

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on March 8, 2000, in Room 519-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee:

Doug Wareham, Kansas Grain & Feed Association and Kansas Fertilizer and Chemical Association
Jamie Clover Adams, Secretary, Kansas Department of Agriculture
Jarold Boettcher, President, Boettcher Enterprises, Inc., Beloit
David Andra, General Manager, Danville Cooperative Association, Danville
Paul Dalke, Director of Safety, Health & Environment, Beachner Grain, Inc., St. Paul
Chris Wilson, Kansas Agriculture Aviation Association and Kansas Seed Industry Association
Chuck Stones, Kansas Bankers Association
Jim Grauerholz, Farm Credit Bank of Wichita and Farm Credit Associations of Kansas
Joe Lieber, Executive Vice President, Kansas Cooperative Council
Leslie Kaufman, Assistant Director, Public Policy Division, Kansas Farm Bureau
Rick Bean, Bureau of Environmental Remediation, Kansas Department of Health & Environment
Derek Schmidt, Legislative Liaison and Special Counsel, Office of Governor Bill Graves
Representative Sharon Schwartz
Kansas Agricultural Alliance (written only)
Jere White, Kansas Grain Sorghum Producers Assn. and Kansas Corn Growers Assn.(written only)
Tim Shallenburger, Treasurer, State of Kansas (written only)
Jeff Field, Project Manager, U.S. Environmental Protection Agency
Paula Ford, Coordinator, North Central Region, Sustainable Agriculture Research and Education Program
Dr. Bill Hargrove, Director, KCARE, Kansas State University
Mary Fund, Communications Director, Kansas Rural Center
Charles Benjamin, The Kansas Natural Resource Council and Kansas Sierra Club
Representative Gwen Welshimer
Senator Donald Biggs (written only)
Dr. Alan Stevens, Director, K-State Horticulture Research & Extension Centers
Dr. Jeanne Drisko, University of Kansas Medical Center (no written testimony)

Others attending: See attached list

Minutes of the March 6 meeting were distributed. Chairman Johnson asked members to notify the committee secretary of any corrections or additions prior to 5:00 p.m., March 9, or they will be considered approved as presented.

Hearing on SB 501 - Enacting the agricultural and specialty chemical remediation act.

Doug Wareham, Kansas Grain & Feed Association and Kansas Fertilizer and Chemical Association, appeared in support of **SB 501**, which was introduced at their request. He explained that **SB 501** would create the Agricultural and Specialty Chemical Remediation Act to address corrective action costs for cleanup of agricultural or specialty chemicals. The act would have two sections, the Remediation Linked Deposit Loan Program and the Remediation Reimbursement Program. In addition, the bill would create the Kansas Remediation Board consisting of five members appointed by the Governor and approved by the Senate to administer the Remediation Reimbursement Program and associated fund. The remediation program would be funded by a Registered Pesticide Assessment, Commercial Grain Assessment, Registered Pesticide Dealer Assessment, Registered Fertilizer Product Assessment, and a Licensed Custom Fertilizer Blenders Assessment. Mr. Wareham offered an amendment to **SB 501** on page 5, lines 18 and 19, to change the

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makeup of the Remediation Board to better represent the stakeholders that will directly support this program and a technical change on page 7, line 42, proposed by the Department of Agriculture. ([Attachment 1](#))

Jamie Clover Adams, Secretary, Kansas Department of Agriculture, testified in support of **SB 501**, as amended, to create a remediation funding mechanism to cleanup polluted agricultural sites and also establish a low-interest production loan program for agricultural producers. The Secretary asked the committee to consider a germane amendment to statutorily broaden how the fees from the fertilizer, feed, and lime funds can be used. The department would like to fund a portion of the Plant Health and Weed Control Program with \$72,100 split between the feed, fertilizer and lime fee funds. She said the budget people feel this is an appropriate use of these funds; however, the department's attorneys believe the law needs to be changed. She noted that the amendment caps the amount that can be used by the Plant Health and Weed Control Program at \$75,000, annually, from each fund. ([Attachment 2](#))

Jarold Boettcher, President, Boettcher Enterprises, Inc., Beloit, appeared in support of **SB 501**. He said the funding mechanism provided for in this bill has precedent in the programs for underground petroleum storage tanks and in the dry cleaning industry. ([Attachment 3](#))

David Andra, General Manager, Danville Cooperative Association, Danville, testified in support of **SB 501**. He shared their experience with an underground gasoline tank leak at their Argonia self-serve, refined fuel plant, and the value of the Kansas Department of Health and Environment Underground Storage Tank Trust Fund Program. ([Attachment 4](#))

Paul Dalke, Director of Safety, Health & Environment for Beachner Grain, Inc., St. Paul, expressed support for **SB 501**. He said that agribusiness property owners should not have to bear the total burden of financial cleanup, that prior to 1984 carbon tetrachloride based grain fumigants were approved for use by the very agencies that are today holding agribusinesses responsible for best management practices of the past. ([Attachment 5](#))

Chris Wilson, Executive Director of the Kansas Agriculture Aviation Association and Director of Member Services of the Kansas Seed Industry Association, appeared in support of **SB 501** to create an environmental remediation fund. She said that none of their members are being remediated at this time, but believe such a remediation fund is a good program to have in place. ([Attachment 6](#))

Chuck Stones, representing the Kansas Bankers Association, testified in support of **SB 501** and its positive economic benefits for many businesses in Kansas, a remediation fund would allow a business to address environmental contamination without putting itself at risk. He said that KBA is on record as supporting linked deposit loan programs, that this type of arrangement is not new to Kansas, and he felt sure banks would use the program. ([Attachment 7](#))

Jim Grauerholz, Farm Credit Bank of Wichita and Farm Credit Associations of Kansas, appeared in support of **SB 501**, but said portions of the bill need clarification. He believes clarification is needed to ensure that Farm Credit is included both as an eligible lender and as having eligible securities. He provided a balloon amendment with his testimony that he believes will resolve these issues. ([Attachment 8](#))

Joe Lieber, Executive Vice President of the Kansas Cooperative Council, testified in support of **SB 501**. He said that approximately thirty of the identified contaminated sites are cooperatives and that Kansas Cooperative Council members believe it is a sound business decision to be involved in the remediation program. ([Attachment 9](#))

Leslie Kaufman, Assistant Director, Public Policy Division, Kansas Farm Bureau, testified in support of the Kansas Agricultural Production Loan Deposit Program amended into **SB 501** in the Senate. She said that while Farm Bureau policy does not address the provision in **SB 501** that would establish an agricultural and specialty chemical remediation fund, they commend the agricultural chemical industry for developing a plan to clean up contamination sights based in large part on fees they are willing to have assessed on themselves to ensure environmental cleanup occurs when and where it is needed. ([Attachment 10](#))

Rick Bean, Chief of the Remedial Section, Kansas Department of Health and Environment, testified on behalf of KDHE in support of **SB 501**. He said this bill will provide much needed financial assistance to qualifying

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agribusinesses to address contamination at their facilities, and will in turn assist the department in carrying out its mission to protect the public health and environment of Kansas. He expressed concern that the amount of funding provided may not be sufficient and didn't feel the department's efforts should be suppressed by funding limitations. Mr. Bean proposed that the terms "Kansas Remediation Board" and "Kansas Remediation Fund" be modified to include, "Kansas Agricultural Remediation Board" and "Kansas Agricultural Remediation Fund." ([Attachment 11](#))

Derek Schmidt, Legislative Liaison and Special Counsel, Office of Governor Bill Graves, expressed the Governor's support for both sections of **SB 501**, the original bill, the Agricultural and Specialty Chemical Remediation Act, which addresses pollution and contamination problems caused over the years by the use of agricultural chemicals, and for **HB 2527**, which establishes a reduced-interest, linked-deposit production loan program for agricultural producers, that was amended into the bill in the Senate. ([Attachment 12](#))

Representative Sharon Schwartz expressed her support for **SB 501** and the amendment added in the Senate. The amendment includes the reduced-interest, linked-deposit loan assistance program contained in **HB 2527**, which she introduced and passed the full House last session. ([Attachment 13](#))

The Kansas Agricultural Alliance with twenty-one member organizations submitted written testimony unanimously supporting **SB 501**. ([Attachment 14](#))

Jere White, Executive Director, Kansas Grain Sorghum Producers Association and Kansas Corn Growers Association, submitted written testimony in support of **SB 501**, as amended. ([Attachment 15](#))

Tim Shallenburger, Treasurer, State of Kansas, submitted written testimony concerning **SB 501**, the Agricultural and Specialty Chemical Remediation Act, which utilizes a linked deposit loan program. He stated that the program would create minimal legal and paperwork costs that would be absorbed within the existing budget of the State Treasurer's office. ([Attachment 16](#))

Jeff Field, Project Manager, Drinking Water/Groundwater Management Branch, U.S. Environmental Protection Agency, provided background information concerning the potential impact of past fumigation practices at grain storage sites and EPA's efforts to address the pollution that has resulted. He commended the efforts of the Kansas Department of Health and Environment and the Kansas Grain and Feed Association to address these pollution problems; however, EPA believes the issue of state funding of this program is best left for the state to resolve. ([Attachment 17](#))

Hearing on SB 534 - Establishing a center of excellence at KSU for sustainable agriculture.

Steven Graham, Assistant to the Dean and Director, College of Agriculture and K-State Research and Extension, introduced Paula Ford, Coordinator, North Central Region, Sustainable Agriculture Research and Education Program, located at Kansas State University. Ms. Ford discussed the SARE program which was authorized in the 1990 Farm Bill and is appropriated by Congress on an annual basis. She discussed projects SARE has funded in Kansas and how the people of Kansas have benefitted. ([Attachment 18](#))

Dr. Bill Hargrove, Director, Kansas Center for Agricultural Resources and the Environment, reported that since the hearing on **SB 534** in the Senate, they have reconsidered their approach to establishing a Center of Excellence on Sustainable Agriculture and Alternative Crops at Kansas State University. As many of the functions and duties of the center are already taking place at the University, they propose to hire a full-time coordinator under the technical and programmatic leadership of a core team of four to six K-State faculty who have appropriate expertise and professional interest in the mission and programs of the center under the administration of KCARE. They also propose to organize an Area of Expertise Team consisting of K-State Research and Extension faculty, Kansas Department of Agriculture personnel, the Kansas Rural Center, and other groups.

Dr. Hargrove submitted a draft proposal for the Center for Sustainable Agriculture and Alternative Crops at Kansas State University, including a proposed Mission Statement, Objectives of the Center, Administration and Financial Management, Technical and Programmatic Leadership, Coordinator qualifications and responsibilities, and action items for the first year. They estimate the fiscal impact of this proposal to be \$60,000, annually. ([Attachment 19](#))

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Mary Fund, Communications Director, Kansas Rural Center, testified in support of **SB 534**. The Kansas Rural Center believes a Center of Excellence on Sustainable Agriculture and Alternative Crops at Kansas State University would enable the University to better coordinate their existing efforts; focus on developing new research programs; provide a platform for seeking funding from outside sources; and position the University to better respond to a growing constituency of farmers, small value-added businesses, rural communities, and consumers. ([Attachment 20](#))

Leslie Kaufman presented testimony prepared by Bill Fuller, Associate Director, Public Affairs Division, Kansas Farm Bureau, in support of **SB 534**. Farm Bureau supports the Senate action that struck the language that supplied the revenue from “redirected funds” and supports the amendment that “Subject to appropriations, officials at Kansas State University shall appoint a coordinator for the Center of Excellence on Sustainable Agriculture and Alternative Crops and fund operating expenses of such coordinator.” ([Attachment 21](#))

Charles Benjamin on behalf of The Kansas Natural Resource Council and Kansas Sierra Club appeared in support of **SB 534**. He said that a Center of Excellence on Sustainable Agriculture and Alternative Crops would help focus attention on an important and growing segment of agriculture and consumer interest. He expressed support for an advisory board made up of KSU faculty, sustainable agriculture representatives, and others to develop and guide this concept into implementation. ([Attachment 22](#))

Representative Gwen Welshimer testified in support of **SB 534**. She said that a Center of Excellence on Sustainable Agriculture and Alternative Crops at Kansas State University will benefit the Kansas farm community with alternative crop opportunities, new export opportunities, and value-added business opportunities. She thought this bill would also benefit education, the environment, and medical research in Kansas. ([Attachment 23](#))

Senator Donald Biggs submitted written testimony in support of **SB 534**, including a handout from Dr. Rhonda R. Janke of Kansas State University who testified before the Senate Agriculture Committee on February 9, 2000. ([Attachment 24](#))

The Kansas Agriculture Alliance submitted written testimony in support of **SB 534** as amended by the Senate. ([Attachment 25](#))

Hearing on HCR 5063 - Concurrent resolution supporting establishment of a center of excellence in Kansas for the scientific study of medicinal plants.

Dr. Alan Stevens, Director, K-State Horticulture Research & Extension Centers at Olathe and Wichita, provided information concerning **HCR 5063**. He said that the Great Plains Comprehensive Agricultural and Medical Initiative (CAMI) will be a center of excellence, leveraging the resources of the major research and education institutions of the state. He explained that CAMI is unique in alternative medicine research in that it has a strong agricultural production dimension so as to control and standardize the quality of the raw ingredients. He said that passage of this resolution would greatly strengthen their efforts in securing federal research grant funding. ([Attachment 26](#))

Dr. Jeanne Drisko, University of Kansas Medical Center, appeared in support of **HCR 5063** to establish a center of excellence for the scientific study of medicinal plants. She explained that the purpose of this resolution is to assure federal funding sources that the State of Kansas supports the efforts of CAMI in its applications for federal research funds.

Representative Gwen Welshimer provided testimony in support of **HCR 5063** addressed to the U.S. Secretary of Agriculture, U. S. Secretary of Education, and the Kansas congressional delegation to show that the Kansas legislature supports the efforts of CAMI in its quest for federal research funds. She explained that this funding would be for alternative crop research at KSU, integrated medical research at KU Medical Center, and education and clinical studies at WSU and Washburn. ([Attachment 27](#))

The meeting adjourned at 5:38 p.m. The next meeting is scheduled for March 13, 2000.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: March 8, 2000

NAME	REPRESENTING
Tom R TUNNELL	KGFA & KFCA
Julie Jimison	"
Doug Wareham	" "
Dyck Schmidt	office of the Governor
Connie Fischer	KDOCH - Ag. Division
Janold Boettcher	Boettcher Enterprises, KFCA
Paul Dalke	Beckner Grain - KBFA
Bill Hargrove	KCARE / K-State
Paula Ford	SARE / K-State
Steven Graham	K-State Research and Extension
Scott + Gates	Pooled Money Investment Board
Scott Miller	Pooled Money Investment Board
Gary Blackburn	KDHE
Mary Beckner	Beckner Grain
Mary Fund	Ks. Rural Center
DAN WAGENGAST	Ks. Rural Center
Paul Johnson	KCC
Claire Homitzky	KS Rural Center
MAX Foster	Ks Dept of Agriculture

HOUSE AGRICULTURE COMMITTEE GUEST LIST

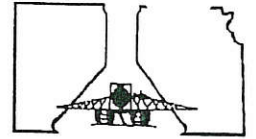
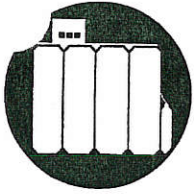
DATE: March 8, 2000

NAME	REPRESENTING
Jamil Clover Adams	Department of Agriculture
Leslie Kaufman	Ks Farm Bureau
Brenda Wick	KFB
Vivien Olsen	Ks Ag Res Comm.
Jeffrey L. Field	U.S. EPA Region 7
Rick Bean	KDHE
Ron Gaches	FARM CREDIT SERVICES
Tom Sim	Ks Dept. of Agriculture
John Garliger	KDA
Amy Boyle	KANP
Steve DeWanda	KANP
Peter Kimbl	KANP
Chuck Stokes	KBA
Tom Bruno	Kansas Farm Credit System
Joe Lieber	KS Co-op Council
Queen Welshemir	House
Alan Stevens	K - State Univ.
George Barber	CBA & KCE
Charles Benjamin	KNRC/Sierra Club

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: March 8, 2000

NAME	REPRESENTING
John Peterson	ACPA



STATEMENT OF THE
KANSAS GRAIN & FEED ASSOCIATION
AND THE
KANSAS FERTILIZER AND CHEMICAL
ASSOCIATION

BEFORE THE
HOUSE AGRICULTURE COMMITTEE
ON SENATE BILL 501
SENATOR DAN JOHNSON, CHAIRMAN

MARCH 8, 2000

KGFA & KFCA MEMBERS ADVOCATE PUBLIC POLICIES THAT ADVANCE A SOUND ECONOMIC CLIMATE FOR AGRIBUSINESS TO GROW AND PROSPER SO THEY MAY CONTINUE THEIR INTREGAL ROLE IN PROVIDING KANSANS AND THE WORLD THE SAFEST, MOST ABUNDANT FOOD SUPPLY.

816 SW Tyler, Topeka KS 66612 - 785-234-0461 -

House Agriculture Committee
March 8, 2000
Attachment 1

Chairman Johnson and members of the committee, I am Doug Wareham appearing today on behalf of both the Kansas Fertilizer and Chemical Association (KFCA) and the Kansas Grain and Feed Association (KGFA). KFCA's over 550 members are primarily plant nutrient and crop protection retail dealers with a proven record of supporting Kansas producers by providing the latest crop protection products and services. KGFA is comprised of 1150 member firms including country elevators -- both independent and cooperative -- terminal elevators, grain merchandisers, feed manufacturers and associated businesses. KGFA's membership represents 99% of the over 860 million bushels of commercially licensed grain storage space in the state of Kansas.

I want to express our support for Senate Bill 501, the Agricultural and Specialty Chemical Remediation Act, and I appreciate the opportunity to share information with you that we believe will undeniably show the need for this program in Kansas.

Over the next few minutes I will do my best to clarify the following:

- Why our organizations believe the establishment of an environmental remediation fund and low-interest loan program is needed for agricultural sites in Kansas;
- What Senate Bill 501 will establish, including:
 1. How it will be administered;
 2. How it will be funded;
 3. Whom it will benefit.
- Why our organizations support the adoption of Senate Bill 501.

Why is this program needed?

During the past five years the need for an environmental remediation fund became very apparent to the leadership of the Kansas Grain and Feed Association and Kansas Fertilizer and Chemical Association for two very different reasons. In 1995, the Kansas Grain and Feed Association was approached by representatives from EPA Region VII concerning the many former USDA Commodity Credit Corporation Bin Sites that had been tested in Kansas and found to have either soil or groundwater contamination caused by carbon tetrachloride, a chemical agent found in commercial grain fumigants used prior to 1984 (examples: weevilcide and 80/20). Because environmental assessments of these former USDA sites yielded several cases of soil or groundwater contamination, EPA informed us they believed that commercial grain elevators, also known to use carbon tet based grain fumigants prior to 1984, were "highly probable" candidates for similar contamination and would likely require investigation.

EPA Region VII officials indicated they hoped our organizations would voluntarily work with them to identify commercial grain storage facilities with a "high potential" for carbon tetrachloride contamination in the hopes that those facilities would in turn voluntarily address contamination if found. This initial meeting with EPA Region VII and subsequent meetings led to the development of the Voluntary Public Water Supply Safety Program for Kansas. A copy of the program brochure is attached to my testimony today (green copy).

What did the Voluntary Public Water Supply Safety Program yield?

