

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on March 19, 2003, in Room 423-S of the Capitol.

All members were present except: Representative Showalter - Excused

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

Conferees appearing before the committee:

Senator David Corbin

Doug Wareham, Kansas Grain and Feed Association and Kansas Agribusiness Retailers Association

Janet McPherson, Assistant Director, Governmental Relations, Kansas Farm Bureau

Steve Bittel, Executive Director, Kansas Rural Development Council

Professor Mike Babcock, School of Economics, Kansas State University

Others attending: See attached list

Hearing on SB 145 - Abolishing state board of agriculture.

Chairman Johnson opened the hearing on **SB 145**. Raney Gilliland explained that the original bill would have abolished the State Board of Agriculture, but was amended in the Senate to restore the powers and duties of the State Board of Agriculture, except those with respect to providing the Governor with a list of nominees for the position of Secretary of Agriculture. As amended, the bill provides that the Secretary of Agriculture be directly appointed by the Governor, rather than having the Governor choose the Secretary from a list of three nominees put forward by the State Board of Agriculture.

Senator David Corbin, sponsor of the bill, appeared as a proponent of **SB 145** to allow the Governor to directly appoint the Secretary of Agriculture. He believes the current system is flawed and inefficient. He noted that it took over \$4,000 to advertise for the position this year, then no one was chosen from the applicants, so the process then had to be repeated. He stated that this bill would save the State time and money. (Attachment 1)

Doug Wareham on behalf of the Kansas Grain and Feed Association and Kansas Agribusiness Retailers Association testified in support of **SB 145**. He stated that while both organizations fully support the nine-member State Board of Agriculture's role in advising the Secretary and Governor on agricultural policy, they believe the role of the board in nominating persons for the position of Secretary of Agriculture has been proven to be problematic. He said that while KGFA does not presently have formal policy regarding the role of the State Board of Agriculture, KARA does have specific policy regarding the Department of Agriculture and the nine-member advisory board which is included in his testimony. (Attachment 2)

Janet McPherson, Assistant Director, Governmental Relations, Kansas Farm Bureau, appeared in opposition to **SB 145**. She stated that Kansas Farm Bureau policy is supportive of the current statutory responsibilities given to the State Board of Agriculture. This bill would remove the boards' role in secretary selection, which is a specific part of the statute reviewed by Farm Bureau through the policy process, therefore, KFB opposes **SB 145**. (Attachment 3)

As there were no other conferees, the hearing on **SB 145** was closed.

Steve Bittel, Executive Director, Kansas Rural Development Council, discussed the Council's involvement in preservation of short-line rail service in Kansas. He introduced Professor Mike Babcock, a noted transportation economist at Kansas State University, who recently completed a study on the impacts of short-line rail service in western Kansas. (Attachment 4)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE at 3:30 p.m. on March 19, 2003, in Room 423-S of the Capitol.

Professor Mike Babcock, School of Economics, Kansas State University, presented the results of his study of Kansas railroad abandonment trends, discussed the financial impacts of short-line abandonment on the Kansas economy, and outlined his policy recommendations. (Attachment 5)

Marc Johnson, Dean and Director, K-State Research and Extension, Kansas State University, provided a written response to committee questions concerning research and educational activities at K-State regarding ethanol and biodiesel. (Attachment 6)

A letter from Adrian Polansky, Secretary of Agriculture, outlining Kansas Agriculture Day activities on Friday, March 21, was distributed. (Attachment 7)

Testimony in support of **SB 46** from Betty Westhoff, St. Paul, Kansas, was distributed. The testimony was received after the hearing on Monday. (Attachment 8)

Discussion and action on SB 46 - Kansas pet animal act, procedures for seizure and impoundment of animals.

Chairman Johnson opened discussion on **SB 46** and asked Raney Gilliland to review the bill for the committee.

Representative Dahl moved to recommend SB 46 adversely for passage. Seconded by Representative Faber, the motion failed.

Representative Larkin moved to conceptually amend SB 46 to eliminate duplication of inspection. If a kennel has a USDA license, a State license would not be necessary. Seconded by Representative Powell, the motion failed.

Representative Feuerborn moved to amend SB 46 to require a cash "or security bond approved by the Livestock Commissioner." The motion was seconded by Representative Light. The motion passed.

Representative Schwartz moved to conceptually amend SB 46 in Section 1 (a) to state that an owner may post a cash or security bond approved by the Livestock Commissioner, and if posted, shall prevent sale, placement or euthanasia of the animal. Seconded by Representative Freeborn, the motion carried.

Representative Freeborn moved to amend SB 46 on lines 36 and 37 by striking the language "an officer of a duly incorporated humane society or" The Kansas Animal Health Department concurred with this amendment. Seconded by Representative Powell, the motion passed.

