaints • Pesticide applicator training • Section 18 and 24c registration • Chemigation 	<p><i>Current Issues</i></p> <ul style="list-style-type: none"> • Public education • Analyzing Kansas pesticide law • Enforcement
--	---	--

<p style="text-align: center;">Dairy</p> <p>Manager: George Blush FTE: 9 Budget: \$420,000</p>	<p><i>Functions</i></p> <ul style="list-style-type: none"> • Grade A/fluid milk • Manufacturing milk • Counter freezer inspection 	<p><i>Current Issues</i></p> <ul style="list-style-type: none"> • Rapid changes in industry • Manufacturing regulations • Possible dairy compact
---	--	---

<p>Laboratory Manager: Constantine Cotsoradis FTE: 22 Budget: \$1 million</p>	<p>Functions</p> <ul style="list-style-type: none"> Analytical support for regulatory activities Product wholesomeness (meat and dairy) Truth in labeling (feed, seed and fertilizer) 	<p>Current Issues</p> <ul style="list-style-type: none"> Retaining technical staff experience Advancing technology Efficiencies
---	---	---

<p>Records Center Manager: Nancy Anderson FTE: 12</p>	<p>Functions</p> <ul style="list-style-type: none"> Licenses/permits (52 types) Regulatory notices Inspection records data entry Open records requests 	<p>Current Issues</p> <ul style="list-style-type: none"> Consistency (forms/certificates) Continuous improvement of data and systems
--	---	---

<p>Meat and Poultry Manager: Dr. "Butch" Kruckenberg FTE: 65.5 Budget: \$2.6 million</p>	<p>Functions</p> <ul style="list-style-type: none"> Ensuring sanitation in state-licensed meat processing plants Antemortem and postmortem inspections Processing inspections 	<p>Current Issues</p> <ul style="list-style-type: none"> HACCP implementation in January 2000 Meeting or exceeding federal standards through program and plant improvements Interstate shipment of Kansas products
--	---	--

Budget Highlights

Issue:

The Kansas Department of Agriculture continues to maintain a conservative budget philosophy, with recent years' efficiencies and improvements accomplished with little or no real growth over the past six fiscal years.

Budgetary History During the Graves Administration

The fiscal year 1996 budget was the first prepared under the leadership of Governor Bill Graves. To picture development of the budget during this time, it is helpful to compare actual expenditures in fiscal year 1995 with the current services request for fiscal year 2001.

FY 1995 actual expenditures	\$ 18,453,681
FY 2001 current services request	\$ 21,233,806

These numbers do not include expenditures made from State Water Plan funds or "non-expense items," such as pass-through, check-off payments to national commodity associations. These figures equate to a **total increase of 15.1 percent** since fiscal year 1995 and an **average increase of 2.5 percent** per year since FY 1995.

Historically, 60 to 65 percent of the KDA budget is expended for salaries and wages. Using a conservative two percent average increase in salary and wage expenditures per year since fiscal year 1995, 1.3 percent of the 2.5 percent average increase in KDA expenditures since 1995 has been for salary and wages. The remaining 1.2 percent average increase in expenditures has been less than the average inflation rate since FY 1995. KDA's budget has seen little or no "real growth" over the last six fiscal years.

Notable Outcomes During the Graves Administration

- Transfer of marketing division to Department of Commerce and Housing.
- Restructuring and return of credibility to weights and measures program.
- Petroleum measurement program transferred to KDA from the Department of Revenue.
- Incorporation of the grain warehouse program into KDA.
- Consolidation of information technology staff and initiation of actions under an information architectural plan.
- Consolidation of fiscal office and record center.
- Total reduction of 22 full-time employees since FY 1995.
- Improvements in the meat and poultry inspection program, and positioning the state for HACCP implementation and interstate meat shipment.
- "Flattening" the organizational structure of KDA.

- Topeka office moved to remodeled office space leased at a lower rate than Landon and Docking building lease rates.

FY 2000 Budget

The current services request for fiscal year 2000 continues routine KDA activities.

FY 2000 Enhancements include \$50,000 for Best Management Practices and \$986,997 from the State Water Plan.

Proposed Revisions of the Kansas Noxious Weed Law

Issue:

The noxious weed law was originally enacted in 1937, with some modification but no major study and review of the statute occurring since the 1950s. Many aspects of weed management and control have changed radically since that time. Agricultural production practices and governmental operations also have evolved considerably in the past 50 years. A group of Kansans have been meeting since January 1999 to review the entire law to develop modifications designed to modernize noxious weed control in Kansas. Their recommendations include a new, biologically based noxious weed classification system and expansion of the cost-share provision to include other control options in addition to herbicides. The new approach would maintain the current shared responsibility between landowners, counties and the state. Legislative action will be necessary to enact their recommendations.

General Approach to Weed Control Under the Modifications

The review group was committed to developing recommendations that would provide as much flexibility as possible to counties, yet maintain a broad set of standards under which county programs can operate. Individual landowners will continue to be responsible for controlling noxious weeds on their property. County governments continue to be responsible for day-to-day operations of the law. The Kansas Department of Agriculture will provide operational and control standards. Kansas State University will play a role in the educational aspects of noxious weed control.

Significant Modifications to Law

Perhaps the most significant modification is the adoption of a biologically based noxious weed classification scheme. Noxious weeds will be placed into three categories based on the acreage of each weed present in each county. The categories are:

1. *High Risk.* This category is for weeds with potential to cause economic or environmental harm, found in close proximity to Kansas, but not yet present. This categorization would allow counties to begin containment/eradication activities immediately upon discovery of the weed. After discovery, it would move to the containment or management category, depending on its prevalence in the county. For instance, several knapweed species which exist in Nebraska are moving southward; tropical soda apple, which exists in southern states, is moving north.
2. *Containment.* This category is for those weeds with the potential to be effectively contained (not allowed to spread) and possibly eradicated. These generally are noxious weeds with a fairly limited distribution (100 acres or less) in a county.

3. *Management*. This category is for widespread noxious weeds (greater than 100 acres in a county). They would be subject only to control and management practices. Eradication is not a biological possibility for noxious weeds in this category. It is subdivided into two categories:

3a. *Primary Management*. This describes weeds infesting more than 100 acres in a county, but less than 10,000 acres statewide. It provides a regional "slow-the-spread" approach to protect counties with lower infestation levels.

3b. *Secondary Management*. This subcategory encompasses noxious weeds with more than 100 acres in a county and more than 10,000 acres statewide.

Under this scheme, each county will have its own unique list of noxious weeds based on their biological occurrence and distribution in the county. Since counties are the basic unit of program operations, this approach will provide them with the maximum amount of flexibility in operations.

Two major program operations—enforcement and subsidized control—are linked to the three-tier classification scheme.

Subsidized control is mandatory for all containment and primary management noxious weeds in each county. Subsidized control for secondary management noxious weeds is optional at the discretion of the county. Counties will have the authority to provide subsidized control at any level on any of the control practices contained in each official control plan developed by KDA.

Enforcement options include both criminal and civil penalties. Counties will have the authority to assess civil penalties. An appeal process and fine schedule will be set out in the regulation, and KDA will have oversight over the counties. Criminal penalties continue to be processed by the county attorney and apply only to the containment and primary management category weeds.

Changes in Cost-Share and Reimbursement

Currently, cost-share is available only for herbicide products identified in the official control plans developed by KDA. Under the new organization, subsidized control options will be expanded to include all control practices identified in the official control plans.

Subsidized control will be modified from providing a subsidy on approved *products* to a subsidy provided on approved *control practices*, and reimbursed on a per-acre basis.

Counties will have the authority to identify which of the approved control practices will be eligible for reimbursement and to determine appropriate subsidy amounts. County weed directors will be expected to work closely with land owners whose properties are infested with containment and primary management noxious weeds. These will have priority over secondary management noxious weeds.

Counties will continue to have the authority to establish a levy for program operations in the county.

The new classification scheme will require counties to accurately monitor the acreage of noxious weeds within their borders. This base information will be essential to determine an appropriate minimum levy. The acreage of containment and primary management noxious weeds will require a levy to generate sufficient funds to ensure appropriate containment of these weeds. If a county chooses to subsidize secondary management noxious weed control, the levy will need to be adjusted accordingly.

The proposal calls for treatment reimbursement on a per-acre basis. This is the most eminently fair way to provide reimbursement so all approved control practices are eligible. Under the current law, for example, a landowner who wants to achieve control using an approved cultural practice, such as cultivation or mowing, is not eligible for any subsidy for this practice. Under the proposed per-acre reimbursement scheme, he or she may be able to receive a subsidy for fuel used to achieve the treatment, provided the county determines this is a control practice eligible for reimbursement.

Structural Change of Commodity Groups

Issue:

Kansas producer organizations support a proposal to transfer administration of the commodity commissions for corn, grain sorghum and soybeans from the Kansas Department of Agriculture to the private sector. This plan also includes a similar transfer for the Kansas Wheat Commission. The proposal requires legislative action. It would benefit KDA by the reduction of one full-time employee and associated support functions; it would benefit producers through added efficiencies and by keeping interest on producer funds working for producers rather than accruing in the state general fund.

Current Structure Compared with Proposed Structure

The Kansas Corn, Grain Sorghum and Soybean commissions utilize money collected from producer check-offs on first sales of grain to fund commodity-specific research and promotional activities. The farmer/members of the commissions are appointed by the governor. The commission administrator is housed within the Kansas Department of Agriculture. Funds are collected by the Department of Agriculture and all interest earnings from these funds are deposited in the state general fund. The Kansas Wheat Commission is administered in the same manner, but is a stand-alone state agency.

Under the proposed change, administration of these commissions would be transferred to the private sector. Check-off funds would go directly to producer-managed projects and programs. The commissions would remain chartered by state statute. Commissioners would no longer be appointed by the governor; instead, they would be elected by other growers to represent nine different districts based on Kansas Agricultural Statistics crop reporting districts.