- Voluntary surveys distributed to the headquarters of grain elevator firms in Kansas (Responses received from over 225 sites).
- Establishment of the Kansas Grain and Feed Association's Groundwater Protection Committee to establish a protocol for investigating sites determined by EPA to be "high potential" for carbon tetrachloride contamination.
- Initial discussions, within our organization, of the need for financial assistance for grain elevator firms found to have soil or groundwater contamination caused by carbon tetrachloride.

I should point out that our industry did have another option. The Kansas Grain industry could have refused to work with EPA. But we were told if sites were not voluntarily reviewed, then EPA would likely turn over the sites they believed to be "high potential" for contamination to their Superfund Investigation Team for further review and possible investigation. If anyone does not believe EPA would have followed through with this action had we not taken a proactive position, they need only review the copy of the attached *Certified Letter* and *Consent to Property Access Form* (hot pink copies) that were recently distributed to grain elevators suspected of carbon tetrachloride contamination in Oklahoma. I do point out that Oklahoma is in EPA Region VI, but I think our choice to work with EPA has clearly been the best decision for the Kansas grain handling and storage industry.

The voluntary survey I eluded to earlier was actually distributed in late 1997, a time that coincided with a meeting held between leaders of the Kansas Grain and Feed Association, Kansas Fertilizer and Chemical Association and then Secretary of KDHE Gary Mitchell along with then KDHE Environmental Remediation Section Chief Larry Knoche. Both Mr. Mitchell and Mr. Knoche expressed their belief that an Environmental Remediation Financial Assistance Fund, similar to the Drycleaner and Underground Petroleum Storage Tank Funds that currently exist in Kansas, was needed to address the growing number of agricultural sites being placed on KDHE potential contaminator list and enrolled in KDHE's various remediation programs. The comments made by then Secretary Mitchell and Mr. Knoche were quickly substantiated as we began reviewing the number of

agricultural sites that had been placed on KDHE's potential contaminator list during the past two years.

I have included a current list of agricultural sites (blue copy) that are enrolled in one of KDHE's three applicable remediation programs. Those programs are:

- Voluntary Cleanup and Property Redevelopment Program (1997)
- State Cooperative Program
- State Water Plan Program

Today, the total number of agricultural sites currently under review or enrolled in KDHE's various remediation programs totals 160. A list of the towns those sites are located in or near is attached to my testimony (blue copy). Of those 160 agricultural sites, 30 are enrolled in the Voluntary Cleanup and Property Redevelopment Program, and I want to point out that this program was established just two and one half years ago (July 1, 1997). I have also included a copy of a letter one of our member firms received from KDHE that led to their firm enrolling in the Voluntary Cleanup and Property Redevelopment Program for your review (purple copy).

In addition to the Voluntary Program Sites, the total number of agricultural sites currently enrolled in the State Cooperative Program is 41. The number of sites enrolled in the State Water Plan Program is 36 and I should mention that just under \$1.4 million dollars within the State Water Plan is targeted for Environmental Remediation, however, those dollars are only used in the remediation of "orphan" sites where a responsible party no longer exists or to initiate remediation before a party can be made responsible.

I hope the information I have provided thus far has helped answer my initial question: "Why our organizations believe the establishment of an environmental remediation fund and low-interest loan program is needed for agricultural sites in Kansas?" The simple answer is we believe this trend will continue.

With regards to the second question I posed, "What will Senate Bill 501 establish?", I would like to quickly lead you through the yellow copies attached to my testimony that will clarify how this program would be administered, how it would be funded and whom it would benefit.

Who will administer this Program? **A**

The Kansas Remediation Board

- * Appointed by the Governor
- * Approved by the Senate

Board Members:

- * Agricultural Producer
- * Agricultural Retailer
- * Agricultural Processor
- * Agricultural or Specialty Chemical Distributor
- * Agricultural or Specialty Chemical Registrant

Balloon Amendment:

Specialty Chemical Distributor or Retailer
Agricultural and Specialty Chemical Registrant

Board Administrative Functions: **B**

- * Hire or contract for qualified administrative services.
 - * Total expenses for administrative services and board expenses capped at \$150,000 annually.
- * Determine Direct Reimbursement Amounts to Eligible Persons.
- * Authorize Eligible Persons to Apply for Linked Deposit Low-Interest Environmental Remediation Loans.
- * Submit an Annual Report, including an independent audit to the Governor, Senate Energy & Natural Resources Committee and House Environment Committee.

How will the Remediation Program be Funded? **C**

- * Registered Pesticide Assessment
- * Commercial Grain Assessment
- * Registered Pesticide Dealer Assessment
- * Registered Fertilizer Product Assessment
- * Licensed Custom Fertilizer Blenders Assessment.

Registered Pesticide Assessment -- **D**

An Assessment of \$60.00 placed on pesticide products registered with the Kansas Department of Agriculture would annually generate \$441,840 based on the 7,364 pesticide products (not including disinfectants) currently registered with the Kansas Department of Agriculture. The current Pesticide Registration Fee is \$130.

\$441,840

Commercial Grain Assessment **E**

A \$.0005 per bushel assessment on commercially licensed grain storage facilities would annually generate \$430,000 based on the current level of 860 million bushels of licensed storage capacity in Kansas. This assessment shall be collected annually from licensed grain warehouses by KDA. Assessment collection shall take place on state licensed facilities at the normal time of license renewal and on federally licensed facilities on or before August 31.

\$430,000

Registered Pesticide Dealer Assessment **F**

An Assessment of \$80.00 placed on individuals or businesses that maintain a Pesticide Dealers License with the Kansas Department of Agriculture would annually generate an additional \$140,000 in revenue based on the 1,750 pesticide dealers currently registered by the KDA. The current Pesticide Dealer License is \$20.

\$140,000

Registered Fertilizer Product Assessment

G

An Assessment of \$20.00 placed on 3,593 fertilizer products that are currently registered with the KDA would annually generate \$71,900. The current Fertilizer Product Registration Fee is \$5.00

\$71,900

Licensed Custom Fertilizer Blenders Assessment

An Assessment of \$100.00 placed on individuals or businesses that maintain a Custom Fertilizer Blenders License with the Kansas Department of Agriculture would annually generate an additional \$41,500 in revenue based on the 415 fertilizer blenders currently licensed by the KDA. The current Custom Fertilizer Blenders License Fee is \$25.

\$41,500

Total Estimated Annual Revenue

\$1,125,240.00

Who will benefit from the Remediation Fund and Linked Deposit Low-Interest Loan Program?

Responsible Parties or Owners of Real Property that Perform Corrective Action(s) Approved by the Kansas Department of Health and Environment.

Would include, but not be limited to --

- Agricultural or specialty chemical retailers/distributors
- Commercial grain handlers and feed processors
- Agricultural Producers
- Homeowners

What type of assistance will S.B. 501 Provide?

Situation #1:

Eligible persons who are required to pay one or a combination of the assessments listed above would be eligible to receive a direct reimbursement for corrective actions approved by KDHE equal to 90% of the total costs greater than \$1,000 and less than or equal to \$100,000 plus 80% of total costs greater than \$100,000 and less than or equal to \$200,000.

(For example: assume an eligible person that pays one or a combination of the assessments listed above has completed corrective actions (remediation) approved by KDHE that total \$200,000 in cost. That individual would be eligible to receive \$169,100 after meeting the deductibles prescribed by Senate Bill 501.)

What type of assistance will S.B. 501 Provide?

Situation #2

Eligible persons that are not required to pay any of the assessments listed above would be eligible to receive a direct reimbursement for corrective actions approved by KDHE equal to 100% of total costs greater than \$1,000 and less than or equal to \$10,000.

(For example: assume a Kansas landowner that does not pay any of the assessments listed above, purchases agricultural or specialty chemicals and has an incident or spill that creates the need for remediation/cleanup. This individual would be eligible to receive up to \$9,000 for corrective actions approved by KDHE.)

What type of assistance will S.B. 501
Provide?

Situation #3:

Eligible persons that are faced with remediation costs that exceed the maximum amount of direct reimbursement described in Situations # 1 and # 2 would, upon approval of the Kansas Remediation Board, be eligible to apply for a low interest loan for corrective actions approved by KDFHE. Loans for individual sites capped at \$300,000.

(For example: assume an eligible person that pays one or a combination of the assessments listed above, has a site requiring remediation and those costs totaled \$350,000. Assuming this person received the total amount of direct reimbursement (\$200,000 minus deductibles), this person would be eligible to submit an application for a linked deposit loan for \$150,000 once approved by the Kansas Remediation Board)

As I conclude my comments today, I hope my review of the cause, components and benefits of Senate Bill 501 effectively answered the final question I raised earlier, "Why do the Kansas Grain and Feed Association and Kansas Fertilizer and Chemical Association support this bill?" We believe this proactive approach to address agricultural sites that have been identified by EPA Region VII or by the Kansas Department of Health and Environment is responsible, practical and will help ensure businesses faced with the costs of environmental remediation have the financial tools available to address areas of concern.

Later this morning, you will hear from agribusiness representatives whose first-hand experience can attest to the importance of this proposed program. You will also hear from a number of other proponents that realize this responsible, proactive approach will yield both economically and environmentally positive results for Kansas towns and rural communities. I hope you will agree this is the approach Kansas should take in addressing agricultural sites and will positively consider Senate Bill 501 for passage.

Mr. Chairman, I do have the balloon amendment attached to my testimony that I referenced earlier. In addition to changing the make-up of the Remediation Board to better represent the stakeholders that will directly support this program, this balloon also includes changes proposed by the Kansas Department of Agriculture.

I should also mention that while our organizations do not have formal positions on the low-interest farm operating loan provisions that were amended into S.B. 501 by the Senate, we are a member of the Kansas Ag Alliance which has adopted a formal position supporting that program. We appreciate the need many producers have for this type of financial assistance and welcome their inclusion in this bill.

Thank you and I would be happy to respond to questions at the appropriate time.

31 cipal or interest on a remediation linked deposit loan pursuant to this act
32 [sections 1 through 14, and amendments thereto]. Any delay in pay-
33 ments or default on the part of an eligible person does not in any manner
34 affect the remediation linked deposit agreement between the eligible
35 lending institution and the state treasurer.
36

REMEDATION REIMBURSEMENT PROGRAM

37 New Sec. 8. (a) There is hereby established the remediation reim-
38 bursement program. The program shall be for the purpose of providing
39 reimbursement to eligible persons for the costs of corrective action ap-
40 proved by the department of health and environment or taken in accord-
41 ance with requests or orders issued by the department of health and
42 environment.

43 (b) The amount of reimbursement that an eligible person may receive

5

1 from the fund shall be limited as follows:

2 (1) For an eligible person who is required to pay any assessment
3 imposed pursuant to section 13, and amendments thereto, reimburse-
4 ment per site shall not exceed an amount equal to: (A) 90% of total eligible
5 corrective action costs greater than \$1,000 and less than or equal to
6 \$100,000; plus (B) 80% of total eligible corrective action costs greater
7 than \$100,000 and less than or equal to \$200,000.

8 (2) For an eligible person who is not required to pay any assessment
9 imposed pursuant to section 13, and amendments thereto, reimburse-
10 ment per release shall not exceed an amount equal to 100% of total eli-
11 gible corrective action costs greater than \$1,000 and less than or equal to
12 \$10,000.

13 New Sec. 9. (a) There is hereby created the Kansas remediation
14 board. The board shall consist of five members appointed by the gover-
15 nor. Of the five members, one shall be a representative of agricultural
16 retailers, one shall be a representative of agricultural producers, one shall
17 be a representative of agricultural processors, one shall be a representa-
18 tive of ~~agricultural or specialty chemical distributors~~ or retailer
19 representative of agricultural ~~or specialty chemical registrants~~ and and
20 than three voting members shall be members of the same political party.
21 One representative of the Kansas department of agriculture and one rep-
22 resentative of the Kansas department of health and environment shall
23 serve as members of the board ex officio.

24 (c) Members appointed by the governor shall be subject to confir-
25 mation by the senate as provided by K.S.A. 75-4315b, and amendments
26 thereto. Except as provided by K.S.A. 1999 Supp. 46-2601, and amend-
27 ments thereto, no person appointed to the board, whose appointment is
28 subject to confirmation shall exercise any power, duty or function as a
29 member of the board until confirmed by the senate. The term of office
30 of each member of the board shall be four years, except the initial ap-
31 pointments to the board shall be as follows: Two members shall be ap-
32 pointed for terms of two years, two members shall be appointed for terms
33 of three years and one member shall be appointed for a term of four
34 years. The governor shall designate the term of office for each member
35 appointed to the first board. Each member shall serve until a successor
36 is appointed and confirmed. Whenever a vacancy occurs in the member-
37 ship of the board prior to the expiration of a term of office, the governor
38 shall appoint a qualified successor to fill the unexpired term.

39 (d) The governor shall designate the chairperson and vice-chairper-
40 son of the board from the members of such board.

6 chairperson.

7 (c) On or before the 10th of each month, the director of accounts
8 and reports shall transfer from the state general fund to the Kansas re-
9 mediation fund interest earnings based on:

10 (1) The average daily balance of moneys in the Kansas remediation
11 fund for the preceding month; and

12 (2) the net earnings rate of the pooled money investment portfolio
13 for the preceding month.

14 New Sec. 12. (a) Whenever on April 1 of any year the unobligated
15 principal balance of the fund equals or exceeds \$5,000,000, the assess-
16 ments imposed by section 13, and amendments thereto, shall not be lev-
17 ied on or after the next July 1. Whenever on April 1 of any year thereafter
18 the unobligated principal balance of the fund equals \$1,500,000 or less,
19 the assessments imposed by section 13, and amendments thereto, shall
20 again be levied on and after the next July 1.

21 (b) The director of accounts and reports, not later than April 5 of
22 each year, shall notify the board of the amount of the unobligated balance
23 of the fund on April 1 of such year. Upon receipt of the notice, the board
24 shall notify the secretary of agriculture who shall notify fee payers under
25 section 13, and amendments thereto, if the levy of assessments under that
26 section will terminate or recommence on the following July 1.

27 New Sec. 13. (a) Subject to the provisions of section 12, and amend-
28 ments thereto, there is hereby imposed environmental assessments as
29 follows:

30 (1) An annual assessment of \$100 to be paid by each custom blender
31 required to be licensed pursuant to K.S.A. 2-1201a, and amendments
32 thereto. Such assessment shall be paid to the secretary of agriculture by
33 the custom blender at the time and in the manner provided by law for
34 payment of the custom blender's license fee.

35 (2) An annual assessment of \$20 for each commercial fertilizer re-
36 quired to be registered pursuant to K.S.A. 2-1202, and amendments
37 thereto. Such assessment shall be paid to the secretary of agriculture by
38 the applicant for registration at the time and in the manner provided by
39 law for payment of the registration fee for the commercial fertilizer.

40 (3) An annual assessment of \$60 for each agricultural chemical re-
41 quired to be registered pursuant to K.S.A. 2-2204, and amendments
42 thereto, other than an agricultural chemical classified as a disinfectant.
43 Such assessment shall be paid to the secretary of agriculture by the ap-

8 an antimicrobial pesticide, (as defined
by 7 U.S. C. §136 (mm)).

1 plicant for registration at the time and in the manner provided by law for
2 payment of the registration fee for the agricultural chemical.

3 (4) An annual assessment of \$80 to be paid by each pesticide dealer
4 required to be registered pursuant to K.S.A. 2-2469, and amendments
5 thereto. Such assessment shall be paid to the secretary of agriculture by
6 the pesticide dealer at the time and in the manner provided by law for
7 payment of the dealer's registration fee.

8 (5) An annual assessment of \$.0005 per bushel of storage capacity of
9 each public warehouse required to be licensed pursuant to K.S.A. 34-228,
10 and amendments thereto, or pursuant to the federal warehouse act. Such
11 assessment shall be paid to the secretary of agriculture by the applicant
12 for licensure at the time and in the manner provided by law for payment
13 of the warehouse license fee.

14 (6) An annual assessment of \$.0005 per bushel of storage capacity of
15 each public warehouse in this state that is licensed pursuant to the United
16 States warehouse act. Such assessment shall be paid to the secretary of
17 agriculture by the licensee on or before August 31 of each year. The
18 secretary of agriculture may adopt rules and regulations establishing pro-



WORKING TOGETHER

The Kansas Grain and Feed Association and the Kansas Department of Health and Environment (KDH&E) are working closely with the U.S. Environmental Protection Agency (EPA) to arrive at a common sense plan to protect precious drinking water supplies from possible contamination by carbon tetrachloride. Past experience has taught us that the cleanup of groundwater contamination is extremely expensive and lengthy. If we, together, can implement a well-coordinated and streamlined approach to focus on vulnerable water supplies, we will be able to find cost effective and practical solutions. The emphasis is on the word "together." It must be a cooperative effort with you, your grain and feed association, KDH&E and EPA.



A VOLUNTARY PROGRAM

The focus of this program is on protection of public water supplies. Participation in this voluntary program through a self-evaluation will give you access to the combined resources and support of your Grain and Feed Association, KDH&E and the EPA in assessing the potential for carbon tetrachloride contamination from your facility. Should problems arise they will be addressed in a straightforward, effective and logical manner. Instead of going it alone, you'll be working with environmental agencies to prepare a plan that addresses your specific site and works best for you.



BENEFITS

It appears many commercial operators used proper label rates and diligence in applying grain fumigants and won't have any problems. If problems should be detected, however, you will have a support network to deal with them cost effectively and logically. As a partner you'll be able to take advantage of a streamlined self-evaluation and problem solving program. Each participating facility will receive a letter from KDH&E or EPA that recognizes the efforts you have made. Knowing that your facility is not a potential source for carbon tetrachloride contamination should result in less stress and more assurance in future property and business dealings.



QUESTIONS? CONTACT THE FOLLOWING:

- Tom Tunnell
Kansas Grain and Feed Association (913)-234-0461*
 - Larry Knoche
Kansas Department of Health and Environment .. (913)-295-1662*
 - Pradip Dalal
U.S. Environmental Protection Agency (913)-551-7454*
-



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS, TX 75202-2733

CERTIFIED MAIL/RETURN RECEIPT REQUESTED #: Z 187 772 202

January 12, 2000

Post-It® Fax Note	7671	Date 1-19-00	# of pages 3
To	M&L	From	J. E. 95751
Co./Dept		Co.	
Phone #		Phone #	237-4276
Fax #		Fax #	

Re:

Gentlemen:

The Environmental Protection Agency needs information from the above referenced sites to assist in assessing the degree of risk to public health, welfare, and the environment related to hazardous substances, pollutants or contaminants that may be present at the sites. This inspection will be conducted pursuant to EPA's response and enforcement responsibilities under the Comprehensive Environmental Response, Compensation and Liability Act (Superfund), 42 U.S.C. Section 9601 et seq.

We understand from available information that you are the owner of the properties. Please sign the enclosed "Consent For Access To Property" forms and return to:

Don Markham (6SF-RA)
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS, TX 75202-2733

Ecology and Environment, Inc., (E & E) has been authorized to serve as a representative of the U.S. Environmental Agency for the purpose of conducting these inspections. After receipt of the signed "Consent For Access To Property" form, one of E & E's personnel will be contacting you to arrange the specific date of the inspections.

