

Approved: 1-26-00  
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Steve Morris at 10:00 a.m. on January 25, 2000, in Room 423-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee:

          Connie Fisher, Director, Agriculture Products Development Division, Kansas Department of  
  Commerce and Housing

Others attending:     (See Attached)

Senator Umbarger made a motion to approve the minutes of the January 20, 2000 meeting. Senator Biggs seconded. The motion carried.

Senator Biggs made a motion to introduce a bill that would exempt certain Kansas-grown products from sales tax. Senator Tyson seconded. The motion carried.

Connie Fisher, Director, Agriculture Products Development Division, Kansas Department of Commerce and Housing, introduced her Division staff and gave an overview of the Agriculture Products Development Division's accomplishments for fiscal year 1999, as well as some of the Division's current endeavors (Attachment 1).

The next meeting will be January 26, 2000.



**Senate Agriculture Committee**  
**January 25, 2000**  
**Kansas Dept. of Commerce & Housing**  
**Agriculture Products Development Division**

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

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

***Agricultural Value Added Center:***

• **KSU Pilot Plant Support**

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

• **Commercialization Loans**

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

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

*Senate Agriculture*  
*1-25-00*  
*Attachment 1*

- **Alternative Crops**

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

- **Cooperative/Producer Group Development**

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

### ***International Trade:***

- **Market Development Awards**

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

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

- **Technical Assistance**

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

### ***From the Land of Kansas Program:***

- **Membership**

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

- **Tradeshaw Assistance**

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

- **Travel Information Centers**

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

- **Kansas Connection Catalog**

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

***Ethanol:***

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

***Dairy Recruitment:***

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

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

***Value Added Agriculture Conference:***

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

***Current/Future Endeavors:***

- **Value Added Conferences**

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

- **International Marketing Assistance**

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

- **Mexican Wheat Marketing Research Project**

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

- **Kansas State Fair**

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

- **Technical Assistance**

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

- **Outreach**

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