Benefits of the Proposed Change

Making the commissions a private/public partnership offers several potential benefits. Specifically, it provides for more program flexibility and responsiveness, better coordination of activities between commissions, more producer input, and a reduction in state budget and staff outlays. It would streamline the collection and administration process and could provide for one collection point. Further, it keeps interest on producer funds working for producers rather than accruing in the state general fund.

Under the new structure, producers would have direct representation on the commissions and increased input into projects and uses of funds. Private administration of the commissions would maximize the use of check-off funds. Interest earnings on these producer funds, which are now retained by the state general fund, would remain with the producer fund and go directly to producer-approved projects.

Transfer of the commodity commissions' administrative functions from KDA would remove all commodities funding from the KDA budget and result in a reduction of one full-time employee, plus administrative requirements in several other areas of the agency including legal, budgetary and other areas of support to the commissions.

Ensuring Accountability Under Private Administration

The commissions will remain legislatively chartered, which will allow them to contract with KDA to audit first purchasers and continue to serve as the fiscal collection agent. Commissions will be required to have annual audits of their accounting activities performed by KDA or a certified public accounting firm. Legislative language would direct appropriate ways of investing idle funds. KDA also will assist with implementation of the new commissioner election procedure.

If the change occurs in the 2000 legislative session, transitional issues would begin with implementation on July 1, 2000. Commissioners now serving would continue in that position through an 18-month transition which will include public outreach and education. The first commissioner elections would occur in the January-February 2002 timeframe.

Other State Examples

Many agricultural commodities utilize the check-off procedure to benefit their product. Most of these programs have administrative structures located in the private sector. A state government-administered check-off program is actually in the minority in the United States. Of 18 state wheat commissions, Kansas is the only state in which interest dollars do not accrue to the benefit of producer programs. Of 19 state corn check-off programs, only three are currently located in state government. The structure requested by these commodities is similar to the Dairy Commission, which was created by the Kansas Legislature several years ago.

Amendments to the Kansas Egg Law

Issue:

Several technical amendments are proposed to the Kansas Egg Law, which was last amended in 1979. The most substantive of these changes is to decrease from 60 to 45 degrees the temperature at which eggs intended for human consumption may be held in storage. The act also would make it a violation to fail to properly mark containers and to offer eggs that have not been candled or graded. New language will be added to establish a sampling size.

Clean-up language will be proposed to replace "board of agriculture" with "secretary of agriculture" and to increase the late fee from \$1 to \$5 a day. The secretary will have discretion when assessing the late fee.

Eggs and Food Safety on the National Level

A colder holding temperature for eggs intended for human consumption is meant to increase food safety. Egg safety standards also are an issue on the federal level, and changes in Kansas law will position our state to comply with these new standards. On December 10, 1999, the President's Council on Food Safety released its "Action Plan to Eliminate Salmonella Enteritidis Illnesses Due to Eggs" by improving handling from production to consumption.

The council proposed a mandatory set of national standards for eggs, as well as interagency, intergovernmental partnerships, to ensure egg safety. The council notes that Americans consume an average of 234 eggs per person per year, and they estimate that one of every 20,000 eggs contains the Salmonella Enteritidis (SE) bacteria which can cause illness if eaten raw in foods or in eggs that are not thoroughly cooked. Because eggs can become contaminated inside the hen, common egg-handling practices are now considered unsafe. These practices, according to the egg safety action plan, include temperature abuse, inadequate cooking and pooling eggs to prepare a large volume of food that is later temperature abused or inadequately cooked.

FQPA, TRAC Process and Kansas Agriculture

Issue:

The U.S. Environmental Protection Agency (EPA) currently is assessing risks associated with the use of all pesticides in the United States to ensure they pose “a reasonable certainty of no harm” as required by the 1996 Food Quality Protection Act (FQPA). Because of concerns about the manner in which these risk assessments are conducted and the potential for losing important pest control tools unnecessarily, KDA has been active in monitoring and commenting on the assessment process. KDA continues to emphasize the importance of good science and reliable data as a basis for making policy decisions. KDA has provided funds to Kansas Agricultural Statistics to supplement further data collection on pesticide use in the state of Kansas and to Kansas State University to compile pesticide profiles of the state’s major commodities. This data will be submitted to EPA for use in their risk assessment process.

What is FQPA?

The FQPA, Public Law 104-170, directs the EPA to establish a new safety standard for evaluating pesticide active ingredients used in food. FQPA, which amended both the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) and the Federal Food, Drug, and Cosmetic Act (FFDCA), established a new safety standard for pesticide residues in food and emphasizes protecting the health of infants and children. FQPA’s “reasonable certainty of no harm” requirement replaced the FFDCA Delaney Clause and the FIFRA “risk versus benefit” standard.

Under FQPA, EPA must be able to conclude with “reasonable certainty that no harm will result from aggregate exposure” to each pesticide from all sources. To determine allowable pesticide residues in food, the agency must conduct a comprehensive assessment of each pesticide’s risks. Consequently, re-registration of products has acquired significant new dimensions, including the concept of the “risk cup.” Under FQPA, Risk Cup = pesticide exposure from diet + food + water + occupation + environment = aggregate exposure. EPA began the process by focusing on organophosphate pesticides (simply referred to as OPs) because they are the most extensively applied insecticides. About 50 percent of their uses in the U.S. are on cotton and corn.

The TRAC Process and the Kansas Secretary’s Role

Secretary Jamie Clover Adams and Former Secretary of Agriculture Allie Devine served on the Tolerance Reassessment Advisory Committee (TRAC) formed to advise EPA and USDA on the implementation of FQPA. The TRAC included stakeholders such as registrants, growers, processors and environmental groups. The Kansas Secretary was the only state agriculture director appointed to serve on the TRAC.

The Kansas Department of Agriculture's engagement in the process has provided important information to EPA and USDA, and it has allowed Kansas concerns about FQPA to be communicated directly to EPA. Some of those concerns include:

- How to protect "minor" crops, which include sunflowers and grain sorghum, from pests when registrants don't want to register their products for minor crops.
- How to avoid granting a de facto monopoly to one registrant of a new class of pesticides which could fill the risk cup.
- How to assess the risks and benefits of a product.
- How to maintain a level playing field for American producers trying to compete in global markets with a severely limited selection of crop protection tools.
- How to evaluate fumigation risk-mitigation measures.
- How to manage federal/state partnerships in registrations of potentially controversial products which could be of concern to public health or the environment.

What has been the impact of FQPA on Kansas agriculture?

The OP risk assessment process and potential risk management requirements could affect 679 registered uses in Kansas. In terms of Kansas registered products, this amounts to 8.5 percent of the approximately 8,000 pesticides registered in the state. Although OPs may account for only a small percentage of the number of registered uses, they account for a large percentage of active ingredients actually used in the state. For example, the 1996 Kansas chemical use survey on corn indicates that, of the insecticides applied, methyl parathion and terbufos accounted for 57.6 percent of the OPs used in agriculture.

Pesticide	% Acres Treated	Number of Applications	Rate of Application	Total Applied
Methyl Parathion	10	1.0	0.42	103,300 (18.2%)
Counter [®] (Terbufos)	8	1.0	1.08	223,300 (39.4%)
Furadan [®] (Carbofuran)	insufficient data	insufficient data	insufficient data	insufficient data

Chemical use surveys of most other major Kansas crops illustrate agriculture's dependence on the availability of OPs.

Potential Impacts of Further FQPA Implementation on Kansas Agriculture

Every pesticide that is presently registered, and new products, will be assessed under the FQPA "reasonable certainty of no harm" standard. Despite claims that they are still in the pilot phase of pesticide reassessment, EPA has announced cancellations or severe restrictions on Guthion® (azinphos methyl) and methyl parathion. Once such decisions are made by EPA, it is unlikely they will reverse them, even if new data and analysis show that the use does pose a "reasonable certainty of no harm."

EPA plans to reassess approximately 9,700 tolerances (pesticide residues) on foods by August 2006. Of the total, they have already done a preliminary assessment of about 1/3 of these. They plan to do another 1/3 by August 2002. If at any time EPA has new information that appears to change the potential risk of a chemical, the agency may change the chemical's priority in the schedule. EPA has prioritized their reassessment of pesticides into three groups. Group 1, for example, includes OPs and carbamates. Group 2 includes chemicals registered before 1984, and Group 3 includes any remaining pesticides registered after 1984.

In addition to the Group 1 priorities, EPA is conducting a special review of the triazine herbicides, which include Aatrex® (atrazine). Aatrex® is the most extensively applied herbicide in Kansas because it is an integral part of controlling weeds in corn and sorghum production. Recently EPA decided to change the manner in which the triazine herbicides are evaluated to include both a threshold (risk level) value and a non-threshold (linear interpolation) value. This basically means EPA is evaluating pesticides under both the old Delaney Clause value and the newer FQPA "reasonable certainty of no harm" basis. EPA is also applying both this threshold (Delaney) and non-threshold (FQPA) approach to pesticides that are presently in the new registration pipeline, which extends the time needed for approval of new pesticides.

Other herbicides and insecticides commonly used in Kansas are currently under review. They include the herbicides Lasso®, Harness® and Dual II Magnum® to control broadleaf weeds and grasses in row crops; and the insecticides Warrior® to control Army cutworms in wheat, Counter® for corn pests, Lorsban® to control greenbugs and Warrior® to control headworms in sorghum. EPA recently announced the 'voluntary cancellation' by the registrant of Dyfonate®, which was used to control corn root worm, wire worms, white grubs and European Corn Borer in field corn.

During the reassessment of risk of pesticide use, EPA is often using "default assumptions" when they feel that they have inadequate data. This concept is based on the assumption that a pesticide is used at maximum label rate and applied as many times as the label permits.

What is KDA doing?

Kansas Agricultural Statistics (KAS) will be collecting Kansas pesticide use data for submission to EPA in a manner similar to the way that USDA collects data under the National Agricultural Statistics Service (NASS) program.