Representative Powell moved to amend SB 46 on lines 29 and 30 by reinserting the stricken language "unless there is a court order prohibiting such disposition." The motion was seconded by Representative Dahl. Following committee discussion, Representative Powell, with Representative Dahl's consent, withdrew his amendment.

Representative Feuerborn moved to recommend SB 46, as amended, favorable for passage. The motion was seconded by Representative Freeborn. The motion failed.

Discussion and action on SB 131 - Exclusion of livestock auction barns and other livestock markets from confined feeding facility requirements.

Chairman Johnson opened discussion on SB 131.

Raney Gilliland explained compromise balloon amendments to **SB 131** agreed to by Mark Mackey, Kansas Livestock Marketing Association, and the Kansas Department of Health and Environment. The proposal would strike language on page 2, line 8, and on page 3, lines 6-8, referring to "public livestock markets" and would provide a new definition of animal unit for livestock markets on page 2, line 35. (Attachment 9)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE at 3:30 p.m. on March 19, 2003, in Room 423-S of the Capitol.

Mr Mackey and John Harsch, Kansas Department of Health and Environment, explained the proposed animal unit designation for livestock markets and answered committee questions. (Attachment 10)

Representative Larkin moved to adopt the balloon amendment. Seconded by Representative Dahl, the motion carried.

Representative Dahl moved to amend **SB 131** to include annual livestock truck washing facility permit fees. For a private truck washing facility for animal wastes with two or fewer trucks, the permit fee would be \$100; for a private truck washing facility for animal wastes with three or more trucks, the fee would be \$200. The annual permit fee for a commercial truck washing facility for animal wastes would remain at \$320. Seconded by Representative Powell, the motion carried.

Representative Miller moved to recommend **SB 131**, as amended, favorable for passage. The motion was seconded by Representative Thimesch. The motion carried. Representatives Compton, Light, Ostmeyer, and Powell asked that their no votes be recorded.

The meeting adjourned at 5:55 p.m. The next meeting is scheduled for March 24, 2003.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: March 19, 2003

NAME	REPRESENTING
Judd Johnson	KLA
Kevin Barone	Hern Law Firm
Tom Whitaker	Ks MOTOR CARRIERS ASSN.
Janet McPherson	Ks Farm Bureau
Eric King	Self
Deane Sturmer	Ks Coop Council
Daz Wareham	ICGFA / KARA
Matt Bergman	-
Leo Schwach	
MARK MACKAY	LIVESTOCK MARKETING ASSN.
Mark Jepson	KDHE
John Horsch	KDHE
Steve Bittel	KRDC
Michael W. Babcock	KSU
John Rosacker	KDOT
Debra Duncan	Kansas Animal Health Dept
Ray Hamsted	KDOCH
Janna Dunbar	KDOCH
Adrian J. Polansky	Dept. of Ag
Twila Drybread	Budget

DAVID R. CORBIN
SENATOR, SIXTEENTH DISTRICT
BUTLER, GREENWOOD & ELK COUNTIES



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
CHAIRMAN ASSESSMENT AND TAXATION
MEMBER AGRICULTURE
EDUCATION
FINANCIAL INSTITUTIONS & INSURANCE
NATURAL RESOURCES
ORGANIZATION, CALENDAR & RULES
REAPPORTIONMENT
NCSL VICE CHAIRMAN, BUDGET & FINANCE

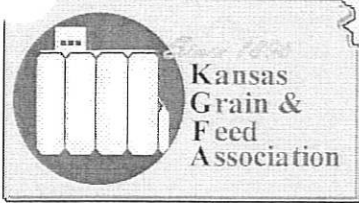
**House Agriculture Committee
Wednesday, March 19, 2003**

Testimony on SB 145

Thank you for the opportunity to appear before the House Agriculture Committee as a proponent of SB 145, an act allowing the Secretary of Agriculture to be directly appointed by the Governor.

I believe the current process to select the Secretary of Agriculture by submission of nominees by the State Advisory Board to the Governor is flawed. The selection process this year has been cumbersome; and this bill would save the State time and money and will not hurt the Department of Agriculture. It took over \$4,000 to advertise for the position this year, then no one was chosen from the applicants; so the process then had to be repeated. This process does not seem to me to be efficient.

It is my recommendation that the nominations by the State Advisory Board of the Department of Agriculture should be eliminated and that the Governor be allowed to directly appoint the Secretary of Agriculture.



STATEMENT OF THE
KANSAS GRAIN & FEED ASSOCIATION
AND THE
KANSAS AGRIBUSINESS RETAILERS ASSOCIATION
SUBMITTED TO THE
HOUSE AGRICULTURE COMMITTEE
REGARDING SENATE BILL 145
REPRESENTATIVE DAN JOHNSON, CHAIRMAN
MARCH 19, 2003

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

Chairman Johnson and members of the House Agriculture Committee, I am Doug Wareham appearing on behalf of the Kansas Grain and Feed Association (KGFA) and the Kansas Agribusiness Retailers Association (KARA). The KGFA is a voluntary state association with a membership encompassing the entire spectrum of the grain receiving, storage, processing and shipping industry in the state of Kansas. KGFA's membership includes over 1,100 Kansas business locations and represents 98% of the commercially licensed grain storage in the state. KARA's membership includes nearly 750 agribusiness firms that are primarily retail facilities that supply fertilizers, crop protection chemicals, seed, petroleum products and agronomic expertise to Kansas farmers. KARA's membership base also includes ag-chemical and equipment manufacturing firms, distribution firms and various other businesses associated with the retail crop production industry.