-19-2000 10:29AM

The Triangle Companies

590 233 4847

P.02

January 12, 2000

Page 2 of 2

If you are not the owner or authorized representative for the above listed sites, please return the forms with any information that you may have on who is the current owner or authorized representative for these sites. If you have any questions regarding this request, please contact me at 214/665-6784.

Sincerely,

Susan D. Webster (6SF-RA)
Site Assessment Team Leader
EPA Region 6

cc: Phillip Ofosu, EPA-SAM
Hal Cantwell, ODEQ

bcc: Edlund (6SF-L)
McFarland (6SF)
Peycke (6SF-DL)
Honker (6SF-A)

1-14



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS, TX 75202-2733

CONSENT FOR ACCESS TO PROPERTY

NAME: _____

ADDRESS OF PROPERTY: _____

STATE/ZIP: _____

TELEPHONE NUMBER(S): _____

I consent to officers, employees, and authorized representatives of the United States Environmental Protection Agency (EPA) entering and having continued access to my property for the following purposes:

- the collection of such soil, water, air samples as may be necessary;
- other actions related to the investigation of surface or subsurface conditions;
- the taking of a response action necessary to mitigate any threat to human health and the environment;

I realize that these actions by EPA are undertaken pursuant to its response and enforcement responsibilities under the Comprehensive Environmental Response, Compensation and Liability Act (Superfund), 42 U.S.C. Section 9601 et seq. Under those authorities, EPA can only remediate and restore contaminated property, and it legally cannot improve property beyond removing hazardous substances located on such property.

By entering into this agreement, the undersigned in no way admits to having generated the hazardous substances, pollutants, or contaminants in question, nor does the signing of this agreement constitute an admission that the undersigned in any way consented or acquiesced to the deposition of the hazardous substances, pollutants, or contaminants upon the property in question.

This written permission is given by me voluntarily with knowledge of my right to refuse access and without threats or promises of any kind. By signing this access agreement I am not waiving any rights in law or in equity I may have against any person or party in connection with the response action EPA will perform.

Date: _____

Signature _____

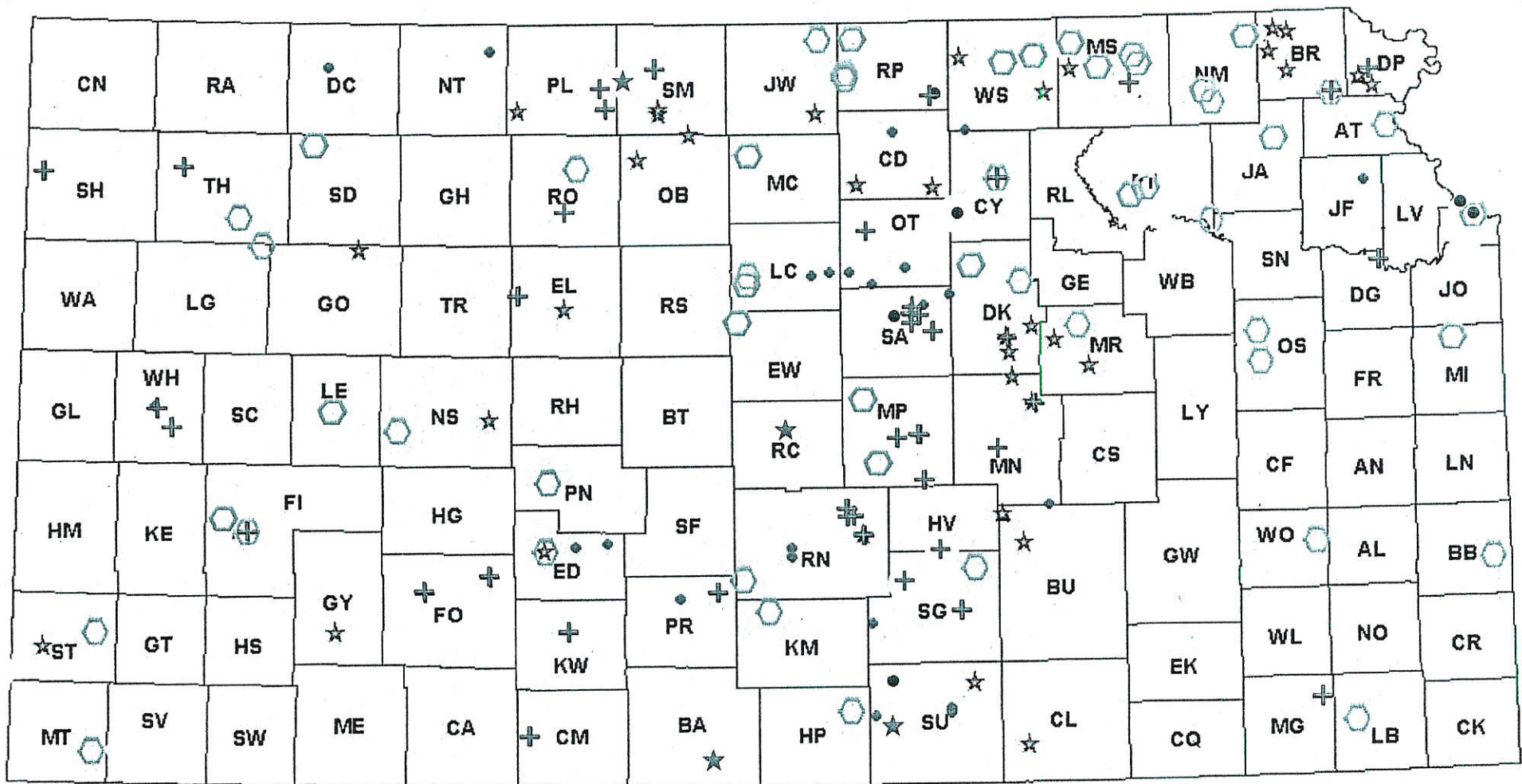
Internet Address (URL) - <http://www.epa.gov>
Recycled Paper Products - Printed with Vegetable Oil Based Inks on Recycled Paper (Minimum 25% Postconsumer)

COMPREHENSIVE LIST OF AGRICULTURAL BUSINESS SITES IN KDHE/BUREAU OF ENVIRONMENTAL REMEDIATION PROGRAMS			
Location	Program	Site Status	Contaminant
Agenda	VCPRP	VCPRP Investigation	Nitrate, Ammonia
Agenda	SCP	Site Characterization	Carbon Tet, Nitrate
Agra	SCP	Site Characterization	Carbon Tetrachloride
Almena	VCPRP	VCPRP Investigation	Nitrate, Pesticides
Alton	SWP	CI	Nitrate
Andale	SCP	Enforcement/Negotiations	Pesticides
Argonia	VCPRP	VCPRP Investigation	Nitrate, Pesticides
Argonia	SWP	CI	Carbon Tetrachloride
Arlington	VCPRP	VCPRP Investigation	Nitrate, Ammonia, Pesticides
Arlington	VCPRP	VCPRP Investigation	Nitrate, Ammonia, Pesticides
Atchison	Unassigned	Not Assigned	Carbon Tet
Barnes	SWP	Phase I & II CI	Carbon Tet
Bazine	SWP	CI/LTM	Carbon Tet, Nitrate
Beattie	Unassigned	Not Assigned	Carbon Tet
Beeler	Unassigned	Not Assigned	Nitrate
Belle Plaine	SWP	CI	Nitrate
Belpre	VCPRP	VCPRP Investigation	Nitrate, Carbon Tet
Bendena	SCP	Pilot Study	Carbon Tet/Nitrates/MTBE
Bendena	SWP	CA/LTM	Carbon Tet, Nitrate
Bennington	VCPRP	VCPRP Investigation	Nitrate, Pest, VOC, Carbon Tet
Beverly	VCPRP	VCPRP Investigation	Nitrate, Pesticides
Big Bow	Unassigned	Not Assigned	Carbon Tet
Bremman	Unassigned	Not Assigned	Carbon Tet
Burlingame	Unassigned	Not Assigned	Pesticides
Burns	VCPRP	VCPRP Investigation	Nitrate, Ammonia, Pesticides
Canada	SCP	Site Characterization	Carbon Tet
Cawker City	Unassigned	Not Assigned	Carbon Tet
Centralia	Unassigned	Not Assigned	Carbon Tet
Chapman	Unassigned	Not Assigned	Pesticides
Cheney	VCPRP	VCPRP Investigation	Carbon Tet
Clay Center	Unassigned	Not Assigned	Carbon Tet
Clay Center	SCP	Comprehensive Investigation	Nitrate, Pesticides
Clifton	VCPRP	VCPRP Investigation	Nitrate, Pesticides
Concordia	VCPRP	VCPRP Investigation	Nitrate
Conway Springs	VCPRP	VCPRP Investigation	Nitrate
Corbin	SCP	Comprehensive Investigation	Carbon Tet, Nitrate
Courtland	Unassigned	Not Assigned	Carbon Tet
Courtland	Unassigned	Not Assigned	Pesticides
Courtland	Unassigned	Not Assigned	Pesticides
Culver	VCPRP	VCPRP Investigation	Nitrate, Pesticides, VOC
Danville	Unassigned	Not Assigned	Carbon Tet
Denton	SWP	CI	Carbon Tet
Dighton	Unassigned	Not Assigned	Carbon Tet
Dodge City	SCP	Site Characterization	Nitrate, Brine
Elbing	SWP	CI	Carbon Tet
Ellis	SCP	Comprehensive Investigation	Nitrate
Everest	SCP	Site Characterization	Carbon Tet
Everest	Unassigned	Not Assigned	Carbon Tet
Fairview	SWP	CI/LTM	Carbon Tet
Fort Scott	Unassigned	Not Assigned	Nitrate
Frankfort	SCP	Site Characterization	Carbon Tet
Furley	Unassigned	Not Assigned	Pesticides
Galva	SCP	Remediation	Carbon Tet, Nitrate
Garden City	SCP	Site Characterization	Brine
Garden City	Unassigned	Not Assigned	Carbon Tet
Gaylord	SWP	CI	Nitrate
Glasco	SWP	SA/CI/LTM	Carbon Tet
Greensburg	SCP	Preliminary Investigation, Resolved	Atrazine, Pesticides
Hackney	SWP	CI/LTM	Carbon Tet, Nitrate
Haddam	SWP	CI	Carbon Tet, Nitrate
Hanover	Unassigned	Not Assigned	Carbon Tet
Hays	SWP	SA/CI/CAS	Carbon Tet
Herkimer	VCPRP	VCPRP Investigation	Nitrate
Hilton	Unassigned	Not Assigned	Carbon Tet
Holcomb	Unassigned	Not Assigned	Carbon Tet
Holton	Unassigned	Not Assigned	Pesticides
Home	Unassigned	Not Assigned	Carbon Tet
Hope	SWP	CI/LTM	Carbon Tet
Horton	SWP	CI	Carbon Tet
Hutchinson	SCP	Comprehensive Investigation	Carbon tet
Hutchinson	SCP	None	Carbon Tet
Hutchinson	SCP	Remedial Investigation	Carbon tet
Inman	Unassigned	Not Assigned	Carbon Tet
Iuka	VCPRP	VCPRP Investigation	Nitrate, Carbon Tet

Kansas City	VCPRP	VCPRP Investigation	Carbon Tet
Kansas City	VCPRP	VCPRP Investigation	PAHs, Btex, Carbon Tet
Kansas City	Unassigned	Not Assigned	Carbon Tet
Kensington	SWP	CI	Nitrate
Kinsley	SWP	SA/CI/CAS/CA/LTM	Pesticides
Kinsley	Unassigned	Not Assigned	Carbon Tet
Kiowa	SWP	CI	Nitrate, Carbon Tet, Atrazine
Kipp	SCP	Pending Add'l KDHE Work	Nitrate
Kirwin	SCP	Pending Add'l KDHE Work	Carbon Tet, Nitrate
Latimer	SWP	CI/CA/ER	Nitrate
Lawrence	SCP	Remediation	Carbon Tet
Leoti	SCP	Treating Public water & Monitoring	BTEX, Metals, PAHs
Leoti	VCPRP	VCPRP Investigation	Pesticides
Levant	SCP	Soil Removal, Resolved	Nitrate, Carbon Tet
Lewis	VCPRP	VCPRP Investigation	Nitrate
Lincolville	SCP	Initiating Negotiations	Nitrate
Logan	SWP	CI	Carbon Tet
Lyons	SWP	CI	Carbon Tet
Manter	SWP	LTM	Pesticides
Marienthal	SCP	Soil Removal, Resolved	Pesticides
Marysville	Unassigned	Not Assigned	Pesticides
McPherson	SCP	Monitoring	Pesticides
Miltonvale	SWP	SA/CI/LTM	Pesticides
Mingo	SWP	Not Assigned	Pesticides
Minneapolis	Unassigned	Negotiations	Pesticides
Montezuma	SWP	CI	Pesticides
Morrill	SWP	CI/LTM	Carbon Tet
Mound Valley	Unassigned	Not Assigned	Carbon Tet
Moundridge	SCP	Comprehensive Investigation	Carbon Tet
Navarre	SCP	Negotiation Order	Carbon Tet, Nitrate
Nemaha	Unassigned	Not Assigned	Pesticides, Nitrate
New Cambria	VCPRP	VCPRP Investigation	Nitrate, Pesticides, VOCs (TPH)
Oak Hill	VCPRP	VCPRP Investigation	Nitrate, Ammonia, Pesticides
Oakley	Unassigned	Not Assigned	EDB
Oberlin	VCPRP	VCPRP Investigation	Atrazine
Osage City	Unassigned	Not Assigned	Nitrate
Paola	Unassigned	Not Assigned	Pesticides
Park	SWP	CI/LTM	Carbon Tet
Pensacola	Unassigned	Not Assigned	Pesticides
Piqua	Unassigned	Not Assigned	Nitrate
Plainville	SCP	Long Term Monitoring	Carbon Tet
Portis	SWP	CI	Nitrate
Potwin	SWP	CI/LTM	Carbon Tet
Powhattan	SWP	CI/LTM	Carbon Tet
Preston	SCP	Comprehensive Investigation	Nitrate, Pesticides
Protection	SCP	Monitoring	Carbon Tet
Ramona	SWP	CI/LTM	Carbon Tet
Randall	SWP	CI/LTM	Carbon Tet, Nitrate
Republic	Unassigned	Not Assigned	Carbon Tet
Rolla	Unassigned	Not Assigned	Carbon Tet'
Rozel	Unassigned	Not Assigned	Nitrate
Ruleton	SCP	Prelimin Investigation, Resolved	Pesticides
Sabetha	Unassigned	Not Assigned	Carbon Tet
Salina	SWP	CI	Carbon Tet
Salina	SCP	Comprehensive Investigation	Carbon Tet
Salina	SCP	Prelimin Investigation, Resolved	Carbon Tet
Salina	VCPRP	VCPRP Investigation	VOCs, Carbon Tet
Salina	SCP	Negotiating Order	Carbon Tet
Salina	SCP	Comprehensive Investigation	Carbon Tet
Sedgwick	SCP	Negotiations	Pest
Seldon	Unassigned	Not Assigned	Carbon Tet, EDB
Shady Bend	VCPRP	VCPRP Investigation	Nitrate, Pesticides, VOCs (TPH)
Silver Lake	SWP	SA/LTM	Carbon Tet, Nitrate
Solomon	VCPRP	VCPRP Investigation	Nitrate, Pesticides, VOCs (TPH)
St. George	Unassigned	Not Assigned	Carbon Tet
St. Marys	Unassigned	Not Assigned	Nitrate
Stockton	Unassigned	Not Assigned	Pesticides
Stuttgart	SCP	Negotiation Order	Carbon Tet
Sylvan	Unassigned	Not Assigned	Carbon Tet
Sylvan Grove	Unassigned	Not Assigned	Pesticides
Talmage	Unassigned	Not Assigned	Carbon Tet
Tescott	VCPRP	VCPRP Investigation	Nitrate
Turon	Unassigned	Not Assigned	Carbon Tet
Wamego	Unassigned	Not Assigned	Carbon Tet
Washington	Unassigned	Not Assigned	Carbon Tet
Webber	Unassigned	Not Assigned	Carbon Tet
Wellington	VCPRP	VCPRP Investigation	Carbon Tet
Wellington	VCPRP	VCPRP Investigation	Nitrate
White City	Unassigned	Not Assigned	Pesticides
Wichita	SCP	Source Control	Carbon Tet
Wilsey	SWP	CI	Nitrate
Wilson	Unassigned	Not Assigned	Carbon Tet
Winchester	VCPRP	VCPRP Investigation	Nitrate, Ammonia
Woodbine	SWP	LTM	Nitrate
Wright	SCP	EPA/MACA	Carbon Tet
Yoder	SCP	EPA/MACA	Carbon Tet

IDENTIFIED AGRI-BUSINESS SITES

81-1



•	Voluntary Cleanup	★	State Water Plan
⬡	Not Assigned		
+	State Cooperative Program		



KANSAS
DEPARTMENT OF HEALTH & ENVIRONMENT
BILL GRAVES, GOVERNOR
Gary R. Mitchell, Secretary

October 23, 1998

[REDACTED]

Dear Mr. [REDACTED]

The Kansas Department of Health and Environment (KDHE) has completed an investigation that was conducted at [REDACTED] Kansas. The investigation identified elevated levels of pesticides, volatile organic compounds and nitrate contamination in the soil and ground water at your facility. The extent or magnitude of this contamination is currently unknown and should be further investigated.

Based on the findings of the investigation, our routine procedure is that your facility will be included on KDHE's list of contaminated sites that require further action. KDHE will prioritize the contamination located at your facility for future work under the State Cooperative Program or the Federal Pre-Remedial/ Superfund Program. However, an alternative may now exist for contaminated sites such as the [REDACTED] facility.

In July 1997, the Voluntary Cleanup and Property Redevelopment Act was passed into law by the 1997 legislature and signed by the governor. The new law was designed to allow voluntary cleanups of contaminated properties with department oversight to promote the transfer, redevelopment and reuse of contaminated properties and protect public health and the environment. The law encourages property owners or other entities to proceed with environmental investigations and cleanups in a streamlined and cost-effective manner.

I have enclosed a package of information which includes a fact sheet, statutes, regulations and an application package for the Voluntary Cleanup and Property Redevelopment Program. If you

~~e:\juno's stuff\rick\kechob\berlin.pr.pencour.ltr~~

DIVISION OF ENVIRONMENT
Bureau of Environmental Remediation

Forbes Field, Building 740
(785) 296-1673

Printed on Recycled Paper

Topeka, KS 66620-0001
FAX (785) 296-7030

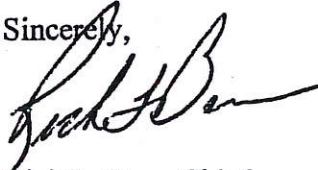
1-19

[REDACTED]
October 23, 1998

Page 2

decide to participate in the program, please return the completed application form and fee. Please respond by November 23, 1998, as to your participation in this new program. If a response is not received, KDHE will initiate prioritization and assignment of your site into an enforcement-based program. Should you have any questions or need additional information, please contact: Frank Arnwine at (785)-296-1665 or myself at (785)-296-1675.

Sincerely,



Rick L. Bean Chief
Remedial Section
Bureau of Environmental Remediation

RLB/jdh

[REDACTED]

enclosure

1-21

A

Who will administer this Program?