KDA is planning to supplement the ongoing NASS data collections with pesticide use data on beef and dairy cattle, on-farm post-harvest chemical use, grain elevator post-harvest chemical use for grain sorghum to supplement the ongoing post-harvest pesticide use survey of soybeans and oats, and horticulture and turf. EPA has no reliable data on these commodities. It is important for agriculture in general, and Kansas agriculture specifically, that we collect the best possible pesticide use data that we can to defend against the use of default assumptions. KAS will conduct these surveys and, as usual, data and participant names will be kept confidential.

Tabular Summary of Pesticide Use Surveys Funded by Fee Fund

	On-Farm Post-Harvest	Beef/Dairy Cattle	Horticulture/Turf	Post-Harvest Grain Sorghum at Elevators
Time	Oct-Nov/1999	Feb-Mar/2000	Mar-April/2000	Oct-Nov/2000
Funds	\$16,000-\$20,000	\$25,000	\$31,000-\$35,000	\$20,000

Ongoing activities or surveys completed that can be used and not funded by KDA:

- a. NASS corn and soybeans, 1999, 120 samples ⇒ State-level data
- b. NASS post-harvest survey of corn and wheat, 1998
- c. NASS post-harvest survey of soybeans and oats, 1999
- d. KAS structural pesticide use, 1994
- e. KAS/KSU agricultural chemical usage of alfalfa, 1992
- f. KSU and KAS are planning to conduct a pesticide use survey on sunflowers for the 1999 use season and publish in 2000.

In addition to the pesticide use surveys, KDA has contracted with KSU to compile pesticide profiles for the major commodities that include crops, beef and dairy cattle, horticulture and turf.

Tabular Summary of Planned Commodity Profile Completions

Wheat	Corn	Sorghum	Soybeans	Cattle	Alfalfa	Hort/Turf
Jul 1999	Jul 1999	Nov 1999	Feb 2000	Mar 2000	Apr 2000	May 2000

State Meat and Poultry Inspection Program Update

Issue:

Members of the legislature are familiar with the challenges the state's small meat and poultry processing plants, and the state inspection program, have faced in recent years. This briefing contains good news about meat and poultry inspection in Kansas. In recent years, the inspection program and plants have been challenged to improve sanitation in the plants in order to maintain the state's "equal to" federal status and approval from the United States Department of Agriculture's Food Safety Inspection Service (FSIS). The most recent federal review showed great improvement in plant conditions and inspection program performance, earning the state program a laudable category II ranking. Plants and inspection staff also have been working together to complete the training, planning and facility changes necessary to comply with adoption of federal HACCP requirements in January 2000. It is expected that most of the state's fully inspected plants will meet the final HACCP compliance deadline of January 25, 2000. It also should be noted that legislation allowing interstate shipment of state-inspected meat and poultry in 2001 has been introduced in Congress.

Federal Reviews of Kansas Program

In August 1998, reviewers from FSIS initiated a comprehensive review of the Kansas meat and poultry inspection program. At that time, reviewers found serious deficiencies at seven of the nine plants randomly selected for review. KDA reported that corrective actions were underway, as was a practice program to strengthen and upgrade the inspection program. In September, a federal reviewer visited six state plants and determined that state-initiated corrective actions were having an effect. Over the next 12 months, further improvements included peer reviews and program analyses, changes in staff and increases in inspection personnel, communications with the meat processing industry, and training for industry and inspection personnel.

The final, in-plant review took place during the week of October 25, 1999. Slaughter and processing plants were selected at random, with seven fully inspected and one custom plant reviewed. The state earned a category II "acceptable with minor variations" rating from this review.

In the letter of transmittal, Deputy Mark T. Mina of the FSIS office of field operations said, "The Kansas Inspection System, under the direction of Dr. Kruckenberg, has been highly successful in upgrading the program. The overall condition of plant facilities, plant sanitation and general housekeeping has consistently and remarkably improved with each follow-up review. The current deficiencies were notably limited in their degree and extent within the plants where found" . . . "Program supervisors and inspectors demonstrated confidence and understanding of program requirements and were practiced in addressing issues. Plant personnel demonstrated an increased understanding, initiative and responsiveness to meet regulatory requirements. These attributes reflect in a very positive way on the effectiveness of the inspection program." Noting that Kansas

can be justly proud of the recent accomplishments of the Kansas Meat and Poultry Inspection Program, Dr. Mina's letter said the next federal review is planned for late 2001.

Hazard Analysis at Critical Control Points (HACCP) Adoption

Several years ago, all states were required to adopt a set of federal regulations designed to increase food safety conditions in the United States. Called HACCP, it moves the field of meat and poultry inspection into a science-based method of determining safety and wholesomeness, with an emphasis on preventing problems before they occur. Meat and poultry processing plants across the country have been adopting HACCP since 1998. The last required to have HACCP in place are the very small plants, such as most of those in Kansas, now facing a deadline of January 25, 2000.

The Kansas Department of Agriculture has offered assistance in the form of free or reduced cost training on HACCP and related topics, written communications and consultant services for plants faced with the new requirements. It also worked with the Kansas Department of Commerce and Housing to provide guaranteed loans to plants which needed to make infrastructure upgrades and wanted to take advantage of the program through KDFSA.

Some plants will choose not to take actions necessary to be fully inspected under HACCP. They may retire or opt to go to "custom" status, preparing products only for the owners of the animals and their families, employees or guests. Many other plants already have HACCP plans in place or will be ready by January 25. The program manager estimates 90 percent of the state-inspected plants will meet that deadline.

Federal Legislation on Interstate Shipment of State-Inspected Products

Senate Bill 1988, the "New Markets for State-Inspected Meat Act of 1999," was introduced into the U.S. Senate on November 19, 1999 and referred to the Committee on Agriculture, Nutrition and Forestry. This bill would allow for interstate shipment of state-inspected meat and poultry products under cooperative agreements with the federal government. It would be effective October 1, 2002. Section 301 of the bill says, "It is the policy of Congress to protect the public from meat and meat food products that are adulterated or misbranded and to assist in efforts by state and other government agencies to accomplish that policy . . . Congress finds that--(1) the goal of a safe and wholesome supply of meat and meat food products throughout the United States would be better served if a consistent set of requirements, established by the Federal Government, were applied to all meat and meat food products, whether produced under state inspection or federal inspection; (2) under such a system, state and federal meat inspection programs would function together to create a seamless inspection system to ensure food safety and inspire consumer confidence in the food supply in interstate commerce; and (3) such a system would ensure the viability of state meat inspection programs, which should help to foster the viability of small establishments."

States Maintaining State Meat Inspection Programs

States with meat inspection programs are Alabama, Arizona, Delaware, Georgia, Illinois, Indiana, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Montana, New Mexico, North Carolina, Ohio, Oklahoma, South Carolina, South Dakota, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin and Wyoming.

Benefits of State Inspection Programs

- **Family Farm Livestock Producer Profits**

State-inspected plants allow the producers of food animals to market their products directly to the customer, increasing the producer's share of the profits. Only inspected and passed products may enter into commerce. During the extremely low hog prices last fall and winter, the state-inspected plants processed nearly 40 percent more hogs than usual. Through the state plants, producers were able to market their animals directly to the end consumer, thus increasing their share of the transaction.

- **Access and Responsiveness to the Needs of Small Processing Facilities**

The meat processing industry in Kansas supports state inspection primarily because of access. Questions, appeals, complaints, changes in red tag status and explanations of regulations are all more easily and quickly accessed under the state inspection system. Small plants in states with federal inspection can find themselves waiting long periods of time to get action or answers as requests move through the federal bureaucracy. Plant owners know all the players and have met program management. They know they will get a return call in a reasonable period of time, even if they don't always get the answer they want. In the federal system, the decision-making process is considerably slower and their chances of meeting the head of FSIS are minuscule.

- **Serving as a Complement to Large Processors**

The state-inspected plants are the primary outlet for light-weight cattle, animals suffering from chronic conditions, and lower quality cattle and swine. Since slaughtering and inspecting these animals while assuring food safety can require more time, the large federal plants do not like to accept them. Losing the services of the small plants could adversely affect the ability of the livestock producer to market this type of animal. According to a 1998 survey of many states, designation of a state for federal inspection will lead to a decrease in the number of plants operating under inspection. In one state, a survey indicated that up to 50 percent of the plants operating under state inspection would switch to custom exempt. Thus, the outlet for less uniform cattle is substantially reduced.

- **Facility Improvements for Older Structures**

In theory, federal requirements for structures should match state requirements. In fact, however, the state has been less apt to require the remodeling of older structures if they are

producing a safe and wholesome product. Recently, a state-inspected plant invested \$300,000 in plant upgrades to become HACCP- and interstate shipment-ready. When consulted to review the facility, however, FSIS officials said it could not be accepted as a federal plant without three major facility upgrades expected to cost an additional \$80,000.

- **Flexibility**

The state program works hard to be responsive to the special needs of plants and our rural communities. Under the federal system, slaughter schedules tend to be quite rigid. Federal inspectors are Union employees. The federal system charges overtime (\$40 per hour voluntary inspection fee) for non-amenable species such as emu, deer, buffalo and ostrich—even if they are slaughtered during normal plant hours. State inspectors do not charge overtime for these animals, which legally can be shipped across state lines even under the current law. The state program is sensitive to special needs, like county fairs and holidays. FSIS has recently notified customers of its intentions to increase its fees.

- **A Level Playing Field and Consumer Confidence**

Custom plants allowed to operate without investing in HACCP training or plans, or even maintaining up-to-date equipment and good sanitation, can put fully inspected plants at a competitive disadvantage. Consumer confidence also is at stake. If an outbreak of a food-borne illness were traced back to a custom plant in Kansas, consumers would likely not differentiate between the types of small plants. The entire industry would suffer.

- **Food Safety From “Custom” Plants**

Kansas has 20 custom plants—those which slaughter and process only for the owner of the animal, his or her family, guests or employees. The number of custom plants, and the number of owners threatening to go custom, has grown as HACCP deadlines neared. These plants are not approved to have retail sales. Under federal inspection, custom plants receive minimal inspection, perhaps being visited only one to three times per year. Although in theory sanitation standards are as strong for custom as they are for fully inspected plants, in reality a plant which is seldom inspected seldom maintains comparable sanitation standards. The Kansas program has always felt food safety to be as important for customers of custom plants as it is for retail customers. Kansas inspectors frequently inspect custom plants and institute a reinspection schedule if a problem is discovered.