The Kansas Remediation Board

- * Appointed by the Governor
- * Approved by the Senate

Board Members:

- * Agricultural Producer
- * Agricultural Retailer
- * Agricultural Processor
- * ~~Agricultural or Specialty Chemical Distributor~~
- * ~~Agricultural or Specialty Chemical Registrant~~

Balloon Amendment:
Specialty Chemical Distributor or Retailer
Agricultural and Specialty Chemical Registrant

Board Administrative Functions:

B

- * Hire or contract for qualified administrative services.
 - * Total expenses for administrative services and board expenses capped at \$150,000 annually.
- * Determine Direct Reimbursement Amounts to Eligible Persons.
- * Authorize Eligible Persons to Apply for Linked Deposit Low-Interest Environmental Remediation Loans.
- * Submit an Annual Report, including an independent audit to the Governor, Senate Energy & Natural Resources Committee and House Environment Committee.

C

How will the Remediation Program be Funded?

- * Registered Pesticide Assessment
- * Commercial Grain Assessment
- * Registered Pesticide Dealer Assessment
- * Registered Fertilizer Product Assessment
- * Licensed Custom Fertilizer Blenders Assessment.

Registered Pesticide Assessment --

D

1-24

An Assessment of \$60.00 placed on pesticide products registered with the Kansas Department of Agriculture would annually generate \$441,840 based on the 7,364 pesticide products (not including disinfectants) currently registered with the Kansas Department of Agriculture. The current Pesticide Registration Fee is \$130.

\$441,840

Commercial Grain Assessment

E

1-25

A \$.0005 per bushel assessment on commercially licensed grain storage facilities would annually generate \$430,000 based on the current level of 860 million bushels of licensed storage capacity in Kansas. This assessment shall be collected annually from licensed grain warehouses by KDA.

Assessment collection shall take place on state licensed facilities at the normal time of license renewal and on federally licensed facilities on or before August 31.

\$430,000

Registered Pesticide Dealer Assessment

An Assessment of \$80.00 placed on individuals or businesses that maintain a Pesticide Dealers License with the Kansas Department of Agriculture would annually generate an additional \$140,000 in revenue based on the 1,750 pesticide dealers currently registered by the KDA. The current Pesticide Dealer License is \$20.

\$140,000

G

1-27

Registered Fertilizer Product Assessment

An Assessment of \$20.00 placed on 3,593 fertilizer products that are currently registered with the KDA would annually generate \$71,900. The current Fertilizer Product Registration Fee is \$5.00

\$71,900

Licensed Custom Fertilizer Blenders Assessment

An Assessment of \$100.00 placed on individuals or businesses that maintain a Custom Fertilizer Blenders License with the Kansas Department of Agriculture would annually generate an additional \$41,500 in revenue based on the 415 fertilizer blenders currently licensed by the KDA. The current Custom Fertilizer Blenders License Fee is \$25.

\$41,500

Total Estimated Annual Revenue

\$1,125,240.00

1-29

Who will benefit from the Remediation Fund and Linked Deposit Low-Interest Loan Program?

Responsible Parties or Owners of Real Property that Perform Corrective Action(s) Approved by the Kansas Department of Health and Environment.

Would include, but not be limited to --

- Agricultural or specialty chemical retailers/distributors
- Commercial grain handlers and feed processors
- Agricultural Producers
- Homeowners



What type of assistance will S.B. 501 Provide?

Situation #1:

Eligible persons who are required to pay one or a combination of the assessments listed above would be eligible to receive a direct reimbursement for corrective actions approved by KDHE equal to 90% of the total costs greater than \$1,000 and less than or equal to \$100,000 plus 80% of total costs greater than \$100,000 and less than or equal to \$200,000.

(For example: assume an eligible person that pays one or a combination of the assessments listed above has completed corrective actions (remediation) approved by KDHE that total \$200,000 in cost. That individual would be eligible to receive \$169,100 after meeting the deductibles prescribed by Senate Bill 501.)

What type of assistance will S.B. 501 Provide?

Situation #2

Eligible persons that are not required to pay any of the assessments listed above would be eligible to receive a direct reimbursement for corrective actions approved by KDHE equal to 100% of total costs greater than \$1,000 and less than or equal to \$10,000.

(For example: assume a Kansas landowner that does not pay any of the assessments listed above, purchases agricultural or specialty chemicals and has an incident or spill that creates the need for remediation/cleanup. This individual would be eligible to receive up to \$9,000 for corrective actions approved by KDHE.)

M

What type of assistance will S.B. 501 Provide?

Situation #3:

Eligible persons that are faced with remediation costs that exceed the maximum amount of direct reimbursement described in Situations # 1 and # 2 would, upon approval of the Kansas Remediation Board, be eligible to apply for a low interest loan for corrective actions approved by KDHE. Loans for individual sites capped at \$300,000.

(For example: assume an eligible person that pays one or a combination of the assessments listed above, has a site requiring remediation and those costs totaled \$350,000. Assuming this person received the total amount of direct reimbursement (\$200,000 minus deductibles), this person would be eligible to submit an application for a linked deposit loan for \$150,000 once approved by the Kansas Remediation Board.)

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

March 8, 2000

Testimony Regarding Senate Bill 501

Jamie Clover Adams, Secretary of Agriculture

Good afternoon Chairman Johnson and members of the House Agriculture Committee. I am Jamie Clover Adams, Secretary of the Kansas Department of Agriculture. I appear before you today in support of Senate Bill 501, which creates a remediation funding mechanism to clean up polluted agricultural sites and also establishes a low-interest production loan program for agricultural producers.

With regard to the portion of the bill dealing with the clean-up fund, we offer the following amendment for your consideration: On page 7, line 29 . . . thereto, other than an agricultural chemical classified as a ~~disinfectant~~ *an antimicrobial pesticide (as defined by 7 U.S.C. § 136 (mm))*. This specific language would allow KDA to more clearly and effectively implement our portion of the program.

With regard to the low-interest production loan program, the Administration, including KDA, supports this provision. It will provide an opportunity for those producers facing difficult times to access some of the capital necessary to keep their operations in business. In general, Kansas is not doing that poorly. Our unemployment rate is at a 20-year record low, while job creation and income are at all-time highs — except in agriculture. We are all keenly aware of the problems that have plagued, and continue to plague, Kansas agriculture. Rather than dwell on the problems, we need solutions — particularly where we can make a difference. This low-interest production loan program is just such a concept.

Mr. Chairman, as we discussed earlier today, KDA has an amendment for the Committee's consideration that is germane to this bill. Everyone is aware that FY 2001 is a tight budget year for state government and that all agencies were asked to cut state general fund (SGF) expenditures. KDA's share is approximately \$575,000 and that was made by cutting seven

positions, reducing other operating expenditures, moving the DWR Topeka field office into the Mills Building and funding a portion of the activity of the Plant Health and Weed Control Program with \$72,100 split between the feed, fertilizer and lime fee funds.

The budget folks feel that this is an appropriate way to use these fee funds. However, my attorneys believe that if we want to make this change, we must change the law. Therefore, I am here today to ask for a statutory change to slightly broaden how the fees from the fertilizer, feed and lime funds can be used. I believe that it is appropriate to use these fees for this purpose because the people who pay the fees benefit from the activities of the Plant Health and Weed Control Program. The goal of this program is to ensure the health and protection of the state's natural and cultivated plant and honeybee resources from pests, diseases and weeds. This is accomplished through implementation of the Kansas Plant Pest Act, Kansas Noxious Weed Law, Kansas Apiary Inspection Act, Kansas Black Stem Rust Law and several federal agreements and memoranda of understanding.

Activities of the Plant Health and Weed Control Program that directly benefit agriculture include:

- Initiation of a regional survey for Karnal bunt disease of wheat in 1993 which insured that Kansas wheat could continue to be exported. Approximately 78 countries currently have the United States under quarantine for this disease.
- Improvement of export commodity services to the point where if an exporter requests a phytosanitary certificate on an inspected commodity by noon, the certificate can be issued that same day.
- Noxious weed research shows the detrimental impact they have on production. This program works with the counties to achieve noxious weed control. Sericea lespechea is also a part of this activity.
- When Grecian foxglove was discovered in southeast Kansas, KDA worked with the landowner to eradicate it. (Grecian foxglove is deadly to cattle.) This activity was funded through Kansas' participation in an interstate pest compact.

You will notice the amendment caps the amount that can be used by the Plant Health and Weed Control Program to \$75,000 from each fund. I felt the cap was necessary to ensure that all Kansans, through the SGF, continue to support this important function within the Department of Agriculture. All Kansans benefit from the work of this program as consumers of food.

Thank you for the opportunity to appear in support of S.B. 501. I ask for your support of the two amendments offered and would stand for questions at the appropriate time.

By Committee on Appropriations

AN ACT concerning agriculture; relating to inspection fees; funding for plant pest activities; amending K.S.A. 2-2911 and K.S.A. 1999 Supp. 2-1012 and 2-1205 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1999 Supp. 2-1012 is hereby amended to read as follows: 2-1012. The secretary shall remit all moneys received by or for the secretary under article 10 of chapter 2 of Kansas Statutes Annotated and amendments thereto to the state treasurer at least monthly. ~~On and after the effective date of this act through June 30, 1999, upon receipt of any such remittance the state treasurer shall deposit the entire amount thereof in the state treasury and an amount equal to \$.005 per ton of 2,000 pounds or fraction thereto for each commercial feeding stuffs sold, offered or exposed for sale or distribution in this state shall be credited to the laboratory equipment fund created by K.S.A. 1999 Supp. 74-5547 and amendments thereto, and the remainder shall be credited to the feeding stuffs fee fund. On and after July 1, 1999,~~ Upon receipt of any such remittance the state treasurer shall deposit the entire amount thereof in the state treasury and the same shall be credited to the feeding stuffs fee fund. An amount not to exceed \$75,000 per year may be used to fund plant pest activities. All expenditures from the feeding stuffs fee fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of the ~~state board~~ department of agriculture or by a person or persons designated by the secretary.

Sec. 2. K.S.A. 1999 Supp. 2-1205 is hereby amended to read as follows: 2-1205. An inspection fee shall be collected upon all commercial fertilizers sold, offered or exposed for sale, or distributed in Kansas, which shall be at a rate per ton of 2,000 pounds fixed by rules and regulations adopted by the secretary of agriculture, except that such rate shall not exceed \$1.67 per ton of 2,000 pounds. ~~The inspection fee rate per ton of 2,000 pounds~~

~~in--effect--on--the--day--preceding--the--effective--date--of--this--act~~
~~shall--continue--in--effect--until~~ The secretary of agriculture
~~adopts~~ may adopt rules and regulations ~~fixing--a--different~~
establishing the inspection fee rate under this section. Each
person registering any commercial fertilizer shall pay the
inspection fee on such commercial fertilizer sold, offered or
exposed for sale, or distributed in Kansas, and shall keep
adequate records showing the tonnage of each commercial
fertilizer shipped to or sold, offered or exposed for sale, or
distributed in Kansas, and the secretary, and duly authorized
representatives of the secretary, shall have authority to examine
such records and other pertinent records necessary to verify the
statement of tonnage.

Each person registering any commercial fertilizer shall file
an affidavit semiannually, with the secretary, within 30 days
after each January 1 and each July 1, showing the tonnage of
commercial fertilizer sold or distributed in Kansas for the
preceding six-month period, and shall pay to the secretary the
inspection fee due thereon for such six-month period, except that
the registrant shall not be required to pay the inspection fee or
report the tonnage of commercial fertilizers or fertilizer
materials sold and shipped directly to fertilizer manufacturers
or mixers, but the fertilizer manufacturers or mixers shall keep
adequate records of the commercial fertilizers sold or
distributed in this state, and report to the secretary the
tonnage thereof and pay the inspection fee due thereon. If the
affidavit is not filed and the inspection fee is not paid within
the thirty-day period, or if the report of tonnage is false, the
secretary may revoke the registrations filed by such person; and
if the affidavit is not filed and the inspection fee is not paid
within the thirty-day period, or any extension thereof granted by
the secretary, a penalty of \$5 per day shall be assessed against
the registrant and the inspection fee and penalty shall
constitute a debt and become the basis for a judgment against
such person. The secretary may grant a reasonable extension of

time.

The secretary of the department of agriculture is hereby authorized and empowered to reduce the inspection fee by adopting rules and regulations under this section whenever it shall determine that the inspection fee is yielding more than is necessary for the purpose of administering the provisions of this act as listed below and the plant pest act, and the secretary is hereby authorized and empowered to increase the inspection fee by adopting rules and regulations under this section when it finds that such is necessary to produce sufficient revenues for the purposes of administering the provisions of this act, but not in excess of the maximum fee prescribed by this section. The secretary shall remit all moneys received by or for the secretary under article 12 of chapter 2 of Kansas Statutes Annotated and amendments thereto to the state treasurer at least monthly. Upon receipt of any such remittance the state treasurer shall credit the remittance as follows: (1) An amount equal to \$1.40 per ton shall be credited to the state water plan fund created by K.S.A. 82a-951, and amendments thereto; (2) an amount equal to \$.04 per ton shall be credited to the fertilizer research fund; and (3) the remainder shall be credited to the fertilizer fee fund. An amount of \$100,000 from the fertilizer fee fund shall be authorized for the purpose of conducting a pesticide use survey. An amount not to exceed \$75,000 per year may be used to fund plant pest activities. All expenditures from the fertilizer fee fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of the department of agriculture or by a person or persons designated by the secretary.

Sec. 3. K.S.A. 2-2911 is hereby amended to read as follows: 2-2911. The secretary shall remit all moneys received by or for ~~him-or-her~~ the secretary under this act to the state treasurer at least monthly. Upon receipt of any such remittance the state treasurer shall deposit the entire amount thereof in the state

treasury and the same shall be credited to the agricultural liming materials fee fund, which fund is hereby created. An amount not to exceed \$75,000 per year may be used to fund plant pest activities. All expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of the ~~state-board~~ department of agriculture or by a person or persons designated by ~~him-or-her~~ the secretary.

Sec. 4. K.S.A. 2-2911 and K.S.A. 1999 Supp. 2-1012 and 2-1205 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.

TESTIMONY OF JAROLD W. BOETTCHER
PRESIDENT, BOETTCHER ENTERPRISES, INC., BELOIT, KANSAS
IN SUPPORT OF SENATE BILL NO. 501, TO PROVIDE FUNDING FOR VOLUNTARY
ENVIRONMENTAL REMEDIATION OF AGRICULTURAL FACILITIES
BEFORE THE HOUSE AGRICULTURE COMMITTEE
REPRESENTATIVE DAN JOHNSON, CHAIRPERSON

March 8, 2000

Thank you Mr. Chairman and members of the Committee, for the opportunity to provide testimony in support of Senate Bill Number 501, which would provide a funding mechanism for the voluntary environmental Remediation of agricultural related facilities in the State of Kansas. My name is Jarold Boettcher. I am President of Boettcher Enterprises, Inc., based in Beloit, Kansas. We are a family and employee owned company with 37 retail fertilizer locations in North Central Kansas and Southern Nebraska. I am here today representing our Industry Association, the Kansas Fertilizer and Chemical Association. I serve on the Board of Directors of that group and am a past president as well.

The effort to provide for industry funding grows out of initiatives by the Governor and the Legislature in the 1997 Session through SB 276 for a program for voluntary remediation of environmental problems in the State of Kansas. The industry has discussed the possible need for a funding mechanism in the past but there was hesitation on the part of some because of a concern that by addressing the problem more openly, our industry might draw unwanted attention and scrutiny by the regulatory authorities. We have gotten past those concerns and are focusing on the problems.

The funding in Senate Bill 501 has important precedent in the program for underground petroleum storage tanks and in the dry cleaning industry. To address known problems, funding mechanisms were put in place in the beginning. These programs are working today to address

environmental problems, many of which like the grain and fertilizer industries, can be traced to old, but accepted working practices of 20 or 30 or 40 years ago, or more, which we now know are not acceptable and indeed, such working practices have led to many of the problems we have today.

What is missing from the current Voluntary Remediation Program which is operated by the Kansas Department of Health and Environment, is a funding mechanism. The grain and fertilizer industries are proposing a series of revenue gathering mechanisms which will provide funds by which some of these pending environmental problems can be dealt with sooner, rather than later, and therefore more effectively than they might be otherwise. Experience demonstrates that the sooner the Remediation effort starts, the sooner we begin to solve the problems. The progress of identified sites in the State's Cooperative Program is impeded mostly by the requirements of the Environmental Protection Agency (EPA). The process is complicated, lengthy, and expensive for all parties and not just the PRP (Potentially Responsible Party). We need to get to work, minimize the time, effort, and expenditure of resources on the process and move towards more resources being devoted to solving the problems, and not just for our citizens of today, but for those of tomorrow. The Voluntary Remediation Program (VRP) is exactly the sort of partnering that needed to be put in place. This program is working now. A funding mechanism will make it better and more effective, sooner.

The industry believes that the only way to provide adequate funding for the Voluntary Remediation Program is to do it collectively by spreading out the cost so that no one sector bears all the burden. The same approach was used for the underground storage tanks and dry cleaners. Nearly all the funds would come from existing sources. Some may argue that those of us in the industry will simply "pass on" the fees as a form of taxation. Those who make that charge in a serious manner fail to appreciate the competitive nature of our businesses. If our costs rise, we will make an attempt to pass on the increases, regardless of where they come from, but we are entirely dependent upon the marketplace as to whether we will be successful in doing so.

While it cannot be identified specifically, failure to have a broadly based funding mechanism for the VRP could put an individual business at significant economic risk, but the problems must be addressed. Not having adequate funds to do so could hasten the economic decline of many businesses thereby having additional negative economic impacts on rural communities, employment, the tax base, and schools. Closing yet another business will only hasten the decline in many rural communities which is already well underway.

Thank you for the opportunity to discuss this very important legislation.



P.O. BOX 67, DANVILLE, KS 67036-0067

TESTIMONY

House Agricultural Committee

March 8, 2000

Prepared by: David Andra, Danville Cooperative Assn., Danville, Ks.

Mr. Chairman and members of the committee:

I am David Andra, General Manager of the Danville Cooperative Association, Danville Ks.. Danville Cooperative Assn. operates grain storage, petroleum, fertilizer, and agricultural chemicals facilities at five locations in Eastern Harper, and Western Sumner counties. We serve eight hundred – thirty farmers in this market area.

Thank you for accepting my testimony in support of the Agricultural and Specialty Chemical Remediation Act (Senate Bill 501).

I appreciate the opportunity to share our experience with an underground gasoline tank leak at our Argonia self-serve, refined fuel plant, and the value of the Kansas Department of Health and Environment Underground Storage Tank Trust Fund Program.

In January 1994, we discovered a shortage of gasoline in the 4,000 gallon underground tank. The Kansas Department of Health and Environment was notified, and there was a representative on-site when the tank was dug out. There was two thousand gallons of gasoline lost, which contaminated the soil around the tank. The KDHE Representative determined that the event justified the Danville Cooperative Assn. to be eligible to participate in the KDHE UST Trust Fund Program.

House Agriculture Committee
March 8, 2000
Attachment 4

Since the tank leak discovery, one hundred cubic feet of saturated sand, and the old tanks were removed. New tanks were purchased to service our customers.

Geo Core Services Inc. was hired to monitor the ground water contamination. They drilled twelve ground water monitoring wells, to test the water on a periodic basis.

To date, \$47,336.20 has been spent to monitor the ground water. The KDHE UST Trust Fund has paid \$42,336.20 of this cost. This cost, if paid by the Danville Cooperative Assn. only, would have a material impact on our Financial Statement.

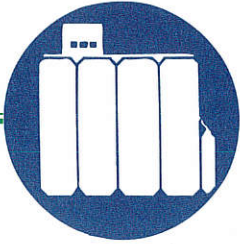
Carbon Tetrachloride was detected in a test well last year. The contamination extent has not yet been determined. Currently there is no remediation fund to assist in clean-up for this chemical. If clean-up costs are substantial, it is possible that our financial viability would be in jeopardy. The most extreme case would be that the Danville Cooperative would cease operation. Eight hundred thirty farmers would lose their investment in their Cooperative, plus the marketing and Ag input services that we provide.

The Danville Cooperative Association supports Agricultural and Specialty Chemical Remediation Act, for the following reasons:

1. The funding would be shared by the Agricultural and Specialty Chemical Industry.
2. Rural communities, where chemical contamination occurs, will have more financial support for the clean-up effort. Plus, these communities will avoid the potential loss of goods and services of their Agri-Business Company, if it ceases operation.

3. Agricultural Lenders would be able to lend capital to agri-business operations, if
The financial risk is reduced by financial assistance from a remediation fund.
4. This would be a positive, pro-active approach, for the clean-up from contamination.

Thank you, Mr. Chairman, and Committee members, for this opportunity to present reasons to support and pass the Agricultural and Specialty Chemical Remediation Ast.



KANSAS GRAIN AND FEED ASSOCIATION

March 8, 2000

Testimony Presented For Senate Bill 501
As Presented To
Kansas House Agriculture Committee
Chairman - Dan Johnson

Good afternoon, my name is Paul Dalke - Director of Safety, Health & Environment for Beachner Grain, Inc., St. Paul, Kansas. I currently am the chairman of the Kansas Grain and Feed Association's Groundwater Protection Committee and co-chairman of the joint Kansas Grain and Feed Association and Kansas Fertilizer and Chemical Association Environmental Remediation Task Force.

The agribusiness leaders I represent support my concern about the quality of groundwater in our state. Agribusiness wants to be proactive and partner with appropriate government agencies, legislators, statewide elected officials and other business and industry in Kansas to address contamination when and where it exists.

Our Association has pledged to inform and educate its members of programs that can be utilized to investigate and inspect agribusiness sites to clear them as possible groundwater contamination sources. Additionally, it is our intent to provide industry leadership through the development and implementation of cost-effective, efficient and reasonable programs/processes for site assessments, investigation and remediation. The final item I mentioned, "remediation" and the exorbitant costs that often accompany remediation is specifically what Senate Bill 501 will address.

You heard from Doug Wareham earlier about our industry's choice to work with, rather than against the Environmental Protection Agency. As a stakeholder within the Kansas grain industry, I firmly believe EPA will if necessary force us to address agricultural sites they deem as "high potential" for carbon tetrachloride contamination. Voluntary or otherwise we will be forced to either prove ourselves innocent or identify new sites for remediation. We recognize we do and will have sites that are identified as sources of contamination.

However, we do not feel the agribusiness property owners that have already been identified or will be targeted in the future should bear the total burden of financial cleanup. I remind you that prior to 1984 carbon

tetrachloride based grain fumigants were approved for use by the very agencies that are today holding agribusinesses responsible for best management practices of the past. Because of this, the agribusiness community is in agreement that the burden of addressing carbon tetrachloride and other possible contaminants should be shared by our entire industry.

Senate Bill 501 is a quality approach to true voluntary cleanup and will provide the much needed incentives for individuals and businesses to move forward. This bill will allow not only the entire agribusiness industry but the entire agricultural and specialty chemical industry to work with the Kansas Department of Health and Environment and EPA. It is an approach that will foster honesty, integrity, and pride. The results will be cleaner, safer water for all Kansans.

**STATEMENT OF THE
KANSAS SEED INDUSTRY ASSOCIATION
AND KANSAS AGRICULTURAL AVIATION ASSOCIATION
BEFORE THE HOUSE COMMITTEE ON AGRICULTURE
REPRESENTATIVE DAN JOHNSON, CHAIR
REGARDING SENATE BILL 501
MARCH 8, 2000**

Mr. Chairman and Members of the Committee, I am Chris Wilson Executive, Director of the Kansas Agriculture Aviation Association (KAAA), and Director of Member Services of Kansas Seed Industry Association (KSIA). Both are statewide professional trade associations. We are here today to lend support to Senate Bill 501, which would create an environmental remediation fund.

Neither KSIA nor KAAA members have sites which are being remediated at this time as a result of seed or ag aviation operations. To my knowledge there are no active aerial sites with which KDHE has been working, but there are a couple of abandoned sites at which aerial operations were conducted in previous years and for which there is no longer a potentially responsible party. However, we feel that such a remediation fund would be a good program to have in place for sites which are presently required to do clean up activities, and those which may face the task in the future. We don't know what chemicals we may be required to remediate, or whether they'll be another carbon tet in the future that is persistent and which becomes necessary to clean up. Although we feel that it is unlikely there will be another chemical such as this because of the newer technologies, we believe it is wise to have protections in place should that happen.

Also, we don't know whether the little leaks and drips that happen over time will eventually lead to soils that need to be remediated. We feel that this too is less likely to

happen in the future as fertilizer and pesticides containment systems become the standard in the industry, but may be needed for sites used prior to containment.

A key reason for KAAA to support this legislation is that in the past couple of years, airport authorities have become increasingly concerned about various chemical operations on the airport. Some have requested environmental contamination insurance from our aerial operators. About half of all ag aviation facilities in the state are located on municipal airports at this time. While our operators are able to obtain insurance for catastrophic losses of chemicals, there is no opportunity for them to secure insurance for normal day-to-day operations, and the leaks and drips that occur over time. This environmental remediation fund, which would be created by Senate Bill 501, would, we believe, provide some reassurance to airport authorities that should remediation be necessary there would be some source of funding available to assist with that effort.

Thank you for this opportunity to support Senate Bill 501. We respectfully request that you recommend it favorably for passage. If there are any questions I would be happy to try to respond.

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Kansas Bankers Association

800 SW Jackson, Suite 1500

Topeka, KS 66612

785-232-3444 Fax - 785-232-3484 kbacs@ink.org

3-8-00

TO: House Agriculture Committee
FROM: Chuck Stones

RE: SB 501

Mr. Chairman and Members of the Committee:

The Kansas Bankers Association appreciates the opportunity to appear before you regarding SB 501.

We believe SB 501 has positive economic benefits for many businesses in Kansas. Businesses need the opportunity to address environmental problems without the added problems of economic stress that these problems often cause.

SB 501 establishes a "linked deposit program". The KBA is on record supporting the use of these types of programs. They allow the State to help alleviate certain problems, without direct involvement. Linked deposit programs have been used by Kansas banks and will, most likely, be used in the future.

We support the original SB 501 because it allows a business to address environmental contamination without putting itself at risk. We urge the Committee to support this proposal.

The Senate added the provisions of HB 2527 to SB 501. Regarding the Senate floor amendments:

The banks of Kansas are fully aware of the potential hard times ahead in the agriculture sector of our state. In fact, Jim Maag, the Executive Vice President of the KBA, served last year on the Task Force on 21st Century Ag Banking. A task force established by the American Bankers Association to come up with some concrete, practical solutions to help ag borrowers. One of the recommendations of that task force is for states to expand the use of linked deposit programs. The Task Force believes that linked deposit programs are an important way that some agricultural and rural borrowers can be assisted in securing the capital they need at an affordable cost.

This type of "linked deposit" arrangement is not new in Kansas. A similar program was established when Governor Finney was the State Treasurer. That program included small businesses as well as farmers. Banks used the program then and, if its rules and regs are

established to make the program usable, I assume banks will use it again. While this will not solve the problems in the ag sector, we view it as a win, win, win, win situation. The Legislature wins for seeking and finding helpful ways of dealing with problems in the state, the State Treasurer wins by administrating the program, the banks win by using the program, but most importantly the farmer wins by getting a break when he or she most needs it.

In discussing the potential program with bankers, it appears that the provisions of the bill for a 40% debt to asset ratio is just about the right level and the 4% spread between the deposit and the loan rates is also just about the right level. Since the bank assumes all the credit risk, some banks may not feel that the 4% is enough. However, I think it will be enough for a sufficient number of banks to make the program successful.

We believe that this type of program is a practical way for the state to help marginal farm borrowers without getting into the lending business.

We thank you for allowing us to provide input, and we urge your favorable action.

**Testimony of Jim Grauerholz
of the Farm Credit Bank of Wichita
and the Farm Credit Associations of Kansas
To the Kansas House Agriculture Committee**

March 8, 2000

Mr. Chairman, thank you for the opportunity to present testimony to the Kansas House Agriculture Committee on Senate Bill 501 regarding a state linked deposit program for chemical spill re-mediation and agricultural production loans.

At Farm Credit, we believe the legislature should provide this type of assistance to agriculture and favor Senate Bill 501. However, we believe there are portions of the bill that need clarification.

We believe it is the intent of the legislature and the language of this bill to give Farm Credit lending institutions in Kansas the ability to fully participate in these programs. Farm Credit is clearly identified in the definitions as an eligible lending institution. However, there remains room for interpretation as to whether there are technical complications that result from references to other sections of statutes and the definitions of securities that would be acceptable to the Pooled Money

Investment Board. As we read Section 4201 of Chapter 75 of the Kansas Statutes that spells out what is acceptable, we believe that Farm Credit is obviously included, in that Farm Credit is a Government Sponsored Entity whose obligations to bondholders are insured against loss of principal and interest through the Farm Credit System Insurance Corporation (FCSIC), clearly meeting the requirements as outlined in Section 4201, Subpart (k)(1) and (k)(7).

Even so, we believe a clarification is needed to ensure that Farm Credit is clearly included, both as an eligible lender and as having eligible securities. Section 4201 also references Section 4218, which describes eligible securities. We believe this section was meant to apply only to securing state bank accounts and is not relevant to Farm Credit. However, we understand that this could add confusion as to Farm Credit's ability to meet the security requirements.

We have drafted the language that we believe will resolve these issues and enable the State Treasurer and the Director of Investments to "promulgate rules and regulations", as needed to carryout the legislature's intent.

I have attached a copy of our recommended revisions to my testimony that specifically identify securities issued by Farm Credit Banks, and we ask for your support in including that language in the places indicated in our recommendation.

Thank you again for your consideration. We believe these clarifications will save confusion, staff time and ensure that your wishes are carried out.

8.4

1 (f) "Eligible person" means:

2 (1) A responsible party or an owner of real property, but does not
3 include the state, any state agency, any political subdivision of the state,
4 the federal government or any agency of the federal government; or

5 (2) a person who: (A) Is involved in a transaction relating to real
6 property; (B) is not a responsible party or owner of the real property; and
7 (C) voluntarily takes corrective action on the property in response to a
8 request or order for corrective action from the department of health and
9 environment.

10 (g) "Fund" means the Kansas remediation fund established by sec-
11 tion 11, and amendments thereto.

12 (h) "Linked deposit" means an investment account placed by the di-
13 rector of investments under the provisions of article 42 of chapter 75 of
14 the Kansas Statutes Annotated with an eligible lending institution for the
15 purpose of the remediation linked deposit loan program.

16 (i) "Release" means any spill, leak, emission, discharge, escape or
17 disposal of an agricultural or speciality chemical into the soils or waters
18 of the state.

19 (j) "Remediation linked deposit loan package" means the forms pro-
20 vided by the state treasurer for the purpose of applying for a remediation
21 linked deposit.

22 (k) "Remediation linked deposit loan program" means the program
23 provided for by sections 3 through 7, and amendments thereto.

24 (l) "Remediation reimbursement program" means the program pro-
25 vided for by sections 9 through 13, and amendments thereto.

26 (m) "Site" means all land and water areas, including air space, and
27 all plants, animals, structures, buildings, contrivances and machinery,
28 whether fixed or mobile, including anything used for transportation,
29 within a one-half mile radius of a release.

30 **REMEDATION LINKED DEPOSIT LOAN PROGRAM**

31 New Sec. 3. (a) There is hereby established the remediation linked
32 deposit loan program, which shall be administered by the state treasurer.
33 The program shall be for the purpose of providing loans to eligible per-
34 sons to pay the costs of corrective action approved by the department of
35 health and environment or taken in accordance with requests or orders
36 issued by the department of health and environment. Such loans shall be
37 made only for projects approved by the board.

38 (b) The state treasurer may adopt rules and regulations to administer
39 and implement the remediation linked deposit loan program.

40 (c) On or before February 1 of each year, the state treasurer shall
41 submit to the governor, the senate standing committee on energy and
42 natural resources and the house of representatives standing committee
43 on environment an annual report on the activities of the remediation

including an investment in bonds, notes,
debentures or other obligations or securities issued by the Federal Farm Credit
Banks,

1 made pursuant to the provisions of sections 3 through 7, and amendments
 2 thereto, [and agricultural production loan deposits made pursuant
 3 to the provisions of sections 17 through 23, and amendments
 4 thereto,] shall be at zero percent interest rate an interest rate which
 5 is 2% less than the market rate determined under this section.

6 [New Section 17. The provisions of sections 17 through 23, and
 7 amendments thereto, shall be known and may be cited as the Kansas
 8 agricultural production loan deposit program.

9 New Sec. 18. As used in sections 17 through 23, and amend-
 10 ments thereto: (a) "Agricultural production loan deposit" means an
 11 investment account placed by the director of investments under the
 12 provisions of article 42 of chapter 75 of the Kansas Statutes Anno-
 13 tated, and amendments thereto, with an eligible lending institution
 14 for the purpose of carrying out the intent of sections 17 through 23,
 15 and amendments thereto;

16 (b) "agricultural production loan deposit loan package" means
 17 the forms provided by the state treasurer for the purpose of apply-
 18 ing for an agricultural production loan deposit;

19 (c) "eligible lending institution" means:

20 (1) A bank, as defined under K.S.A. 75-4201, and amendments
 21 thereto, that agrees to participate in the Kansas agricultural pro-
 22 duction loan deposit program and is eligible to be a depository of
 23 state funds; or

24 (2) an institution of the farm credit system organized under the
 25 federal farm credit act of 1971 (12 U.S.C. 2001), as amended, that
 26 agrees to participate in the Kansas agricultural production loan
 27 deposit program and provides securities accepted by the pooled
 28 money investment board pursuant to article 42 of chapter 75 of the
 29 Kansas Statutes Annotated, and amendments thereto; and

30 (d) "eligible agricultural borrower" means any individual, lim-
 31 ited liability agricultural company, limited agricultural partner-
 32 ship or family farm corporation as defined in K.S.A. 17-5903 and
 33 amendments thereto involved in farming.

34 New Sec. 19. (a) The state treasurer is hereby authorized to
 35 administer the Kansas agricultural production loan deposit pro-
 36 gram. Such program shall be for the purpose of providing incentives
 37 for the making of agricultural production loans. The state treasurer
 38 shall promulgate rules and regulations to carry out the provisions
 39 of this act.

40 (b) The state treasurer shall submit an annual report outlining
 41 the status of the program to the governor and the legislature.

42 New Sec. 20. (a) The state treasurer is hereby authorized to
 43 disseminate information and to provide agricultural production

including an investment in bonds, notes, debentures or other
 obligations or securities issued by the Federal Farm Credit Banks

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 obligations or securities issued by the Federal Farm Credit Banks;

Testimony for SB 501
House Agriculture Committee
March 8, 2000
Prepared by Joe Lieber, Kansas Cooperative Council

Mr. Chairman and members of the Committee, I'm Joe Lieber, Executive Vice President of the Kansas Cooperative Council. The Council has a membership of over 200 cooperative businesses that have a combined membership of nearly 200,000 Kansans. Approximately 130 of our members are farm supply cooperatives.

The Kansas Cooperative Council supports the passage of SB 501.

The bill is a "breath of fresh air," no pun intended, when an industry is willing to support a program that helps clean the environment for all of us.

At first, many of our members were concerned about the increased fees that they would be paying, but once they realized the scope of the problem and the potential cost, they felt it a sound business decision to be involved in the Fund.

Approximately thirty (30) of the sites that are currently on the list are cooperatives. As KDHE continues to do their job, that list will continue to grow. That is why this program is so important.

We would also like to stress the importance of the low interest loan program of the bill. Remember that the industry is going to generate over \$1 million annually, but this probably will not be enough to address all the sites. The loan program will enhance the number of sites that will be able to be cleaned up. The loan component is needed to insure the success of the program.

The Council does not have a position on the amendment that was added on the floor of the Senate which has to do with low interest loans for producers, but we do encourage the committee to pass SB 501, as amended, out favorably.

I would be happy to respond to any questions.



PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON AGRICULTURE

RE: SB 501 – Implementing the Agricultural and Specialty Chemical Remediation Act and a Low Interest Agriculture Production Loan Program.

**March 8, 2000
Topeka, Kansas**

**Presented by:
Leslie J. Kaufman, Assistant Director
Public Policy Division
Kansas Farm Bureau**

Chairman Johnson and members of the House Agriculture Committee, thank you for the opportunity to appear today and share Kansas Farm Bureau's strong support for the Kansas Agricultural Production Loan Deposit Program outlined in SB 501.

My name is Leslie Kaufman. I serve as the Assistant Director of the Public Policy Division for Kansas Farm Bureau.

Agriculture continues to be the backbone of the Kansas economy. While federal farm policy has a huge impact on the economic condition of agricultural producers, the State of Kansas has the responsibility and ability to provide some assistance to farmers and ranchers, especially during times of hardship. The opportunity to provide agricultural assistance is great. We believe the various interests must join together if we are to adequately protect the farmers, ranchers and consumers of the state and strengthen the Kansas economy.

The low interest loan provisions contained in SB 501 essentially mirror those contained in Sub. HB 2527, which we have supported in both the 1999 and 2000 Legislative sessions. The program's purpose would be providing incentives for banks that are eligible to be a depository of state funds to make agriculture production loans.

The bill requires lending institution to apply all general lending standards to determine a borrower's credit worthiness. Only agricultural borrowers who have a debt to asset ratio of 40 percent or greater would be eligible to receive a loan. The loan could not be amortized for more than eight years. A single agricultural production loan to any one borrower could not be greater than \$250,000. Under the bill, the total agricultural production loan program is limited to \$50,000,000.

As you know, the House of Representatives on a 116-8 vote approved the program last year. The establishment of a low interest loan program was also included as a recommendation of the Special Committee on Agriculture in their report to the 2000 Legislature.

Kansas Farm Bureau's support for a low interest agriculture loan program is based upon policy developed and adopted by the 442 farm and ranch delegates representing the 105 county Farm Bureaus at the 81st Annual Meeting of Kansas Farm Bureau:

"We encourage the legislature and the Governor to create a low-interest agriculture production loan program to assist financially stressed agricultural producers during this time of low commodity prices and sanctions on export markets."

While our policy does not address the provision in SB 501 that would establish an agricultural and specialty chemical remediation fund, we commend the agricultural chemical industry for developing a plan to clean up contamination sights and protect the soil and water. They have stepped up with a plan, based in large part on fees they are willing to have accessed on themselves, to ensure environmental clean up occurs when and where it is needed.

Kansas Farm Bureau strongly recommends SB 501 be a cornerstone of the agricultural relief package adopted by the 2000 Kansas Legislature. We respectfully encourage the House Agriculture Committee to approve this important bill and advance the measure to the full House with a favorable recommendation. Thank You!