The quality of inspection in custom exempt plants is inferior in the federal system. In 1987, when Montana reestablished state inspection, the federal inspectors gave the state a list of approximately 90 custom exempt plants. These plants had been inspected only once every two years. It was later found that some 80 existing plants were not included on this list and had been operating outside the inspection system. Besides posing serious public health risks, these plants were in unfair competition with the inspected plants and likely cost the state tax dollars. In the state inspection program, the custom exempt plants are inspected at least four times per year.

- **Slaughter of Diseased or Injured Animals**

Federal inspection allows diseased, sick or debilitated animals to be custom-slaughtered without inspection since the meat goes back to the owner. In Kansas, however, custom slaughter of diseased, dying or disabled animals is prohibited to protect food safety. They can be slaughtered at a state-inspected facility if a veterinarian inspects the animal and certifies the meat is safe to consume.

- **Direct Suppliers to Independent and Small-Town Grocery Stores**

Many of the grocery stores in rural Kansas purchase their meat and poultry products from state-inspected plants. Without inspection, the small grocery stores would have to locate another source for their meat and poultry products. This would not only present a hardship to the small retail operation, but would also reduce the market for the livestock producer. Many restaurants would face the same problems as the grocery stores. Consequently, the economic impacts of state inspection go far beyond just the processing plant and its employees.

- **Increasing Niche Markets for Kansas Meat Products**

In many areas, small meat processing facilities have found new markets in consumers who wish to purchase organic products or regional or ethnic specialty products. State programs traditionally work with business owners who wish to open new facilities. Conversations with other programs indicate that states with federal inspection are less likely to have these new small business start ups.

Information Resources Technology Update

Issue:

Computerization and information management were major concerns in the department five years ago. In response to those concerns, a plan for computerization under a client-server environment was formulated and now has been implemented. The goal has been to provide both external and internal customers of KDA with improved access to public information. Licensing and certification are managed in a very timely manner, even at times of peak demand. Customers of the updated systems have been satisfied with the service they have received.

Components of the plan included development of an architectural information plan in 1997. Based on flexibility, scalability and interoperability, this plan is functional and remains the basis for all information technology decisions. Information resources and technology personnel and services have been consolidated; staff are performing as a team. Organized upgrades of computers and installation of compatible software are up-to-date and maintained according to this plan. In three years, the department moved from 8088 computers and mainframe terminals at limited locations, to a complete client-server environment with internet access for employees in Topeka and most field locations.

The department is addressing challenges in implementing the portion of the plan intended to provide fully compatible intranet and internet services. Like many other entities, KDA has been challenged by rapid changes in computer development software, difficulty finding qualified personnel and providing training to existing personnel. The department uses an Oracle database, which now provides the software of choice for development and implementation procedures. KDA is working on an upgrade to the database version of Oracle 8i.

Adjustments to the Architectural Plan

When implementation of the plan began, KDA wanted to do away with its many non-interactive, stand-alone databases. Division of water resources programs used an Oracle database. Other KDA information technology and database software were housed in a DOS-based database named Filepro. This software, and its setup within KDA programs, resulted in many stand-alone databases that do not interact between agency functional areas, especially those dealing with customer information and regulated entities holding licenses from several KDA programs. About 47 agency licensing programs continue to use this software today.

KDA, after development of its architectural plan, product review and consultation with DISC and other state entities, selected a development tool for use with Oracle. Like many agencies, KDA was unable to hire senior programmers into state service, which made it necessary to contract with consulting staff to provide these services. During that time, the five major pesticide licensing functions—more than half the licenses the department's records center bestows—were

converted to the KDAIIS system. KDA was later able to hire a senior level programmer to work with in-house programming staff and coordinate the development process. KDA has determined it can avoid multiple development platforms and reduce ongoing maintenance costs by upgrading to the database version of Oracle 8i, with its internet and intranet deployment capabilities.

Other Information Resource Technology Issues

This year, in addition to maintaining a regular schedule of software and hardware acquisitions and upgrades, department staff prepared for Y2K and relocated wiring and computers for employees during the phased remodeling of the Topeka office. Ninety-nine percent of the department's computers have been upgraded to Windows 95 or Windows NT operating systems. It is a goal to maintain a 20 percent annual replacement or upgrade rate of automation in the department, and more work is needed to move toward a more paperless environment.

Renovation of the Mills Building

Issue:

Mills Building renovation began in the spring of 1999. When completed in February 2000, the building will provide totally renovated downtown Topeka office space for most of the Kansas Department of Agriculture, the Kansas Water Office, the Kansas Conservation Commission, the Ethics Commission and some Department of Health and Environment staff.

Building Renovations

The renovation of the Mills Building was accomplished with tenants in place. Both the building's interior and exterior have changed substantially. Windows were completely replaced with modern, insulated units.

The main entrance for the Department of Agriculture, Conservation Commission, Department of Health and Environment and the Ethics Commission are on Ninth Street. Visitors to the Kansas Water Office enter on Kansas Avenue. New awnings and signs on the building's exterior will clearly identify the various offices.

The color palate for Department of Agriculture offices—green, blue, wheat and natural wood tones—was selected to reflect the colors of the Kansas landscape. The design allows natural light to move throughout the floor. Training areas and conference rooms were another priority in the design. Furniture was purchased through Correctional Industries or Designed Business Interiors.

The fourth floor houses KDA administration. The third floor houses fiscal operations, the records center, program managers and technicians. The division of water resources, including water appropriations and structures administration, will be located on the second floor when that floor is complete in early February. Some DWR staff are be housed on a portion of the first floor.

At completion in February 2000, KDA will occupy completely remodeled downtown office space at a cost of \$13.50 per square foot. Comparable downtown office space in non-state buildings runs between \$15-\$20 per square foot. Unremodeled space in Docking and Landon runs \$14 per square foot for FY 2000 and \$14.30 for FY 2001. Leased office and storage space will include 46,294 square feet compared to 49,260 square feet under the old lease.

Education: Agriculture's Role in the Lives of Kansans

Issue:

Although today's farms contribute more to the overall economy of the state than ever before, 98 percent of Kansans now live off the farm. Fewer Kansans grew up on a farm or even visited their grandparents at the home place. Many Kansans of all walks of life do not automatically understand the challenges faced by agriculture, nor do they understand why it is important that they should. Now is the time for Kansas agriculture to tell its story. All Kansas consumers and policy makers need to know the facts about agriculture's contribution to every Main Street from Atwood to Wichita. Not only is Kansas agriculture bountiful, reliable and productive, it also makes positive contributions to the environment, creates wealth and provides jobs for nearly a fifth of the state's off-farm population.

The Role of the Secretary and the Kansas Department of Agriculture

The Kansas Department of Agriculture is a regulatory agency. It has a responsibility to all Kansans to ensure the safety of our meat, milk and eggs, to ensure the responsible and judicious use of pesticides and to guarantee our water resources are used beneficially. Balance is vital to the work of this department to be responsible to all Kansans.

Confident that this mission is being met effectively, efficiently and equitably, the Secretary has expanded the department's focus to one of educating and advocating for all of agriculture. Targets of the educational efforts include urban consumers, Congress, our sister state agencies and agricultural groups.

Facts About Agriculture in Kansas

- In Kansas, agriculture means jobs. **Farm and farm related jobs** (agricultural production and farm input jobs) employed 19.9 percent of Kansans in 1996. Even in metropolitan areas, 13.3 percent of the jobs were related to the farm and food.
- The Kansas Department of Human Resources identifies **value-added agriculture** as number three of the key industry clusters of the Kansas economy for 1997. Following aircraft, aerospace and the materials sectors, value-added agriculture employed 31,573 Kansans. This segment has grown by 17.1 percent since 1991. The average annual wage in value-added agriculture was \$27,895, slightly more than the overall state average of \$25,495.
- In "The Economic Impact of Kansas Agriculture," it was estimated that the **overall economic impact** in 1996 was more than \$34 billion and 308,000 jobs. Agriculture was responsible for about 26 percent of the total sales and 16 percent of the total value-added revenue generated in the state.

- Economic multipliers associated with agricultural production and processing have a major bearing on the state's activity. KSU economists estimate that for each \$1 increase in demand for agricultural output, overall economic activity in Kansas would be expected to increase by \$2.15.
- What is agriculture in Kansas? It includes production, processing, transportation, wholesaling, retailing and business services—from the farm gate to the food plate.
- The food and fiber system is our nation's largest employer.
- Americans spend approximately 10 percent of their disposable personal income on food. In some other nations, however, the consumer spends more than half of his or her income to buy food.

Division of Water Resources Update

Issue:

The Kansas Department of Agriculture applied for technical assistance from the Kansas City DOE/Allied Signal plant to analyze the processing steps which lead to water appropriations throughout Kansas. Outside assistance from Allied Signal professionals will provide KDA with neutral, third-party analysis. This, combined with the technical expertise of Division of Water Resources (DWR) staff should lead to improvements in the way applications are handled that will culminate in timely certification of water rights. The current process resulted in a backlog of certificates in early 1999, with some individual applications taking more than 20 years to certify. This does not serve DWR customers—neither individual applicants nor the people of the state of Kansas—who expect the state's water resources to be managed to their benefit.

Allied Signal Assistance

The overall mission of the division of water resources is to manage and conserve the quantity of water resources in Kansas.

In the past, it has been difficult to untangle the processes used by the division and to quantify meaningful outcomes. Further, there was difficulty separating technical activity, processes and data to determine personnel and resource needs. The Governor's directive to efficiently produce program results and provide outstanding customer service highlight the importance of Allied Signal's assistance in establishing processes to better quantify outcomes and determine personnel and resource needs.

The Allied Signal project will focus on one segment of the division, utilizing the general engineering and systems analysis skills of Allied Signal combined with the water appropriation staff's specific knowledge of the division. We anticipate using what is developed as the foundation for further internal program analysis. A better understanding of processes in this one area will assist Department administrators in better evaluating division personnel and resource needs. Analysis of the process may also lead to streamlining, which would benefit division employees and Kansas water policy.