KANSAS
DEPARTMENT OF HEALTH & ENVIRONMENT
BILL GRAVES, GOVERNOR
Clyde D. Graeber, Secretary

TESTIMONY PRESENTED TO:

HOUSE COMMITTEE ON AGRICULTURE
BY
THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

SENATE BILL 501

Testimony presented by:

Rick L. Bean
Chief, Remedial Section
Bureau of Environmental Remediation
Division of Environment
March 8, 2000

Introduction:

My name is Rick Bean, Chief of the Remedial Section, Kansas Department of Health and Environment (KDHE). I am here today testifying on behalf of the KDHE in support of the Senate Bill 501, which establishes a Remediation Linked Deposit Loan Program and a Remediation Reimbursement Program to assist in the remediation of certain releases of agricultural and other speciality chemicals. Sections 17 through 23 of the current Senate Bill 501 (as amended by the Senate) which establishes the Kansas Agricultural Production Loan Deposit Program does not apply to KDHE; therefore, discussion regarding those respective sections are not included in this testimony. Senate Bill 501 will provide much needed financial assistance to qualifying agri-businesses to address contamination at their facilities. This will in turn assist the Department in carrying out our mission to protect the public health and environment of the State of Kansas.

Summary/Background:

The KDHE has identified a total of 160 contaminated sites that are related to chemicals typically used in agri-business across the state of Kansas. These contaminated sites have impacted soils, ground and surface waters and various drinking water supplies. Common contaminants associated with these facilities include carbon tetrachloride, nitrate, pesticides, herbicides, hydrocarbons and ethylene dibromide. The KDHE has several established programs which strive to address these contaminated sites.

House Agriculture Committee
March 8, 2000
Attachment 11

- The Voluntary Cleanup and Property Redevelopment Program established by K.S.A. 65-34,161 through 65-34,174 is designed for low to moderate priority contaminated sites. There are currently 30 sites related to agri-business enrolled in this relatively new program, initiated in 1997. Corrective action costs to address contaminated sites in this program are paid by the voluntary party.
- The State Cooperative Program established utilizing K.S.A. 65-3452a through 65-3457a is designed for higher priority sites, such as sites that directly impact drinking water supplies. The State Cooperative Program is currently managing 41 sites related to agri-business. Corrective action costs to address contaminated sites in this program are paid by the responsible party.
- The State Water Plan Contamination/ Remediation Program established under K.S.A. 82a-901 et.seq. is designed for orphan sites; such as sites without a viable responsible parties. The State Water Plan Contamination/Remediation Program is currently managing 36 orphan sites related to agri-business. Corrective action costs to address contaminated sites in this program are paid by the State Water Plan program. This program has a total of 68 sites and funding is limited.
- There are also an additional 53 sites related to agri-business that are currently unassigned to one of the above described programs. Many of these unassigned sites are currently being investigated to determine responsible parties, priority and ultimate placement into one of the above described programs. These limited investigations are generally paid for by the state utilizing federal funds.

Included with my testimony, is a handout which includes a summary of the agricultural business related sites broken down by specific program and contaminant type. I have also included a statewide map showing the locations of these agri-business related sites.

The corrective action process, including investigation and cleanup can be very costly to those parties addressing contamination. A general range of costs for the investigation of a site are between \$5,000 and \$200,000 with the average investigation cost being approximately \$37,000. For cleanup of a site the range of costs are generally between \$10,000 to \$1,000,000 with the average cleanup costs being approximately \$105,000. Site cleanup can be as simple as soil excavation and application of the excavated soil at approved agricultural rates to a nearby field or as complex as ground water extraction, treating the water with an engineered-designed treatment system and discharge of the treated water. Every site is unique and costs are based on various types of site-specific factors such as type of contamination, depth and extent of contamination, the geological setting, type of media that is contaminated, receptors and available treatment technology. Many of these sites may take years to cleanup and require long-term operation, maintenance and monitoring of the remedial system.

The establishment of a linked deposit loan program and a reimbursement program to qualifying parties as proposed by Senate Bill 501 will assist and may encourage agri-businesses to address environmental contamination at their facilities. As stated, the Kansas Department of Health and Environment is supportive of Senate Bill 501 with the following two reservations and a proposed modification:

- The amount of funding provided in the linked deposit loan program and reimbursement program may not be sufficient to effectively address the current known number of agri-business related sites (160), not including the unknown number of unidentified sites that have yet to be investigated; and
- The Department's need to address a contaminated site by pursuing a responsible party should not be suppressed by any such funding limitations.
- The terms "Kansas Remediation Board" as described in Section 9, and the "Kansas Remediation Fund" as described in Section 11 (a) are somewhat misleading and may imply an inclusiveness for all remediation sites in Kansas. There are thousands of non-agricultural related sites which KDHE is responsible for addressing. Modifying the terms to include, "Kansas Agricultural Remediation Board and "Kansas Agricultural Remediation Fund" would help clarify the meaning of the respective terms.

I appreciate the opportunity to testify on behalf of the Kansas Department of Health and Environment on Senate Bill 501. Thank you Mr. Chairman and Committee members.

HANDOUT

SUMMARY OF AGRICULTURAL BUSINESS RELATED SITES IN KDHE/BUREAU OF ENVIRONMENTAL REMEDIATION PROGRAMS*

{*NOT INCLUDING SITES IN THE UNDERGROUND OR ABOVE GROUND STORAGE TANK PROGRAMS}

VOLUNTARY CLEANUP AND PROPERTY REDEVELOPMENT PROGRAM (VCPRP)

A total of 30 Agricultural Business Related Sites are in the VCPRP

- 9 of those sites involve carbon tetrachloride
- 23 of those sites involve nitrate
- 14 of those sites involve pesticides/herbicides
- 12 of those sites involve other types of contaminants
- Overall 22 of the 30 sites involve multiple types of contamination

STATE COOPERATIVE PROGRAM (SCP)

A total of 41 Agricultural Business Related Sites are in the SCP

- 25 of those sites involve carbon tetrachloride
- 12 of those sites involve nitrate
- 11 of those sites involve pesticides
- 2 of those sites involve other types of contaminants
- Overall 10 of the 41 sites involve multiple types of contamination

STATE WATER PLAN (ORPHAN) PROGRAM (SWP)

A total of 36 Agricultural Business Related Sites are in the SWP

- 25 of those sites involve carbon tetrachloride
- 15 of those sites involve nitrate
- 3 of those sites involve pesticides
- 1 of those sites involve other types of contaminants
- Overall 8 of the 36 sites involve multiple types of contamination

SITES THAT ARE CURRENTLY UNASSIGNED

A total of 53 Agricultural Business Related Sites are not currently assigned to project managers

- 31 of those sites involve carbon tetrachloride
- 8 of those sites involve nitrate
- 16 of those sites involve pesticides
- 2 of those sites involve other types of contaminants
- Overall 2 of the 53 sites involve multiple types of contamination*

* investigations are needed at these sites; results from investigations may identify other contaminants.

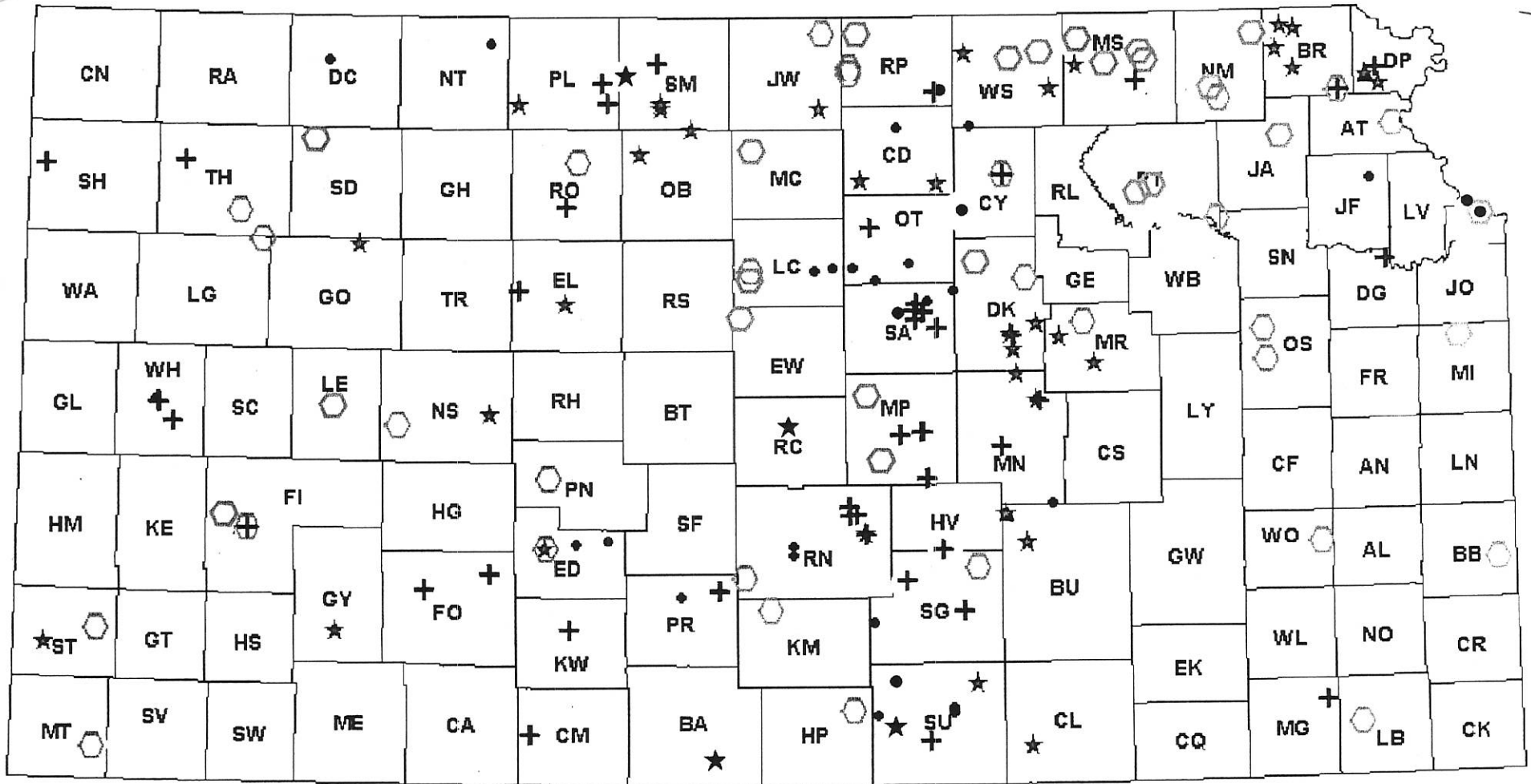
TOTAL SUMMARY OF AGRICULTURAL BUSINESS RELATED SITES

A total of 160 Agricultural Business Related Sites have been identified by KDHE.

- 90 of those sites or 56% of the total have carbon tetrachloride contamination
 - 58 of those sites or 36% of the total have nitrate contamination
 - 44 of those sites or 27.5% of the total have pesticide/herbicide contamination
 - 17 of those sites or 11% of the total have other types of contaminants present
 - 42 of those sites or 26% of the total have multiple types of contamination present
-
- Note that 43 of the total 160 sites are related to former USDA/CCC Grain Storage Facilities that were operated in the 1960's.

IDENTIFIED AGRI-BUSINESS SITES

9-11



•	Voluntary Cleanup	★	State Water Plan
⬡	Not Assigned		
+	State Cooperative Program		

**Testimony presented to
House Committee on Agriculture
By Derek Schmidt
Legislative Liaison and Special Counsel
Office of Governor Bill Graves
March 8, 2000
Senate Bill 501 (as amended by the Senate)**

Mr. Chairman and members of the committee, thank you for the opportunity to testify this afternoon on Senate Bill 501, as amended. My name is Derek Schmidt, and I serve in the Office of the Governor as legislative liaison and special counsel.

As amended by the Senate, and as now before you, this legislation has two parts, each of which had been a separate bill. Governor Graves supported each of the original bills and also supports this combined version. I will leave it to others to discuss details of this legislation, but I want to describe the factors that caused the Governor to lend his support.

The first part of this legislation is the original Senate Bill 501, the Agricultural and Specialty Chemical Remediation Act, which addresses pollution and contamination problems caused over the years by the use of agricultural chemicals in our State. Governor Graves supports this initiative because all Kansans will benefit not only from the cleaner environment that results from this cleanup effort but also from the continued financial health of grain elevators and other businesses in many rural communities – businesses that have used agricultural chemicals over the years and that face substantial cleanup liability which they can ill-afford on their own.

Key users and sellers of agricultural chemicals in our state have joined together, organized support among diverse interest groups ranging from the Kansas Association of Wheat Growers to the Kansas Bankers Association, and brought forth a proposal that would help pay for the cleanup of scores of sites across Kansas that have been contaminated by agricultural chemicals. The industry itself will pay most of the remediation costs for these sites through a fund financed by assessments on certain agri-chemical products and users. The only cost to the State would be in the form of lost interest on State money made available for low-interest remediation loans from a new linked deposit loan program.

The second part of this legislation is the text of House Bill 2527, which originally was introduced by Representative Schwartz and which passed the full House last year. This legislation establishes a reduced-interest, linked-deposit production loan program for agricultural producers.

Governor Graves supports the provisions of House Bill 2527, which now are before you. For many agricultural producers, this bill is about survival. It is aimed at getting much-needed cash into the hands of those producers who face a cash-flow crisis. And it is designed to get cash to those producers rapidly, not at some point in the distant future.

The administration encourages the Committee and the full House to pass this combined legislation.

BARON SCHWARTZ
REPRESENTATIVE, 106TH DISTRICT
GEARY, MARSHALL, REPUBLIC,
RILEY, AND WASHINGTON COUNTIES
2051 20TH ROAD
WASHINGTON, KANSAS 66968
(785) 325-2568

STATE OF KANSAS



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

STATE CAPITOL
ROOM 110-S
TOPEKA, KANSAS 66612-1504
(785) 296-7632
1-800-432-3924

COMMITTEE ASSIGNMENTS
MEMBER: HOUSE APPROPRIATIONS
HOUSE AGRICULTURE &
NATURAL RESOURCES BUDGET
HOUSE AGRICULTURE
HOUSE ENVIRONMENT

3-8-2000

TO: HOUSE AGRICULTURE COMMITTEE

RE: SB 501

I appear before you in support of SB 501.

As drafted, SB 501 established a reimbursement program to provide funding for corrective action at locations that have been contaminated. SB 501 was amended to include the interest assistance language that establishes a linked deposit program between the state of Kansas and Kansas Ag. lenders to enhance agricultural loans.

Last legislative session, I asked for legislation to be introduced to assist agriculture producers access affordable capital to pay for seed, feed, and necessary repairs. Interest rates for these type of loans, known as operating loans, range from 9 to 11 ½ %. These high costs of funds are adding to the existing burden being experienced by agriculture producers today. This legislation was an attempt to assist distressed farmers and young farmers trying to get a start in the business and passed the House by a vote of 116 to 8. This amendment:

- Makes state idle funds available to banks and lending institutions at an interest rate 2% below the market rate.
- These funds are capped at \$50 million.
- Allows lenders to offer money to farmers and ranchers at 2% above the market rate. The spread of 4 percentage points would be the lender's compensation for servicing the loan.
- Encourages ag lenders to make loans to farmers with a debt-to-asset ratio of at least 40 percent debt.
- Establishes a \$250,000 cap per loan
- Allows only one loan per operation
- Establishes a 8 year maximum on term of loan.

The State Treasurer will administer the program. The state will recognize less for their investment as far as direct returns. I would hope that if we care about agriculture, we would think of this as an investment in the future.

This measure as amended will provide a bolster to farmers and the agricultural economy. Thank you for allowing me this opportunity to express my support for SB501.

House Agriculture Committee
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Kansas Agricultural Alliance

Kansas Agricultural Aviation Association	Kansas Agri-Women
Kansas Association of Ag Educators	Kansas Association of Conservation Districts
Kansas Association of Wheat Growers	Kansas Cooperative Council
Kansas Corn Growers Association	Kansas Crop Consultant Association
Kansas Dairy Association	Kansas Ethanol Association
Kansas Farm Bureau	Kansas Fertilizer and Chemical Association
Kansas Grain and Feed Association	Kansas Grain Sorghum Producers Association
Kansas Association of Nurserymen	Kansas Livestock Association
Kansas Seed Industry Association	Kansas Veterinary Medical Association
Kansas Soybean Association	Western Retail Implement and Hardware Association
	Kansas Pork Producers Council

March 8, 2000

The Honorable Dan Johnson
Chairman of the House Committee on Agriculture
Statehouse
Topeka, KS 66612

Dear Chairman Johnson,

The Kansas Agricultural Alliance is writing in support of SB 501, the bill establishing the agricultural and speciality chemical remediation fund. The member organizations of the Ag Alliance, listed on this page, have voted unanimously to endorse and support this legislation.

Thank you for your consideration.

Sincerely,



Stanley L. Larson
President

House Agriculture Committee
March 8, 2000
Attachment 14



WRITTEN TESTIMONY

TO: Kansas House Agriculture Committee
FROM: Jere White, Executive Director
DATE: 8 March 2000
SUBJECT: Senate Bill No. 501

The Kansas Corn Growers Association and Kansas Grain Sorghum Producers wish to submit this written testimony in support of S.B. 501. This bill would create an environmental remediation fund in Kansas, as well as provide for a new low interest operating loan program for our most financially distressed farmers.

Our producers support the concept of remediation because they know that if we don't take action to address our issues, others will. We recognize that our farmers will eventually pay most of the cost associated with this program. We believe the proposed mix of remediation funding that SB-501 brings is essential to minimizing the pain to any one segment or any one location to do work that benefits the state and all its residents.

More importantly, with the passage of SB-501 we will have a game plan to deal with agricultural site remediation. Lacking such a game plan, individual sites might not survive the financial challenge of cleanup. That would negatively effect local farmers and local economies. And the problem would still remain. This bill not only provides a needed tool for remediation; it demonstrates a financial commitment from agricultural businesses and farms that would provide reasonable assurance to the success of agricultural site remediation. US EPA seldom lets voluntary programs proceed without such assurances.

We believe that all uses of any product subject to assessment should be assessed. In other words, if there is an agricultural use and a homeowner use, both uses should be assessed, regardless of specific formulation. We have no opposition to anti-microbials not being in the program. We also believe that any board created by this bill should be subject to the open meetings and record provisions common to state boards and commissions.

The Senate floor amendment to SB-501 that adds the farmer loan program passed in the House last session also has our strong support. Everyone talks about the importance of maintaining family farms in our state. While these loan provisions won't help all producers caught up in a credit crisis, if we can invest in the survival of but a few, it would be a good thing to do. There is no doubt in the wake of low commodity prices that many producers will find tougher times in the offices of their lending institutions this year.

We encourage this committee to move SB-501 favorably. It contains two programs, both important to Kansas farmers. Thank you.



STATE OF KANSAS

Tim Shallenburger
TREASURER

900 SW JACKSON ST, SUITE 201
TOPEKA, KANSAS 66612-1235

TELEPHONE
(785) 296-3171

February 8, 2000

To: Senate Energy and Natural Resources Committee

From: Tim Shallenburger, State Treasurer

Re: Written Testimony for SB 501

Chairman Corbin and members of the committee:

I would like to thank you for the opportunity to submit written testimony for SB 501.

I, along with many others, recognize that there are legitimate reasons for Kansas to assist in solving problems associated with chemical remediation costs. The Agricultural and Specialty Chemical Remediation Act, which utilizes a linked deposit loan program, would leverage additional dollars for this purpose.

The program drafted in SB 501 would create minimal legal and paperwork costs that would be absorbed within the existing budget of the State Treasurer's office.

It is my opinion that the question of whether we want to use a linked deposit loan program is better left up to the wisdom of the Kansas legislature.

Again, thank you for your time.

Tim Shallenburger
State Treasurer

House Agriculture Committee
March 8, 2000
Attachment 16

TESTIMONY OF JEFF FIELD
DRINKING WATER/GROUNDWATER MANAGEMENT
BRANCH
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
KANSAS HOUSE AGRICULTURE COMMITTEE
OF THE KANSAS HOUSE OF REPRESENTATIVES

MARCH 8, 2000

Good afternoon, Mr. Chairman and Members of the Committee. I am Jeff Field, and I'm a Project Manager for the U.S. Environmental Protection Agency. Thank you for your invitation to be here today and for the opportunity to discuss the former USDA grain bin project and the associated contamination at these locations.

I would like to begin by presenting the results of investigative efforts by EPA and several states regarding ground water contamination associated with past grain storage and fumigation practices. As you may be aware, the EPA has been addressing the problem of carbon tetrachloride contamination in ground water at a number of former

House Agriculture Committee
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Attachment 17

U.S. Department of Agriculture facilities in several states, including Kansas. EPA has also initiated a review of the potential impact of past fumigation practices at commercial grain storage sites. In Kansas, the Kansas Department of Health and Environment has played a significant role in the investigation and resolution process for USDA grain storage sites and also been active in reviewing and addressing problems at commercial sites.

In addition, a commercial trade-organization, the Kansas Grain and Feed Association, has actively participated in discussion with the state and EPA Region 7, to determine how to best address the potential contamination at commercial grain storage sites. The proposal before this committee to establish a trust fund is being advocated by the Kansas Grain and Feed Association to address the financial burdens that may be encountered by facilities facing investigation for and clean-up of contaminated grain storage facilities. As the Project Manager for this pilot project, I want to convey to this committee that we are extremely pleased with the work of the Kansas Grain and Feed Association in taking on this issue and working with its membership so actively to address this problem. With regard to the specific proposal under consideration, however, we believe the issue of state funding of this program is best left for the state to resolve. Therefore, we are here to present information regarding pollution that results from past fumigation practices and our efforts to date to address it.

At your request, and in my role of providing background information to aid in your consideration of the proposed legislation, I have the following to offer:

During the past several years EPA has been working with the four states within Region 7 and the U.S. Department of Agriculture to identify and address problems associated with the contamination of drinking water supplies by grain fumigants at former USDA/Commodity Credit Corporation grain storage facilities. The chemical in the majority of groundwater contamination incidences has been carbon tetrachloride, a probable human carcinogen, and a volatile organic compound, which is very persistent in groundwater. To date, approximately 781 former USDA grain storage facilities in Kansas, Nebraska, Iowa, and Missouri have been sampled to determine the potential existence of contamination to drinking water and ground water supplies. Regionally, there are 129 locations (16%) with some level of carbon tetrachloride detected in drinking water supplies. Fifty-eight of these locations (45%) had levels equal to or greater than the established drinking water standard of five parts per billion. These detections have been found in both public and private wells.

Since 1985, EPA and the Kansas Department of Health and Environment have conducted sampling activities at approximately 273 locations in Kansas that have been identified as sites of former USDA grain bins. Through this cooperative effort, we have discovered 43 locations or 15% with some level of carbon tetrachloride in drinking water

or groundwater supplies. Eighteen of these locations (42%) had levels of carbon tetrachloride above the established drinking water standard of five parts per billion. These levels ranged from five parts per billion to nearly one-thousand parts per billion and were found in both public and private drinking water wells. The data compiled as a result of sampling at former USDA/CCC grain storage facilities in Kansas, has shown that this fumigant can eventually migrate into groundwater and affect public and private drinking water wells.

Carbon tetrachloride contamination from the USDA grain storage sites has been found in the drinking water wells used by small communities as well as in private domestic water wells. Small communities often lack financial resources needed to implement expensive remedies to overcome these contamination problems. Homeowners with private domestic wells affected by carbon tetrachloride contamination, are even less likely to have the resources needed to deal with the contamination of their well. Some of the contaminated groundwater sites have been brought under the oversight of Superfund, to ensure that human health and environmental concerns by the individuals and businesses responsible are addressed. Such solutions can be quite expensive.

Based on the data collected by EPA, we have been concerned that the same type of problem found at the USDA sites could exist at commercial grain storage facilities. To address this potential problem, a pilot project was developed to involve commercial

grain storage facilities in taking a systematic look to determine the potential for contamination of drinking water supplies coming from their operations. In this effort, our emphasis has been on pollution prevention and we have encouraged privately owned grain storage facility owners and operators in Kansas to actively participate in a self-examination. Emphasizing this new "preventive" approach, EPA has worked with KDHE to encourage participating facilities to conduct some level of an environmental site assessment to gather detailed information as to the environmental condition of their property, to identify potential sources of groundwater contamination, to discover problems and resolve them before they reach sensitive targets. The unique aspect of the approach we have taken on this issue is that we have encouraged participation by the potentially affected business community. The idea is to allow the industry to find ground water contamination before it reaches sensitive targets, such as public and private drinking water sources. We also hope to foster and encourage the active participation of, and partnership with, the owner of the source of contamination before remedial programs, such as Superfund, need to be invoked. We believe advantages of participating in this pilot project could include (1) early detection of any contamination, (2) creation of a positive image in the community, (3) a potential reduction of litigation and insurance costs, (4) a potential for lower costs of investigation if several facilities are investigated in a group, and (5) a potential reduction of costs associated with future property transfers.

After developing an action plan for the pilot project, we approached representatives from the Kansas Grain and Feed Association to determine whether they had an interest in participating in our effort. At their request, we attended the annual Kansas Agri-Business Exposition in November of 1997 to explain our pilot project proposal to the board of directors of the Kansas Grain and Feed Association and the membership at large. Our presentation included an overview of the data that had been compiled from the sampling efforts at former USDA grain storage facilities in Kansas and the concerns we had with regard to commercial grain storage facilities. Our discussions with a committee from the Kansas Grain and Feed Association have continued, and EPA has had the support of the Association in distributing information to its membership regarding the potential threats posed by earlier fumigation practices, the need to for facilities to evaluate their past practices and surrounding sensitive communities, and the availability of EPA and KDHE to work though these issues.

From the beginning, we consistently emphasized a pro-active approach to further exploring and responding to the potential threats posed by past grain storage fumigation practices. We have worked to build a strong partnership with the state and the trade association to avoid, if possible, many unnecessary steps that inevitably result when a site is initially discovered through the Superfund investigation process. With the goal of implementing a well coordinated and streamlined approach to focus on vulnerable water supplies, in situations where the more complicated Superfund procedures may not be

called for, we believe we can leverage the knowledge and resources of state and federal agencies to work in cooperation with the individual grain storage facility operators and associations to find site-specific, cost effective and practical solutions.

In conclusion, the sampling activities at former USDA grain storage facilities has revealed a significant number of locations with groundwater contamination problems.

How these results correlate to commercial facilities is not completely clear.

Contamination at some commercial grain storage facilities, however, has been discovered. We believe the approach that has been developed in conjunction with KDHE and the KGFA, recommending that each facility conduct a voluntary self-examination to determine the potential for contamination is an excellent, low cost approach to finding the scope of the potential problem in Kansas. If contamination is discovered at some of these facilities, we look forward to continuing our working relationship with KDHE and KGFA to find pro-active, well-coordinated and effective methods of protecting health and the environment, appropriate to each sites needs.

Mr. Chairman, this concludes my statement. I am happy to answer any questions you may have.

Sustainable Agriculture Research and Education Program (SARE) in Kansas

What is SARE? The Sustainable Agriculture Research and Education (SARE) Program is a federally-funded competitive grants program that supports research, education and professional development activities that explore environmentally sound, economically viable and socially responsible agriculture.

Who funds SARE? The SARE program was authorized in the 1990 Farm Bill and is appropriated by Congress on an annual basis. The FY2000 appropriation for the North Central Region SARE program is \$ 1,776,930.

What is unique about the SARE Program? Funds for research and education programs in SARE are distributed on a *competitive basis with decisions made at a regional level*. SARE projects are *applied research and education* and utilize a *systems approach* which simultaneously looks at the economic, environmental and social effects of agricultural production. *Farmers and ranchers are actively involved in all aspects of the program* — they identify research and education priorities, cooperate with researchers in the design and implementation of the research, participate in the review and evaluation process of grants and program administration, and conduct research and educational programs on their farms. SARE strives to maintain agriculture in the North Central Region (which includes Kansas) by encouraging research and education on *profitable and environmentally sound systems that strengthen communities*.

What kinds of projects has SARE funded in Kansas and how have the people of Kansas benefitted? SARE has provided over \$650,000 in research and education funding in Kansas in the past five years. Examples of SARE projects in Kansas include:

- * Educators from Kansas State University trained groups of farmers and ranchers on the use of whole-farm planning to manage their operations. Farmer and rancher participants were so enthusiastic about what the tools and approaches they learned that they continue to meet on monthly basis, rotating between farms. The farmers and ranchers trained in this project will help train other farmers and ranchers in six communities in Kansas in the upcoming year.
- * A Producer Grant recipient in Seneca constructed a livestock waste system that utilized a wetland and tree filter in conjunction with a concrete holding basin. As a result of this system, he has been able to reduce the frequency of cleaning his holding basin and enhanced his farm environment by providing wildlife habitat.
- * Professional development activities in Kansas have provided in-depth training to Extension on crop, soil and pest management, sustainable rangeland management, whole farm planning and the development of value-added farm enterprises. A new project, led by K-State in cooperation with NRCS, the Kansas Rural Center and other state and private organizations, will provide training and tools to Extension and NRCS educators that can be used to help farmers and ranchers voluntarily comply with new TMDL (Total Maximum Daily Load) guidelines

House Agriculture Committee
March 8, 2000
Attachment 18



SARE

Sustainable Agriculture
Research and Education



**NORTH
CENTRAL
REGION**

North Central Region SARE
13A Activities Bldg.
University of Nebraska
Lincoln, NE 68583-0840

402-472-7081
402-472-0280 (fax)
sare001@unlvm.unl.edu
www.sare.org/ncrsare

KANSAS SARE FACTS

- The SARE program has provided **\$656,822** to support research, education and professional development activities in Kansas since 1994.
- **\$154,744** has supported professional development activities
- **\$430,122** has supported research and education projects
- **\$71,956** has supported farmer/rancher research
- **Kansas State University** is the regional headquarters for the SARE Professional Development Program.

**DRAFT PROPOSAL
FOR
THE CENTER FOR SUSTAINABLE AGRICULTURE
AND
ALTERNATIVE CROPS
AT
KANSAS STATE UNIVERSITY**

(Presented by W.L. Hargrove, Director, KCARE)

Proposed Mission Statement

The Center for Sustainable Agriculture and Alternative Crops supports independent, family-owned farms in Kansas through research, education, and outreach focused on production and marketing technologies that will boost small farm profitability, protect natural resources, and enhance rural communities (“Farming for Profit, Stewardship and Community”).

Objectives of the Center

1) Conduct research, education, and outreach on sustainable agriculture technologies, and production and marketing of new food, fiber, and medicinal crops for Kansas.

2) Assist independent, family farmers increase their share of the food system dollar through research, education, and outreach programs on small scale, value-added processing and direct marketing.

3) Collect and analyze basic information on the Kansas food system and opportunities for production of new crops, value-added processing and direct marketing.

4) Focus research on value-added processing and new crops that offer low-volume, high margin niche opportunities

5) Assist small farmers to access lower input costs through an outreach program aimed at sustainable agriculture practices.

6) Provide marketing assistance to promote products produced and processed in Kansas.

7) Conduct small farm research to include:

- Organic products
- Less capital intensive investments
- Energy saving technology
- Production practices that reduce soil erosion and preserve or restore soil health

8) Develop and distribute a guide of all state services for small farms and value added agriculture.

Administration and Financial Management

The Center will be administratively under the Kansas Center for Agricultural Resources and the Environment (KCARE). KCARE will manage any financial resources coming to the Center and the Director of KCARE will supervise the Sustainable Ag Center Coordinator. KCARE support staff (Office Assistant, Information Specialist, and Web Master) will provide support to the Sustainable Ag Center as needed and to the extent possible.

House Agriculture Committee
March 8, 2000
Attachment 19

Technical and Programmatic Leadership

Technical and programmatic leadership will be provided by a Core Team of 4 to 6 K-State faculty who have appropriate expertise and professional interest in the mission and programs of the Center. Furthermore, we propose to organize an "Area of Expertise" Team of K-State Research and Extension faculty, who have appropriate interest and expertise to contribute to the programs of the Center. The Area of Expertise Team will also include personnel from the Kansas Department of Agriculture, the Kansas Rural Center, and other groups, identified as appropriate to the Mission and Objectives of the Center.

Coordinator

The proposed full-time Coordinator will have the following responsibilities:

- Receive and refer incoming calls and requests for information relating to the mission and objectives of the Center. If the Coordinator cannot answer the request, he/she will refer the request to the appropriate K-State Research and Extension faculty member.
- Plan training programs
- Develop and distribute a guide of all state services for small farms and value added agriculture
- Organize and support a network of professionals from both within and outside of K-State and producers who have expertise/experience that can be tapped through the Center
- Provide for stakeholder input into the programs of the Center
- Organize regular meetings of the Core Team (monthly) and the Area of Expertise Team (quarterly).

The Coordinator should have formal educational training of at least a M.S. degree in the economics, agricultural economics, or agribusiness field and should have training/experience in small scale value-added processing, niche marketing, direct marketing, and/or organizing cooperatives.

Action Items for Year 1

- 1) Hire Coordinator; develop the Area of Expertise Team and Core Team.
- 2) Develop a web site with KS-specific information plus appropriate links to other sources of information on sustainable agriculture production methods, new and alternative crops, value-added processing, and direct marketing.
- 3) Produce a newsletter or regular news stories on new/alternative crops research for Kansas.
- 4) Organize and conduct tours for new/alternative crops research in Kansas.
- 5) Develop partnerships and apply for additional federal grants to support the mission and programs of the Center. Appropriate partners include KS Department of Agriculture, Kansas Rural Center, and any other interested group.

IMPACTS

Kansas State University
Agricultural Experiment Station and Cooperative Extension Service

Examples of Accomplishments

Visit a Wheat Field Day in Cyberspace

Producers who couldn't make it to their annual county wheat variety demonstration plot can now attend a wheat field on the Internet. Sponsored by K-State Research and Extension, it resembles closely a field day that you would visit in the spring. There are four tour stops. You can see the varieties and their descriptions. You can inspect the wheat variety performance test results and the county extension demonstration plot yields. You can examine the major wheat disease problems and variety resistance to those diseases. And you can "hear" a discussion of nitrogen, phosphorus, pH, and chloride management. You can even bring a friend, or two, or more. The Web address is: www.oznet.ksu.edu/wheat.

Contact: Jim Shroyer, Agronomy, Phone: 785-532-5776, FAX: 785-532-6094, E-Mail: jshroyer@oznet.ksu.edu

OPEN-K Helps Native American Youths

K-State Research and Extension is developing an OPEN-K program with Haskell Indian Nations University in Lawrence. It focuses on activities and education that can empower American Indian youths to grow and develop self-respect, dignity, self-sufficiency, and self-determination. OPEN-K stands for Opportunities for Prevention Education and Networking in Kansas. The program will serve as a hub to connect nine targeted American Indian communities on tribal land and in Kansas cities so that they can benefit from each other's youth development experience and knowledge. Efforts are being made to identify people in the Native American communities to interact with American Indian youth and mentor them so that they can advance in society, particularly in Kansas.

Contact: Elaine Johannes, Community Health, Phone: 785-532-7750, FAX: 785-532-7733,
E-mail: ejohanne@oznet.ksu.edu

Profiting and Protecting the Environment

The statewide Crop Management and Marketing program of K-State Research and Extension helps Kansas agricultural producers by training them to learn to manage their risks better. The goal is to keep Kansas farms strong and profitable. In the long run, the environmental focus of this program will help producers and policymakers better understand the tradeoffs between profitability and environmental soundness. Through the educational process, the negative environmental impacts of farm-level decisions often can be diminished without substantially reducing farm profitability. Altogether, reduction of negative environmental impacts, enhanced producer profitability, and increased ability to deal with economic risk, will lead to retaining as much social capital (viable farm families) as possible in the rural areas of Kansas.

Contact: Terry Kastens, Agricultural Economics, Phone: 785-532-5866, FAX: 785-532-6925,
E-mail: tkastens@agecon.ksu.edu

K-State Research and Extension

Mission Statement:
Dedicated to a safe, sustainable, competitive food and fiber system and to strong, healthy communities, families, and youth through integrated research, analysis, and education.

Preparing 4-H Volunteers to Be Role Models

The Volunteer Information Profile (VIP) is a new program developed by K-State Research and Extension 4-H and Youth Development to assure parents that their children will be participating in a safe, fun, and caring environment. The VIP program matches the interests and abilities of the adult volunteer with the needs of the local community. It prepares adult volunteers to serve as caring, positive role models for young people. It provides protection for all of those involved in 4-H, including youths, volunteers, K-State Research and Extension staff members, and the county executive boards and the university. The VIP program was intensively reviewed and approved by Kansas citizens, the K-State attorney, and the Kansas attorney general. All volunteers must complete the VIP process to serve as a 4-H volunteer at the local, county, and state levels.

Contact: Pat Fultz, 4-H and Youth Programs, Phone: 785-532-5800, FAX: 785-532-5981, E-mail: pfultz@oznet.ksu.edu

Whole Farm Planning

K-State Research and Extension is reaching out to Kansas farmers and providing information on Whole Farm Planning. Short-term profitability will increase as farmers learn to decrease input expenses and increase gross return through alternative and value-added marketing options. Long-term financial benefit will accrue to farms that preserve water quality and improve soil quality. Economic benefits also will be realized by communities if they can avoid installing expensive drinking water treatment systems. Social benefits also are realized. Spouses begin to communicate about farm goals, life goals, and other shared values. Children and parents also are brought into the planning process. Pilot programs now are being offered through farm organizations. Call for more information on how to participate.

Contact: Rhonda Janke, Horticulture, Forestry, and Recreation Resources, Phone: 785-532-0409, FAX: 785-532-6949, E-mail: rjanke@oznet.ksu.edu

Extension Infoline

Want to know about activities for youths, making meat safer, or making your home more energy efficient? In an example of bi-state cooperation, K-State Research and Extension is working with University of Missouri/Lincoln Outreach and Extension to provide an audio text system called Extension InfoLine to the residents of the Kansas City metropolitan area. Topics include gardening and horticulture; family and parenting issues; food preparation and preservation; youth activities; agriculture; community development; and many others. Faxed copies of the messages also are available. The service provides pre-recorded information to the public through telephone access. It is formatted in one- to two-minute messages on a variety of topics available 24 hours and free of charge. The counties participating in this collaborative effort are Clay, Jackson, and Platte in Missouri and Johnson, Leavenworth, and Wyandotte in Kansas. The Extension InfoLine number is 913-393-1913.