Summary of Procedures for Processing Applications for Permit to Appropriate Water

1. Application for permit to appropriate water received with filing fee. K.S.A. 82a-708a.

2. When an application acceptable for filing is received, it is assigned a file number and priority is established by date and time of receipt. See K.S.A. 82a-707, K.S.A. 82a-710, and K.A.R. 5-3-1 and 5-3-2
3. Receipt of application and fee is acknowledged.
4. Contents of the application are set forth in the prescribed application form and such other information as may be required for proper understanding of the proposed appropriation. K.S.A. 82a-709 and K.A.R. 5-3-4.
5. Review of the application begins. If the application is found to be defective, inadequate or insufficient to determine the nature and amount of the proposed appropriation, it is returned for correction. The application does not lose its priority of filing, if it is returned within the time allowed. Default in the refiling constitutes a forfeiture of priority date and dismissal of the application. See K.S.A. 82a-710 and K.A.R. 5-3-4b.
6. Once the information needed to process the application is complete and in its proper form, notice of the proposed appropriation is given to adjacent landowners and holders of water rights, who are given an opportunity to comment. If located in a groundwater management district that requests an opportunity to review the application, the application is provided to the groundwater management district for its review. This step includes an evaluation of the compliance with the rules and regulations of the district. See applicable regulations for the specific GMD. GMD No. 1 is 5-21-1 thru 5-21-4; GMD No. 2 is 5-22-1 thru 5-22-9; GMD No. 3 is 5-23-1 thru 5-23-11; GMD No. 4 is 5-24-1 thru 5-24-7; and GMD No. 5 is 5-25-1 thru 5-25-11.
7. The application is evaluated and processed. Technical analysis, consideration of public comments and GMD recommendations occur at this stage. Sometimes a field investigation is necessary. Compliance with rules and regulations is determined. See K.S.A. 82a-711 and applicable rules and regulations, especially K.A.R. 5-3-10 through 5-3-17 and 5-4-4.
8. After evaluating the application, if it is determined that the application does not comply with the law or applicable rules and regulations, the applicant is notified and given an opportunity to modify the application to comply with rules and regulations or provide any additional comments or information the applicant would like considered. See K.A.R. 5-3-18.
9. A hearing may be held if the Chief Engineer finds it to be in the public interest, or if a hearing has been requested by a person who shows that approval of the application may cause impairment of senior water rights. See K.A.R. 5-3-4a.
10. After all information and comments are received, a final evaluation of the application and record is completed and a decision is made to approve the application, approve it with special modifications or conditions, or deny it. See K.S.A. 82a-711, 711a and 712.

Nutrient Management Program

Issue:

The Kansas Department of Agriculture began reviewing and approving swine production facility nutrient plans when Substitute for H.B. 2950 went into effect January 1, 1999. During the spring of 1999, KDA and Kansas State University sponsored four awareness meetings for pork producers. A portion of each meeting was devoted to assisting producers with preparation of a nutrient management plan for their facilities. KDA and KSU also assisted with the swine facility operator certification training sessions presented at seven locations across the state. As of January 2000, the department has 116 plans on file, 56 of which are awaiting results of fall soil sampling. The statute assigned KSU the responsibility of providing research support to the overall program. KSU and KDA continue to assist one another in nutrient planning and research data collection efforts.

Background

Substitute for H.B. 2950 was enacted during the 1998 legislative session. The statute established added requirements for operation of confined swine production facilities. One significant requirement involves the preparation of a detailed nutrient utilization plan. KDA is responsible for review and approval of swine production facility nutrient plans. The primary goal of nutrient planning is to balance field nutrient applications with crop nutrient uptake to protect the quality of Kansas ground and surface waters.

Under the law, a nutrient utilization plan is required of all swine facilities of 1,000 or more animal units (approximately 2,500 hogs). The plan describes the manner in which waste produced in the facility is to be applied to land. KDA must review and approve a facility's nutrient management plan before it can receive its operational permit from the Kansas Department of Health and Environment (KDHE). This requires close coordination between the KDA nutrient management program and KDHE's confined animal feeding operations permitting section. KDA also has responsibility for reviewing plan amendments and providing regulatory oversight of the application of waste to fields.

Nutrient Utilization Planning

The primary objectives of the nutrient utilization plans are to engage producers in a five-year soil-fertility planning process and ensure application of nutrients at proper agronomic rates. The agronomic application rate for swine waste is based on the amount of waste required for plant nutrition and balanced with the holding capacity of the soil. Under the planning process, confined swine facilities of 1,000 or more animal units identify by legal description and site maps the individual fields where swine manure or waste water is to be applied. A set of baseline soil tests are then taken of individual fields and analyzed to determine current levels of nitrogen,

phosphorus, copper, chlorides and zinc. The facility utilizes this information to prepare a plan forecasting nutrient applications for the upcoming five-year period. Once the initial plan has been prepared, facilities must conduct soil tests and update the plan at least annually. Substantive changes in the plan require approval by the Secretary of Agriculture. KDA, with assistance from KSU, has developed and provided to producers and consultants a computerized program which assists in preparation of the necessary nutrient plans. It is available on the KDA website at www.ink.org/public/kda/nutrient.

Current Status

KDA currently has 116 swine facility nutrient plans on file. A total of 56 of these plans are awaiting fall soil sample results. The remainder are completed. We also have had contact with three producers for whom no plans are yet on file at KDA. We have contacted them to remind them of the requirement. A summary of facilities by KDHE district is as follows:

<i>District</i>	<i>Counties</i>	<i>Facilities</i>
NC	12	29
NE	5	5
NW	8	21
SC	5	7
SE	4	7
SW	14	50
Totals:	49	119

Grain Storage Conditions in 1999

Issue:

Kansas Department of Agriculture data on state-licensed grain storage facilities reveal large amounts of grain in conditional storage or temporarily piled on the ground again in 1999. High carryover stocks, good crops and slow grain markets kept the storage situation tight in January 2000. Many problems reported this fall were regional in nature, with the majority centered in the north central and northwest areas of the state.

More Storage Available

The grain storage situation could have been worse. The 1999 legislature's action to provide tax abatements for construction of both commercial and on-farm storage resulted in more space available for fall crops. Storage capacity is on the increase statewide. However, although large amounts of grain remained on the ground in early January, most is expected to be moved by January 31.

Kansas Agricultural Statistics (KAS) reports Kansas commercial grain storage capacity in 1996 as 761,920,000 bushels; in 1997 as 742,220,000 bushels; and in 1998 as 783,650,000 bushels. State-licensed elevators have reported an increase in storage capacity of 16,966,000 bushels in calendar year 1999 and 14,178,000 bushels in 1998. On-farm storage, according to KAS numbers, shows no change since 1996. Fewer problems with rail transportation were reported in the state during the harvest season. Numbers for grain on the ground, or conditional storage in state-licensed elevators, as of January 3, 2000, follow:

	1999 Fall Harvest in Bushels*	1998 Fall Harvest in Bushels
Grain Sorghum	5,981,000	1,534,000
Corn	6,387,000	1,000,000
Conditional	2,150,168	2,754,000

*Several years of such problems have caused some elevators to arrange to cover and aerate their ground-stored grain, so these numbers may be somewhat misleading.

Update on TMDLs in Kansas

Issue:

Under Section 303(d) of the Federal Clean Water Act, states must identify lakes, streams and rivers for which permitted point source effluent limits are not enough to ensure the stream meets its designated use. States must then submit lists of "impaired waters" to the Environmental Protection Agency (EPA), develop Total Maximum Daily Loads (TMDLs) for the impaired segments and design corrective programs to ensure these waters meet their designated uses. Many Kansas streams are impaired by field runoff or other non-point sources. The Kansas Department of Agriculture, Soil Conservation Commission and Kansas State University are working with the agricultural sector to implement TMDL non-point source (livestock and row crop) water quality protection programs. A coalition of 14 agricultural organizations has been formed and is working with the state agencies to encourage local TMDL activities within the agricultural sector.

History

The state intervened in litigation brought by the Kansas Sierra Club and Kansas Natural Resource Council against EPA which resulted in a court settlement requiring Kansas to complete development of TMDLs for surface waters within the state. The court decree outlined an eight-year schedule for accomplishing this task on a basin scale, beginning with the Kansas-Lower Republican Basin (KLR) of north central and northeast Kansas. A total of 117 TMDLs have been developed for the KLR and approved by EPA. TMDL development is underway for the Arkansas and Cimarron river basins.

The most common causes of impairment of Kansas streams, rivers and lakes are sedimentation, fecal coliform bacteria and nutrient enrichment (largely excess phosphorus). Pesticides (alachlor and atrazine herbicides) cause impairment in six Kansas lakes. Approximately 80 percent of the stream reaches in the KLR were listed as impaired by bacteria. Since Kansas has a relatively rigorous program of regulating large-scale Confined Animal Feeding Operations (1,000 Animal Units or more), a significant proportion of the bacterial impairment appears to come from the accumulated mix of numerous small, non-point sources such as small livestock feed yards, temporary winter feeding in riparian areas, over-grazed pastures, home septic systems or wildlife.

Although pesticides in water historically have been an emotional issue, bacteria and nutrients are gaining increasing national attention. EPA published new standards for nitrates and phosphorus in water in December 1999. The federal Clean Water Action Plan also has an emphasis on bacteria and nutrients.

Kansas TMDL implementation plans are set up on a ten-year schedule, with a midpoint milestone. In the first five years of each TMDL plan, emphasis is on achieving action by the responsible parties through education and voluntary participation, supplemented by cost share

programs. For the second five years, emphasis will be on monitoring water quality improvement. If participation or water quality improvements do not occur, KDHE will move to implement a "regulatory fix."

Participation by Agriculture is Vital

KDA and its cooperators have actively sought the assistance and support of agricultural associations and local conservation districts in the TMDL implementation effort. Local involvement and support is essential to success and will benefit Kansas family farms.