Contact: Johnson County Extension Office, Phone: 913-764-6300, FAX: 913-764-6305

Testing Soil Samples for Kansans

The Soil Testing Laboratory of K-State Research and Extension analyzes some 12,000 soil samples each year for Kansas farmers and horticulturists. Each soil sample represents 20 acres, and the lab, in one year, tested 8,000 samples from producers. The results have implications for 160,000 acres at \$5 an acre from either higher yields or lower fertilizer usage and cost. The indirect cost is about \$800,000. In addition, the impact on the horticulture industry is conservatively estimated at \$200,000. Overall indirect contribution by the Soil Testing Lab is \$1 million.

Contact: Gregory Schwab, Agronomy, Phone: 785-532-7897, FAX: 785-532-6094, E-mail: gschwab@ksu.edu

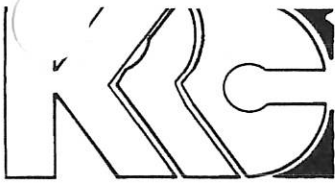
Kansas State University Agricultural Experiment Station and Cooperative Extension Service

All educational programs and materials available without discrimination on the basis of race, color, national origin, sex, age, or disability.
Spring 2000

Produced by Department of Communications

*"Knowledge
for Life"*

19-4



KANSAS RURAL CENTER

P.O. Box 133

Whiting, Kansas 66552

(785) 873-3431

**House Agriculture Committee
Testimony on SB 534
March 8, 2000**

Submitted by Mary Fund, Communications Director, Kansas Rural Center

Thank you for the opportunity to be here today. I am Mary Fund, Communications Director for the Kansas Rural Center. I am here today to speak in favor of SB 534 as amended by Senate Committee, which would establish a center of excellence on sustainable agriculture and alternative crops at Kansas State University.

The Kansas Rural Center believes that such a center would (1) enable the university to better coordinate their existing efforts related to sustainable agriculture; (2) better define weak areas in research and extension, and strengthen those efforts by developing new directions for research and outreach; (3) provide the university a platform for seeking additional outside funds; and (4) ultimately, a center would position the university to better respond to a growing constituency of farmers, small value-added businesses, rural communities seeking economic development ideas, and consumers who need information on sustainable farming practices, enterprise development, and marketing alternatives.

We support the idea of a coordinator position being established - someone who can head up the identification and inventory of existing efforts, raise the understanding and awareness of sustainable agriculture within the university itself, and develop a plan to strengthen sustainable agriculture efforts at the university.

We strongly feel that a center needs new dollars to ensure its proper implementation and success. Therefore we urge the committee and the State Legislature to appropriate funds to support a center coordinator and operating expenses.

The Kansas Rural Center has promoted sustainable agriculture in Kansas for over twenty years. We have seen the interest in sustainable farming practices increase. These are practices that help lower production costs while protecting the soil and water resources, thus keeping the family farm going. The ability to lower production costs is an important key to keeping more of the food dollar in the hands of the farm family and within the community. In recent years we have seen the need to develop alternative marketing approaches become as important to the farmer as lowering production costs.

Over the years, the Kansas Rural Center has developed a good working relationship with a number of research and extension personnel at KSU. We look forward to continuing that relationship under a center of excellence for sustainable agriculture and alternative crops.

Thank you.

House Agriculture Committee
March 8, 2000
Attachment 20



PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON AGRICULTURE

RE: SB 534 – Establishing a Center of Excellence on sustainable agriculture and alternative crops at Kansas State University.

**March 8, 2000
Topeka, Kansas**

**Prepared by:
Bill R. Fuller, Associate Director
Public Affairs Division
Kansas Farm Bureau**

Chairman Johnson and members of the House Committee on Agriculture, my name is Bill Fuller. I serve as the Associate Director of the Public Policy Division for Kansas Farm Bureau.

SB 534 proposes to establish a Center of Excellence on sustainable agriculture and alternative crops at K-State. We are here to express support for the bill.

The farm and ranch members of Farm Bureau have developed and adopted a number of policy statements that relate to the proposal under consideration by this Committee today:

- *We support increased efforts to develop, promote and utilize traditional and alternative products derived from the crop and livestock production from the state's farms and ranches.*
- *Using agricultural products to produce non-food products provides additional marketing opportunities and the potential for increased prices.*
- *We support additional research and development to find non-traditional farm products that have the potential to become viable enterprises for agricultural producers.*

House Agriculture Committee
March 8, 2000
Attachment 21

The funding mechanism in the original version of the bill was unacceptable to Farm Bureau. The language stated: *"The funding for the center of excellence shall be redirected funds within the existing budget for the extension systems and agriculture research program at Kansas State University."* We cannot weaken, or perhaps even destroy, important functions now provided by K-State that are vital to the family farmers and rural communities of the state. We support adequate funding for the research and extension programs that provide technical specialists and county agents that deliver research information and provide instruction to Kansas citizens. Farm Bureau policy calls for increased, not decreased, science-based research that will protect water quality, increase the marketability of farm products, solve environmental concerns and increase net farm income by decreasing input costs and improve product quality. We support the Senate action that struck the language that supplied the revenue from "redirected funds."

Lines 17 thru 36 of the bill outline the functions and duties of the center of excellence. It is our understanding that K-State is already providing many of these services and functions listed in the bill. We encourage you as members of the House Agriculture Committee to examine current K-State activities with those proposed in SB 534 and take action to avoid any wasteful duplication. If you find that most of the functions called for in the bill are already being provided, perhaps a plan that repackages those activities to increase their visibility would achieve the same goal rather than establishing another expensive level of administration. We believe that is the reason the Senate directed K-State to appoint a coordinator, rather than calling for additional staff when existing administrators are available to operate the Center of Excellence. We support that Senate action.

Farm Bureau policy encourages a strong commitment by the Kansas Legislature, Board of Regents and the K-State administration for the land grant tradition of teaching, research and extension. While we support programs at K-State that promote sustainable agriculture and alternative crops, we must avoid any duplication and continue the current programs Kansas farmers and ranchers have depended upon for the past 50 years that impact their profitability, quality of life and rural communities.

Thank you!

Kansas House Agriculture Committee

Testimony in favor of SB 534

March 8, 2000

Submitted on behalf of
The Kansas Natural Resource Council
And Kansas Sierra Club

Charles Benjamin, Ph.D., J.D.
Attorney at Law
401 Boulder Street
Lawrence, Kansas 66049
(785) 550-4876

I am here today to speak in favor of SB 534 which would establish a center of excellence on sustainable agriculture and alternative crops at Kansas State University. Although SB 534 is lacking in detail as to how this center would fit into the existing framework of research and education the concept is still worth your support. A center would help focus attention on an important and growing segment of agriculture and consumer interest.

The Kansas Natural Resource Council and Kansas Sierra Club are strongly in favor of an agricultural system in Kansas and elsewhere that is "sustainable." By that we mean a system of agriculture that is viable economically, environmentally and socially. Sustainable agriculture relies heavily on the experiential knowledge of farmers, and on the knowledge and research assistance from land grant universities. Sustainable agriculture involves a broad range of approaches, most of which work to decrease reliance on purchased inputs and increase reliance on on-farm or renewable resources. The ability to lower production costs is an important key to keeping more of the food dollar in the hands of the farm family and within the community. In recent years developing alternative marketing approaches has become as important to the farmer as lowering production costs. There is already in place constituency needing information on sustainable farming practices, enterprise development, and marketing alternatives.

Establishing a center of excellence on sustainable agriculture and alternative crops would serve several useful public policy purposes. First, it would enable the university to better coordinate their existing efforts. Second, it would focus the university on developing new research efforts for sustainable agriculture and alternative crops. Third, it would provide the university a platform for seeking funding from outside sources interested in these issues.

Even though the state has budget constraints at this time, ideally the state should appropriate additional dollars to help KSU set up this center. We also support an advisory board made up of KSU, sustainable agriculture representatives and others to develop and guide this concept into implementation.

STATE OF KANSAS

GWEN WELSHIMER
REPRESENTATIVE, EIGHTY-EIGHTH DISTRICT
SEDGWICK COUNTY
6103 CASTLE
WICHITA, KANSAS 67218
316-685-1930
DURING SESSION
LEGISLATIVE HOTLINE
1-800-432-3924
OFF: 785-296-7687



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

MEMBER: GOVERNMENTAL ORGANIZATION
& ELECTIONS, RANKING MINORITY MEMBER
BUSINESS, COMMERCE & LABOR
KANSAS 2000
LOCAL GOVERNMENT
REP., NATIONAL CONFERENCE OF
STATE LEGISLATURES

March 8, 2000

TO: HOUSE AGRICULTURE COMMITTEE
Rep. Dan Johnson and Committee Members

TESTIMONY: SB 534 - CENTER OF EXCELLENCE ON SUSTAINABLE
AGRICULTURE AND ALTERNATIVE CROPS AT KANSAS STATE UNIVERSITY

SB 534 is a proposal with vision. It implements a plan that will benefit the Kansas farm community with alternative crop opportunities, new export opportunities, and value-added business opportunities. This bill will also benefit education, the environment, and medical research in this state.

I am very much in support of SB534.

A handwritten signature in cursive script that reads "Gwen Welshimer". The signature is written in dark ink and is positioned below the typed text of the letter.

House Agriculture Committee
March 8, 2000
Attachment 23

DONALD E. BIGGS
 SENATOR, 3RD DISTRICT
 LEAVENWORTH & JEFFERSON COUNTIES



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
 RANKING MINORITY MEMBER:
 ENERGY AND NATURAL RESOURCES
 MEMBER:
 AGRICULTURE
 ARTS AND CULTURAL RESOURCES
 FEDERAL AND STATE AFFAIRS
 FINANCIAL INSTITUTIONS AND
 INSURANCE

LEGISLATIVE HOTLINE
 1-800-432-3924
 (DURING SESSION)

March 8, 2000

TESTIMONY FOR HOUSE AGRICULTURE COMMITTEE
 BY SENATOR DON BIGGS
 SB534 KSU CENTER OF EXCELLENCE

The origin of this bill is from a recommendation of the Joint Interim Committee on Agriculture which met during the summer and fall of 1999. The subject of the bill is one that has been discussed by many Kansans for a number of years. It is not an affront to the renowned School of Agriculture at KSU, but is a call for a new and broader perspective.

It is time for Kansas to move forward with leadership, research, and initiatives on sustainable agriculture and alternative crops. A commitment from KSU to establish a viable Center of Excellence as proposed in SB534 would be a giant step and help us catch up and keep pace with programs at other land grant universities. We have identified 12 already in existence and operating.

Independent Kansas farmers have a strong tradition of seeking new solutions and innovations to survive and stay on the land. This bill provides a vehicle for alternatives to stabilize and grow smaller family farms and rural communities. It is important to the economic and social life of our state and should help offset the trend to industrialized farming which should not be considered as inevitable.

SB534 passed the Senate on a 27 to 12 vote. The funding issue did arise during Senate debate, and the negative votes were largely because of this uncertainty. This could be revisited during omnibus appropriations and through dialogue with K-State on possible funding sources. Passage of SB534 would be an important first step for some new directions and innovations for agriculture in Kansas and greatly supplement what is already being done.

Attached to my testimony is a hand-out from Dr. Rhonda R. Janke of K-State who testified before our Senate Ag Committee on February 9. The back page illustrates the interest and inquiries that now come from Kansans on alternative crops and agriculture. Thanks for your consideration.

**Testimony for Kansas Senate and House Agricultural
Committees: "A Center of Excellence on Sustainable Agriculture
and Alternative Crops" -- February 9, 2000**

Rhonda R. Janke
Associate Professor and Extension Specialist
Sustainable Cropping Systems

There are opportunities:

For getting more income into agriculture:

New crops - medicinal herbs

High value crops - fruits, vegetables, culinary herbs, cut flowers

Kansas only grows 6% of the apples consumed by its' citizens, 2% of the cucumbers, 6% of the potatoes, 4% of the tomatoes....The Institute for Public Policy and Business Research found that 40% of Kaw Valley consumers surveyed purchased produce at a local farmer's market, and 36% purchased organic food at least occasionally. 59% ranked "availability of locally grown produce" as important to the choice of their grocery store.

New methods - organic can bring a premium price, increase consumer interest, possible export potential for some crops. About 1% of U.S. crops are now organic, while between 5% and 10% of European crops are certified organic. Room for growth - 20% a year now and past 5 years in the U.S.

Keeping more \$ in the community - substituting cultivation for herbicide, legumes for fertilizer, keeps the dollars on the farm and in the community. Savings on input costs with planning.

Reduce environmental cost and regulation

Whole farm environmental planning and pro-active remediation can reduce cost to society of water quality treatment facilities and water quality protection enforcement/regulation.

For bringing more income into Kansas specifically related to medicinal herbs:

NIH Botanical Center Grant - \$1.5 million per year over 5 years if successful for research on Echinacea and other immunesystem stimulants.

NIH Natural Products Development, grow and test herbs for other NIH Centers - another \$1.5 million per herb, up to 4 herbs possible (valerian, milk thistle, feverfew, and echinacea)

Kansas Medicinal Herb Marketing Co-op may be able to bring premium price to Kansas growers for top quality product

CAMI (Comprehensive Agriculture and Medical Institute) brings together the right mix of people to foster other collaborative ventures.

Kansas State University
Agricultural Experiment
Station and Cooperative
Extension Service

K-State, County Extension
Councils, Extension Districts,
and U.S. Department of
Agriculture Cooperating.

All educational programs
and materials available
without discrimination on
the basis of race, color,
religion, national origin,
sex, age, or disability.

*"Knowledge
for Life"*

There is interest:

In Medicinal herbs:

Echinacea interest list had 561 names past December - about 2 calls per week since first meeting in the spring of 1997, plus numerous people sign up at various talks and presentations, for a total of 4.3 inquiries per week on medicinal herbs.

In Organic farming/growing:

Price of grains attracting attention - \$12 to \$20 per bushel for soybeans, and \$5 - 6 for wheat. Vegetable premium price anywhere from zero to 200%, average premium probably 10-20%.

In Alternative crops and marketing:

Example phone calls in past 2 ½ weeks-

Wildflower seed - Osage County

Truffles - Norton County

Freshwater Shrimp - Miami County

Where to market white corn and chick peas - Rawlins County

How to set up a green labeling program - Wichita County

Ft. Hays Small Business Association - information on medicinal crops for their files.

Three requests to speak on the topic of organic certification

One request for information on how to certify, and another request for information to pass on to local tax assessor demonstrating that organic farming is "real" farming.

Assist landscape architecture students with sustainable ag enterprises for the "Homestead Farm" in Jackson County.

Plus, seven requests for information on Echinacea and/or other medicinal or pharmaceutical crops.

Kansas Agricultural Alliance

Kansas Agricultural Aviation Association

Kansas Agri-Women

Kansas Association of Ag Educators

Kansas Association of Conservation Districts

Kansas Association of Wheat Growers

Kansas Cooperative Council

Kansas Corn Growers Association

Kansas Crop Consultant Association

Kansas Dairy Association

Kansas Ethanol Association

Kansas Farm Bureau

Kansas Fertilizer and Chemical Association

Kansas Grain and Feed Association

Kansas Grain Sorghum Producers Association

Kansas Association of Nurserymen

Kansas Livestock Association

Kansas Seed Industry Association

Kansas Veterinary Medical Association

Kansas Soybean Association

Western Retail Implement and Hardware Association

Kansas Pork Producers Council

March 8, 2000

The Honorable Dan Johnson
Chairman of the House Committee on Agriculture
Statehouse
Topeka, KS 66612

Dear Chairman Johnson,

The Kansas Agricultural Alliance is writing in support of SB 534, the bill establishing a center of excellence on sustainable agriculture and alternative crops at Kansas State University. The member organizations of the Kansas Ag Alliance, listed on this page, have voted unanimously to endorse and support this legislation with one stipulation. That is that we do not agree with the original requirement that the University redirect existing funds to create the center. We agree with and support the amendments made by the Senate.

Thank you for your consideration.

Sincerely,



Stanley L. Larson
President

House Agriculture Committee
March 8, 2000
Attachment 25

March 8, 2000

**Committee on Agriculture
House of Representatives
State of Kansas**

**Alan Stevens, PhD
Director
K-State Horticulture Research & Extension Centers
Olathe and Wichita**

**Department of Horticulture,
Forestry and Recreation
Resources**
2021 Throckmorton Plant
Sciences Center
Manhattan, KS 66506-5506
785-532-6170
Fax: 785-532-6949
http://www.oznet.ksu.edu/dp_hfrr

re: House Concurrent Resolution No. 5063

I am here today to provide information for a legislative resolution supporting the establishment of a center of excellence in Kansas for the scientific study of medicinal plants.

Kansas has an ideal resource base for the development of a medicinal plant industry. A large number (100+) of Kansas native plants have medicinal properties. Soils, water, and climate in Kansas are well suited for growing these medicinal plants as agricultural crops. Our agricultural producers are in need of profitable alternative crops. The processing, packaging and distribution of medicinal plant products offers many value-added opportunities. A medicinal plant industry located in Kansas could make significant contributions to the State's economy.

The Great Plains Comprehensive Agricultural and Medical Initiative will be a center of excellence, leveraging the resources of the major research and educational institutions of the State to optimize the return to our citizens. We are unique in alternative medicine research in that we have a strong agricultural production dimension so as control and standardize the quality of the raw ingredient.

The legislative resolution in support of the center of excellence for medicinal plants will greatly strengthen our efforts in securing federal research grant funding from the National Institutes of Health and the Department of Agriculture.

Thank you for your consideration of the resolution.

STATE OF KANSAS

GWEN WELSHIMER
REPRESENTATIVE, EIGHTY-EIGHTH DISTRICT
SEDGWICK COUNTY
6103 CASTLE
WICHITA, KANSAS 67218
316-685-1930
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BUSINESS, COMMERCE & LABOR
KANSAS 2000
LOCAL GOVERNMENT
REP., NATIONAL CONFERENCE OF
STATE LEGISLATURES

March 8, 2000

TO: HOUSE AGRICULTURE COMMITTEE
Rep. Dan Johnson and Committee Members

TESTIMONY: HCR 5063 - GREAT PLAINS COMPREHENSIVE AGRICULTURE AND
MEDICAL INSTITUTE (CAMI)

ESTABLISHMENT OF A CENTER OF EXCELLENCE IN KANSAS FOR THE
SCIENTIFIC STUDY OF MEDICINAL PLANTS

HCR 5063 is a resolution that the Kansas Legislature supports the establishment of a center of excellence in Kansas for the scientific study of medicinal plants.

The purpose of this resolution is to assure federal funding sources that the state of Kansas supports the efforts of Great Plains Comprehensive Agriculture and Medical Institute (CAMI) in its quest for federal research funds for our state. This funding would be for alternative crop research at KSU, integrated medical research at KU and the Medical Center, and education and clinical studies at WSU and Washburn.

The resolution is to be addressed to the U.S. Secretary of Agriculture, U.S. Secretary of Education, and Kansas congressional delegation.

Passage of this resolution is very important to the welfare of our state.

A handwritten signature in cursive script that reads "Gwen Welshimer". The signature is written in dark ink and is positioned above the typed name and date.

House Agriculture Committee
March 8, 2000
Attachment 27