Within the agricultural community, a group has come together to encourage and assist Kansas farmers and ranchers in meeting the challenges posed by TMDLs. The "TMDL Agriculture Working Group" is a coalition of 14 agricultural organizations and three cooperating agencies. Members include the Kansas Agricultural Aviation Association, Kansas Association of Conservation Districts; Kansas Association of Wheat Growers, Kansas Cooperative Council, Kansas Corn Growers Association, Kansas Dairy Association, Kansas Farm Bureau, Kansas Fertilizer and Chemical Association, Kansas Grain and Feed Association, Kansas Grain Sorghum Producers Association, Kansas Livestock Association, Kansas Pork Producers Council, Kansas Seed Industry Association, and Kansas Soybean Association. Cooperators are KDA, SCC and KSU Research and Extension. The group is focused on informing the agricultural community about TMDLs. It encourages the establishment of locally led committees to address agriculturally related TMDL water quality concerns.

The TMDL Working Group also is encouraging their membership to participate in local county conservation district annual meetings during January and February 2000. SCC will provide a short presentation on TMDLs at the meetings. The effort to recruit persons willing to serve on local TMDL committees will then begin.

STATE OF KANSAS

BILL GRAVES, GOVERNOR
Jamie Clover Adams, Secretary of Agriculture
109 SW 9th Street
Topeka, Kansas 66612-1280
(785) 296-3558
FAX: (785) 296-8389



KANSAS DEPARTMENT OF AGRICULTURE

House Agriculture Committee

January 26, 2000

Jamie Clover Adams, Secretary of Agriculture

During the past 18 months, employees of the meat and poultry program and plant owners have worked very hard to improve the Kansas meat and poultry program to a Category 2 rating, which means there were only minor problems with the plants during our last federal review. Previously the program had been on the brink of being taken over by USDA due to the serious problems discovered by USDA officials. Plant owners and the Kansas Department of Agriculture have worked hard to achieve this result. The following is an outline of the efforts we have made to assist the plants:

- In 1988, KDA entered into a contract with Kansas State University in which KSU provided low-cost training to 70 plants, reviewed 63 HACCP plans for Kansas plants and provided on-site inspection of a plant at no cost to the plant owner to assess its compliance with HACCP;
- Hired a training officer to work with KDA and plant staff;
- Conducted four free weekend sanitation seminars with a USDA veterinarian in the fall of 1999;
- Coordinated a joint letter with KDOC&H that was sent to all meat and poultry facilities offering low interest loans to assist in any improvements to the plants;
- Offered to conduct a HACCP inspection of the state-inspected plants any time of the week that would be convenient for the plant;

House Agriculture Committee
January 26, 2000
Attachment 3

- Met with the members and board of the Kansas Meat Processors Association several times to answer questions;
- Ensured proper training for KDA inspectors, supervisors and veterinarians so that they are able to assist the plants in complying with the sanitation and HACCP regulations.

HACCP went into effect yesterday. While some criticize HACCP, USDA Secretary Dan Glickman stated that this regulation was enacted a number of years ago with the hope of creating a system where interstate shipment of state-inspected meat could occur. We are hopeful that interstate shipment of meat by state-inspected plants will occur in the near future. We believe that our system of inspection ensures that safe and wholesome products are produced, and that our meat processors should not be prohibited from marketing their meat across the country.

Some have raised questions about why some plants are closing. According to our records, there has been a slow but steady decline in the number of state plants over the past 10 years. This trend is similar to those in many other industries. Part of this trend is tied to the number of meat processors who are at or near retirement age and are making decisions from this perspective.

I know you may have specific questions about the state meat program or HACCP. Therefore, I would like to introduce Dr. Butch Kruckenberg, who is the manager of the meat and poultry program. He will review some of the more common questions and, afterward, he and I will answer any questions you may have regarding the state meat program.

STATE OF KANSAS

BILL GRAVES, GOVERNOR
Jamie Clover Adams, Secretary of Agriculture
109 SW 9th Street
Topeka, Kansas 66612-1280
(785) 296-3558
FAX: (785) 296-8389



KANSAS DEPARTMENT OF AGRICULTURE

HOUSE AGRICULTURE COMMITTEE

HACCP IMPLEMENTATION
CUSTOM SLAUGHTER LIMITATIONS

Dr. Lyman Kruckenberg
Kansas Department of Agriculture
January 26, 2000

Good afternoon Chairman Johnson and members of the committee. I am the meat and poultry program manager for the Kansas Department of Agriculture. Thank you for giving me this opportunity to discuss the implementation of the HACCP inspection system in the states inspected meat and poultry plants, and the regulations concerning the custom slaughter of dead, dying , diseased , or disabled animals.

The implementation of the HACCP inspection system in meat and poultry slaughter plants was phased in over a three year period. The very large plants were required to implement HACCP in January 1998, the small plants in January of 1999, and the very small plants in January 2000. All but one of the Kansas inspected facilities is classified as very small. The final phase of implementation began yesterday, January 25, 2000. Approximately 25% of the very small plants Kansas plants have implemented HACCP in their plants prior to this deadline. We are currently in the process of performing HACCP basic compliance checks in the remainder of the plants. After the first week in February, all of the state registered meat and poultry plants will either be under

House Agriculture Committee
January 26, 2000
Attachment 4

the HACCP inspection system, a "custom only" plant, or have been placed under a control action while finishing their HACCP plans.

The Kansas Meat and Poultry inspection program has tracked the progress the state plants are making in the development of the necessary HACCP plans on a monthly basis since July 1999. According to the survey completed December 22, 1999, seventy-one percent of the plants had either completed their HACCP plans, or were ahead of the time line developed by USDA for the very small federal plants. Twenty-four percent of the plants were making progress in the development of the necessary HACCP plans, but were behind the schedule set by USDA. Of the remaining thirteen percent, 6 plants have indicated that they will drop inspection and operate as "custom only" plants, 6 plants will drop inspection but will remain open as retail stores, or restaurants, and 1 plant has closed for unknown reasons. In comparing the changes in plant registration in Kansas with 10 other states with a state inspection program, we find that Kansas has seen 15.2% of its fully inspected plants change status due in part to the implementation of HACCP. This compares to a range of from 0-25% in the other 10 states. The above numbers are based on the best information available at present. We are currently in the process of renewing the registration in all state plants, and will not know the final results until all of the registration forms have been returned.

The state program has offered a tremendous amount of assistance to the state plants in the development of their HACCP plans. The Kansas Department of Agriculture, in cooperation with the Kansas Department of Commerce, has made low cost HACCP training for industry available. Five - 3 day HACCP training workshops were held at various locations since August 1998. Fifty

percent of the cost of attending these workshops was covered through a agreement with the Kansas Department of Commerce. KDA has contracted the services of a HACCP specialist through the extension service at Kansas State University. The HACCP specialist, when requested by plant management, will provide at no cost, personalized assistance to plant management in the development of the HACCP plans necessary for their particular operations.

Unlike our federal counter parts, all of our supervisory level inspectors have been trained in both regulatory and industry HACCP. The training in industry HACCP makes it possible for our inspectors to offer assistance to plants in the development of their HACCP plans.

In addition to the above, the Food Safety Inspection Service (FSIS) has made the following available: technical assistance workshops for very small plants, generic HACCP plans, a Guidebook for the preparation of HACCP plans, a HACCP hotline at the FSIS Technical Service Center to respond to HACCP technical and implementation questions, and a self study course dealing with the development of HACCP plans. Copies of the self study course were acquired by the Kansas Department of Agriculture for all of the very small state plants. The self study course was developed by an independent contractor and includes a "Self Study Guide to Understanding How to Develop a HACCP plan, and two videos - "HACCPWORKS," and "HACCP: The Hazard Analysis and Critical Control Point System." The study guide, was created to specifically assist very small plants, provide step-by-step written instructions on the development of a HACCP plan, and provide a means to have up to two draft copies of the plan submitted for review and comments by the contractor. Completion of the step-by-step program and submission of a letter of completion to the contractor will satisfy the HACCP training

requirements found in 9 CFR 417.7. This is not a complete listing of the assistance given to the very small plants to help them comply with the PR-HACCP (Pathogen Reduction-Hazard Analysis Critical Control Point) final rule, but illustrates the significant effort put forth by both FSIS and the Kansas Department of Agriculture to enable the states small producers to comply with the new requirements.

Food safety for all consumers of meat and poultry products is the primary mission of the Meat and Poultry Inspection program in the state of Kansas. Under federal inspection, animals that are disabled (includes broken legs), diseased, or downers are required to be inspected by a veterinary medical officer, both before, and after they are slaughtered. If the live animal, and the carcass derived from its slaughter both pass inspection, products derived from the carcass will be marked with the inspection legend and can enter into commerce. The federal government, however, does not require any type of inspection of these types of animals if the product is to be returned to the owner of the animal. How can food safety be the issue, if in one case the animal is condemned for a certain condition, and in the case of "custom only" slaughter, the products from an animal with the same condition is allowed to enter the food supply with no inspection at all? If your goal is food safety, than the only solution is to limit the type of animal that can be slaughtered in plants without ante or post mortem inspection. Custom plant operators have asked the question of how an animal with a fresh broken leg, if slaughtered in their plant, can lead to any food safety problems. I answer this question with the following scenario: What if this fresh broken leg has really be broken for two weeks, and an infection has set in causing signs of septicemia to develop? Take this same animal with a broken leg that has been recumbent for

extended periods, leading to extensive muscle necrosis and breakdown. Take the scenario a step further, and with the same broken leg, the animal was unable to rise, leading to a backup of urine in the bladder and kidneys, resulting in the development of condition called uremia. Two of the conditions listed above, septicemia and uremia, require the carcass be condemned. If food safety is our goal, why should a custom slaughtered animal with these conditions be allowed into the food supply, when an animal slaughtered under inspection would be condemned for the same conditions? The argument can be made, if the owner of the animal does not care if he eats this type of animal, than they should be allowed to consume this meat. However, the consumer food supply concern arise because farmers and ranchers are some of the more community and church oriented people in the country. When donations are requested for use in school and church functions, these people are the first to donate the extra hamburger, sausage, bacon etc. to be used by these organizations. Because of their generous nature, instead of having only the farmer or rancher and his family consuming a product that would have been condemned under inspection, there maybe a significant number of people in the community involved. I have received strong support by the owners of the inspected state plants to keep the current restrictions on the slaughter of 4-D (dead, dying, diseased, and disabled) in "custom only" plants. Their reasons probably have a strong economic base, but my reasons to ensure that dying and diseased animals are slaughtered only after inspected and passed by an inspector or veterinarian, are based on food safety.

I would be happy to stand for any questions that you may have regarding these or other issues.

DAN THIMESCH
REPRESENTATIVE, 93RD DISTRICT
30121 WEST 63RD STREET SOUTH
CHENEY, KANSAS 67025
(316) 531-2995

STATE CAPITOL
ROOM 278-W
TOPEKA, KANSAS 66612-1504
(785) 296-7680
1-800-432-3924
(DURING SESSION)



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

AGRICULTURE
EDUCATION
TRANSPORTATION
ECONOMIC DEVELOPMENT
CHAIRMAN: SOUTH/CENTRAL/SEDGWICK COUNTY DELEGATION
GULF WAR ADVISORY BOARD

ASSIST INDEPENDENT SMALL LOCKER PLANTS TO PROSPER
AND
CREATE OPPORTUNITIES FOR PRODUCERS TO INCREASE PROFITS

BECAUSE OF

- Loss of revenue of Kansas meat producers
- More out of state, out of country, meat saturating Kansas Market
- Loss of 32 small locker plants in Kansas from 1998 to 2000
- Large recalls of contaminated meat from out of state

WE ARE INTRODUCING

- Bill - if necessary, create enabling legislation (modeled after Minnesota law) to facilitate cooperation between Kansas Agriculture Department, small locker plants, and producers. Allowing producers to market their own product. (increase profits for everyone and create new jobs, new locker plants)
- ✓ • Bill - providing tax credits for small locker plants that had to purchase machinery and equipment (for safety regulations)
- Resolution - states that Kansas has safer meat than meat which is imported (port of origin)
- Resolution - allows states to sell meat interstate

(Over)

House Agriculture Committee
January 26, 2000
Attachment 5

MINNESOTA PLAN

(created by Minnesota Department of Agriculture on November 1998)

In January 1999 only one processor had volunteer to register, statutes was inspecting 100 pounds of meat per month.

- Ten month later, the program jumped to fifteen plants representing a monthly processing volume of more than 100,000 pounds of meat.
- Today sixteen other processor from around the state are interested in joining the program.
- Minnesota Department of Agriculture officials predict that by March 2000 the program could reach 200,000 pounds of meat per month.
- “We are seeing this explosive growth because lots of livestock producers want to take control of their own destiny by marketing their own product” said Kevin Elfering, Food Inspector Supervisor.
- Processors benefit from the business opportunities it creates.
- Minnesota benefits from the increase in jobs and economic activity.

News Release

FOR IMMEDIATE RELEASE: Thursday, December 30, 1999

Contact: Michael Schommer, Communications Director, 651-297-1629
Kevin Elfering, Food Inspection Supervisor, 651-297-7453

NEW MEAT INSPECTION PROGRAM GIVING FARMERS PROFITABLE OPTIONS

ST. PAUL, Minn. – In just its first full year of existence, Minnesota's State Meat Inspection Program has become wildly popular among farmers and small-scale meat processors. By shortening the distance from farm gate to dinner plate, the fledgling program presents a profitable alternative to more traditional marketing options.

Created by the Minnesota Department of Agriculture in November 1998, the program is designed to maximize food safety while also making it easier for the state's producers to sell their homegrown beef, pork and poultry directly to consumers. The state inspection program focuses on small to medium-sized meat processors, supplementing the U.S. Department of Agriculture's continuing focus on the largest processors. By taking their livestock to smaller processors, farmers can receive more individualized service. The farmer can also retain ownership of the meat, marketing it directly to consumers under the family's own brand name.

In January 1999, only one meat processor had volunteered to register with the MDA program, and the state was inspecting a paltry 100 pounds of meat per month. Just 10 months later, the program had jumped to 15 plants, representing a monthly processing volume of more than 100,000 pounds of meat. Today, 16 other processors from around the state are interested in joining the program, and MDA officials predict that by March the program could reach 200,000 pounds of meat per month.

Food Inspection Supervisor Kevin Elfering says the program's rapid growth shows how much interest farmers have in marketing directly to consumers.

"We're seeing this explosive growth because lots of livestock producers want to take control of their own destiny by marketing their own product," Elfering said. "Producers are finding that state-inspected plants are small enough to give personal service, but big enough to provide a variety of services and a high volume of top-quality product."

Farmers say they love the marketing flexibility the program offers, and meat processors are attracted to the program because state inspectors can help them update their food handling procedures and technologies.

- more -



In accordance with the Americans With Disabilities Act, an alternative form of communication is available upon request. TTY 1-800-627-3529

According to Minnesota Agriculture Commissioner Gene Hugoson, the state inspection program fits nicely with two dominant themes in today's agricultural sector: improving food safety and expanding farmers' marketing options.

"Farmers typically get less than 25 cents for every dollar consumers spend on food," said Commissioner Hugoson. "We often talk about the importance of farmers doing what they can to capture more of that consumer dollar, and we see the State Meat Inspection Program as a tool that can help them do that. This is also an opportunity for small-town businesses to expand. The economic potential for farmers, small businesses and rural communities is encouraging."

Elfering said producers are finding creative ways to market specialty meats to consumers. Many choose to sell the meat directly to consumers. Some work out deals with local grocery stores to get their products on the shelves. One farmer from northwestern Minnesota even bought a refrigerated trailer to truck his meat down to the Twin Cities.

"Farmers seem to be drawn to the idea of marketing their meat directly," Elfering said. "As popular as the program has become, I really don't see a slowdown for the next few years. This program has really caught the interest and imagination of farmers."

Leonard Yotter and his family raise pigs in Isanti County and take them to a state-inspected processor in Cannon Falls. After processing, they sell 30-pound boxes of pork chops, bacon and ham directly to consumers. He says the state meat inspection program has been a blessing for both farmers and consumers.

"We started looking for alternatives last year when pork prices dropped," Yotter said. "Now we sell a quality product at a fair price directly to consumers. We get excellent processing service, and about 60 percent or 70 percent of our customers are repeat business. This is a good program - I think more farmers should try it."

- 30 -

This release is available on the MDA website at <http://www.mda.state.mn.us>



Minnesota Department of Agriculture

MINNESOTA MEAT INSPECTION OVERVIEW AND HISTORY

The Minnesota Department of Agriculture's State Meat Inspection Program is designed to help farmers to market their beef, pork or poultry directly to consumers. The program was created to give farmers new marketing options, and judging by its growing popularity, it is successful.

The program was conceived in 1997, when the U.S. Department of Agriculture announced it would remove federal restrictions banning interstate shipment of state-inspected meat products. Previously, only products produced under federal inspection could be shipped across state lines. This announcement prompted Minnesota's small-scale meat processing industry to approach the MDA and request that a state inspection program be developed. Many of these facilities were custom processing plants allowed only to slaughter and process for farmers. The processed meat could only go back to the farmer for consumption by his or her family. The new program would not only place our meat industry on equal footing with border states that have state inspection, but would also increase the local marketability of meats processed in the small plants.

In addition to the small-scale meat processing industry, farmers' organizations and individual farmers grew intrigued about the potential of having more processing plants from which to choose. This would give them greater opportunity to market their own products. These farm organizations believe that direct marketing of meat products from the farm to consumer is a way that the agriculture community can increase their profitability in raising meat-producing animals.

In January 1999, Minnesota had its first meat processing plant begin operation under continuous state inspection. The first month's production was modest - a mere 100 pounds. Since then, 14 plants have joined the program. Six of the plants are new facilities. The other nine plants were operating previously as custom processors. These 15 plants now produce more than 100,000 pounds of product each month and slaughter more than 700 head of cattle or swine each month.

These facilities are quite diversified in their markets. Many purchase animals from farmers and then slaughter and process for their own retail sales. Others slaughter and process for farmers who are directly marketing to retailers and restaurants. Two of the companies are strictly wholesale and service more than 300 retail accounts in the state.

The growth of these processing plants is dramatic. Since January 1999, the plants under state inspection have added more than 30 full-time jobs and contributed more than \$1.5 million to the state economy in the form of construction activity and equipment sales. In the next few months, the volume of products processed by state-inspected facilities is expected to double.

A total of 15 plants are now under inspection, and three more will open this spring. In addition, 25 other facilities have indicated that they will seek state inspection. The major challenge now is to keep pace with demand. The current staff of eight inspectors and one manager would not be able to provide service for all the facilities interested in the program. The challenge is compounded by the fact that this staff also inspects 275 other processing facilities across the state.

Challenges aside, we are eager to continue development of the State Meat Inspection Program. Farmers like the marketing options it provides, processors benefit from the business opportunities it creates, and greater Minnesota benefits from the increase in jobs and economic activity.

MINNESOTA DEPARTMENT OF AGRICULTURE

WHOLESALE MEAT INSPECTION FACT SHEET

Minnesota Department of Agriculture
Dairy & Food Inspection Division

90 West Plato Blvd.
St. Paul, MN 55107
Phone: 651-297-2627
Fax: 651-297-5637

What are the limitations of purchasing meat items for sale/use at restaurants, temporary food stands, concession units and retail food establishments?

Retail food establishments and custom meat processors are licensed and inspected by the Minnesota Department of Agriculture (MDA), Dairy and Food Inspection Division (DFID). Retail meat departments are regularly inspected and are limited on the type and amount of meat they can wholesale or allow to be purchased for resale.

On December 28, 1998, the Minnesota Department of Agriculture, Dairy and Food Inspection Division, began a new Minnesota Meat Inspection Program that is "equal to" the United States Department of Agriculture (USDA) Meat Inspection Program. This service provides an option to small meat processors and slaughter plants to develop safe, wholesome meat products for distribution into intrastate commerce (at this time, the MDA "equal to" USDA inspected, passed and stamped meat cannot cross state lines). This "equal to" meat inspection program requires inspections at a much greater frequency than standard retail food establishments. This is to assure that the meat has been slaughtered and processed in a wholesome and approved manner. During slaughter, an inspector must be present to conduct an ante and post mortem inspection of each animal. Many wholesale meat facilities require an inspector on premises daily or when the meat for resale is being produced.

Only inspected, passed and stamped meat can be offered for sale. The inspected, passed and stamped meat must come from an approved facility that is under the meat inspection program offered by the United States Department of Agriculture (USDA), Minnesota Department of Agriculture "equal to" USDA or an inspection agency that is approved by the USDA and has inspection jurisdiction over the meat (such as Canadian Inspected etc.).

The Uniform Minnesota Food Code defines meat as "the flesh of animals used in food including the dressed flesh of cattle, swine, sheep, or goats and other edible animals, except fish, poultry and wild game, that is offered for consumption".

1) CUSTOM MEAT: Custom slaughtered or processed meat cannot be sold. At no time can a restaurant, temporary food stand, concession unit or retail food establishment sell or even legally give away custom processed meat/articles. By law, all custom meat must be identified as "not for sale". To eliminate any confusion, custom meat is prohibited from even being stored at a restaurant.

A person can slaughter livestock of their own raising, process it and transport the meat and meat food products interstate for use by themselves, members of their household, nonpaying guests and employees.

Without a licensed facility, a farmer can only sell a live animal (the new owner must have purchased the animal prior to slaughter). The new owner then can have it custom slaughtered and processed, but again only for use by themselves, members of their household, nonpaying guests and employees.

2) RETAIL MEAT: Only certain inspected meats can be purchased from a retail food establishment (which is defined in the Uniform Minnesota Food Code 4626 and includes but is not limited to: grocery store, market, bakery and restaurant) for resale at a restaurant, temporary food stand, concession unit or a different retail food establishment.

The following are allowed:

Any inspected, passed and stamped meat purchased in a commercially processed, hermetically sealed container from an approved meat processing plant (USDA, MDA "equal to" USDA, etc.). The package will have an emblem or stamp printed on the label identifying it as being inspected by the inspection agency having jurisdiction over the meat item (USDA, MDA "equal to" USDA, etc.).

Inspected, passed and stamped meat (USDA, MDA "equal to" USDA, etc.) that has been one step processed by a retail food establishment. e.g. fresh or frozen beef cuts and trim that are ground (the grinding is considered the first process step) into ground beef by a retail food establishment for use as hamburger by a restaurant, temporary food stand, concession unit. Meat cut into steaks or roasts are also considered a one step process.

Food establishments (grocery stores, meat markets) must limit one step process to restaurants and institutions. Not grocery store to grocery store, grocery store to meat market, meat market to grocery store, restaurant to grocery store, etc..

The total sales of the retail food establishment to hotels, restaurants, and institutions cannot exceed 25% of the retail food establishment's or meat processor's total annual meat sales volume. This 25% figure cannot exceed the dollar limitation per calendar year as set by the Administrator and is currently set at \$41,000.00 for meat, \$39,000.00 for poultry. The figure is automatically adjusted during the first quarter of each calendar year, whenever the Consumer Price Index indicates a change.

The following are not allowed:

One step items produced at retail establishments for resale cannot cross state lines.

Any meat item (from approved, passed and stamped meat) made or further processed with more than one process step, by a retail food establishment. This would include any meat that has the addition of spices, salt, curing, smoking, and/or cooking, etc. by the retail food establishment. Thus, a restaurant, temporary food stand, concession unit or other retail food establishment cannot purchase hot dogs, raw or smoked sausage items, cured or smoked meats such as hams, pizzas with meat, meat loaf, sandwich spreads, meat sauces and any other meat item which has two or more process steps and is made at a retail food establishment, grocery store, meat market, bakery or other restaurant.

There are additional limitations or regulations concerning the number of outlets operated by one owner. A retail food establishment may provide meat that has more than one process step to one other retail facility, provided the other location is of the same ownership as the first and the meat does not cross state lines. If more than two retail facilities are owned, the exemption is not allowed.

3) WHOLESALE MEAT DISTRIBUTOR: A restaurant, temporary food stand, concession unit or retail food establishment must purchase only inspected, passed, and stamped meat that was processed at an approved meat plant (USDA, MDA "equal to" USDA, etc.).

4) USDA or MDA "EQUAL TO" USDA MEAT INSPECTED WHOLESALE MANUFACTURER / PROCESSOR: A restaurant, temporary food stand, concession unit or retail food establishment can purchase meat wholesale directly from these facilities provided the meat has been inspected, passed and has the firm's inspection mark. A full service retail counter at an USDA or MDA "equal to" USDA meat inspected facility does not normally meet the inspection criteria for full or part time wholesale meat inspection. This is to allow the firm greater flexibility so they may better utilize that portion of the facility and equipment when the inspector is not present. Any meat purchased for resale/wholesale at the full service case usually must be an advance request, as a stamped meat item with the firm's inspection mark may not be available unless it is specifically asked for.

Any food item made that contains more than 3% raw meat or 2% cooked meat as an ingredient, and is offered at wholesale, is required to be produced in an USDA or MDA "equal to" USDA meat inspected facility.

This is a brief interpretation of the rules and regulations and is not intended to set policy or is for public interpretation. There are additional regulations concerning certain meats, poultry, game animals, buffalo and exotic species of animals. This handout was developed only to try to clarify an often asked question. If there are any questions concerning this matter, it would be wise for the interested party to contact the USDA Compliance Officer at (651) 552-8555, MDA Dairy and Food Inspection Office at (651) 296-2627 or their local state inspector or supervisor. This should be done prior to any governmental regulatory action being taken, or before an establishment begins to sell or purchase meat that may fall under these limitations.

The above information was taken from 9 CFR Ch III Part 303.1(d)(2)(iii), Rule Chapter 4626, Dairy and Food Inspection Policy Memo's 85-26 and 87-20, plus memo 91-104.



April, 1999

In accordance with the American with Disabilities Act, an alternative form of communication is available upon request. TDD (612) 297-5353 or 1-800-627-3529. Page 2

Kansas Cattlemen's Association

PO Box 251
Brewster, KS 67732
Phone (877) 694-2906
Fax (785) 694-2992
e-mail cowarus@midusa.net

January 26, 2000

Rep. Dan Thimesch
Kansas Legislature
300 SW 10th Avenue
Topeka, KS 66612-1504

Dear Rep. Thimesch,

The Kansas Cattlemen's Association with paid memberships of 496, is pleased to give support for the new meat inspection program and small, safe and environmentally friendly packing plants. These will not cause communities and citizens grief. This is what KCA is all about and that is to return more profit back to the farm and ranch gate, while keeping our communities thriving. If it can be done in Minnesota it can be achieved in Kansas. We have at KCA been promoting a program that does just what Minnesota has accomplished, while giving farmers profitable options on direct marketing to consumers.

We encourage all Senators and Representatives to help push for the rural revitalization of mainstreet throughout Kansas. Legislation like this will allow for the profits to be returned to producer's hometowns. It will allow more competition and at the same time provide a healthier product for consumers. We at KCA are ready for change that is positive for rural communities. Programs set forth will enable producers the opportunity for that. If nothing is changed in the current system you will see less and less people in the rural area and those that stay will be faced with higher taxes inevitably. Programs that allow producers to have control in there product selling will help create more competition in a non-competitive 4-packer monopoly, which we have today.

KCA is proud to be a leader in promoting what is best for all our producers not just a select few. If anyone should need any help with cattle issues, please feel free to contact the office at 785-694-2906.

Your friend in the cattle industry,

Mike Schultz Chairman
Kansas Cattlemen's Association

5-8

...ain Inspection, Packers and Stockyards Administration. But the department has rarely enforced the P&S Act, and has never ruled against large poultry processors. In late August, the US District Court sent the case back to West Virginia, stating "the state courts of West Virginia should first pass upon whether this unique theory of recovery is a legally viable one." In the past weeks, both parties have met before a judge who will rule whether Wampler technically sold chickens, feed, and medicine to growers, thereby allowing the case to be heard under the state's consumer protection act. Thus far, no other states have determined if contracts between poultry growers and processors constitute a "sale". But even if Wampler's motion to dismiss is denied next week, other portions of the case will proceed. As the case develops, the eyes of every poultry grower and processor in the US look towards West Virginia. (Baltimore Sun 4/16/99, AP 8/19/99, NCPGA, WV Office of the Attorney General)

For more information contact the National Contract Poultry Growers Association, 1.800.259.8100, <http://www.web-span.com/pgs/> or the West Virginia Office of the Attorney General 304.558.2021

BILL INTRODUCED TO EXPAND INTERSTATE MEAT MARKETING

A bill introduced in November by Sens. Tom Daschle (D-S.D) and Orrin Hatch (R-UT) will allow livestock producers and small meat packing plants to ship their meat across state lines. Currently, only federally inspected meat products may be shipped between states. Under the proposed New Markets for State-Inspected Meat Act of 1999 (S.1988), state inspection programs will cooperate with the USDA to enforce federal meat and poultry inspection laws and regulations within their states. Once in compliance, meat products inspected under the inspection program will qualify for interstate shipment. Proponents expect the bill to open up markets for farmers and ranchers who must currently sell in state. "Not only will this bill help farmers and ranchers, but it will also give a boost to the rural economy. Locally owned packing and locker plants will have an expanded market base for their product, creating more revenue and jobs," said NFU President Leland Swenson. The bill would also allow meat producers to compete against imported meat products that are already allowed to ship interstate. The bill was referred to the Senate Committee on Agriculture for review early this year, and is supported by every major farm group. (Congressional Press Releases 11/22/99,

For a copy of the proposed legislation, see the New Rules website at <http://www.newrules.org/cgi-bin/access/rules/biz/fed/inspect.html>