I appear in support of Senate Bill 145. While our organizations fully support the nine-member State Board of Agriculture's role in advising the Secretary and Governor on agricultural policy, we believe the role of the Board in nominating persons for the position of Secretary of Agriculture has been proven to be problematic. Senate Bill 145 removes that responsibility from the Board and places the responsibility of naming a Kansas Secretary of Agriculture solely with the Governor, as is the case with every other cabinet level position in Kansas.

Some of the specific concerns with the current process of having the Board nominate individuals from which the Governor must choose include:

- Potential for significant delays in the appointment of a permanent Secretary of Agriculture, as we are presently experiencing.
 - The nomination process itself can cause a significant delay.
 - Further delays can be caused by the rejection of all three nominees.
- There are significant costs associated with the additional meetings and advertising necessary to discover candidates for possible nomination by the Board.

While KGFA does not presently have formal policy regarding the role of the State Board of Agriculture, KARA does have specific policy regarding the Department of Agriculture and the nine-member advisory board, which is highlighted below:

- **KANSAS DEPARTMENT OF AGRICULTURE--**KARA has a vested interest in the effective and efficient operation of the Department since the majority of the regulations it enforces directly impact our industry. Consequently, we fully support the outcome of the debate during the 1995 session as the most efficient and effective way for the Department to carry out its regulatory mission. The Secretary of Agriculture is chosen by the Governor and confirmed by the Senate. The Secretary has rule and regulation authority, as well as complete authority over all personnel decisions. A 9-member advisory board is appointed by the Governor to advise the Secretary and Governor on agriculture policy in Kansas.

Thank you for the opportunity to appear in support of this bill and I would be happy to stand for questions.



Kansas Farm Bureau

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800 S.W. Jackson, Suite 817, Topeka, Kansas 66612 • 785.234.4535 • Fax 785.234.0278

PUBLIC POLICY STATEMENT

House Committee on Agriculture

RE: SB 145 – an act eliminating the state board of agriculture.

**March 19, 2003
Topeka, Kansas**

**Presented by:
Janet McPherson, Assistant Director
KFB Governmental Relations**

Chairman Johnson and members of the committee, thank you for the opportunity to provide comments on Senate Bill 145, as amended. I am Janet McPherson, Assistant Director of Governmental Relations for the Kansas Farm Bureau. KFB policy is supportive of the current statutory responsibilities given to the agriculture board, and as such, we oppose SB 145.

We support the existence of the State Advisory Board of Agriculture and its role in providing advice to the Secretary of Agriculture and the Governor. The duties and responsibilities of the Board should include oversight to ensure the agency's regulations are effective in protecting public safety, are reasonable, scientifically-based and promote a strong agricultural industry.

The board, by statute, serves in an advisory capacity to the Governor and Secretary on Department legislative initiatives. Statute also prescribes that the board review and make recommendations on proposed rules and regulations, or on proposed revised rules and regulations prior to the submission of such to the Secretary of Administration. Additionally, the board also has advisory responsibility to the Kansas Department of Commerce Agriculture Products Development Division, and the division must report to the board at least twice per year. The agriculture board also advances recommendations for Secretary of Agriculture candidates to the Governor.

Kansas Farm Bureau resolutions committee members have discussed the role of the board and specific statutory duties during the policy development process so that they might accurately facilitate discussions and answer questions at the district level. This bill would remove the board's role in secretary selection, which is a specific part of the statute reviewed by Farm Bureau through the policy process. As such, we respectfully ask the committee to consider the policy implications of this bill and not pass SB 145 favorably. Thank you.

**Kansas Rural Development Council
1303 SW First American Place, Suite 100
Topeka, Kansas 66604**

My name is Steve Bittel and I am the Executive Director of the Kansas Rural Development Council. We appreciate the time you have given us today to present some very interesting findings that could have a definite impact on future rural transportation planning. The Council is proud of the fact that we have been deeply involved with the preservation of short-line rail service in Kansas. We feel that our direct involvement has been a major factor in the renewed service rural Kansas communities have been experiencing. But, this could not have happened without the support and commitment of many entities within our great State. We would like to thank the Kansas Department of Transportation for their support and financial assistance, Kansas Electric Power Cooperative for its forethought and assistance, the Kansas Legislature, Kansas State University, Kansas Association of Counties, members of the Agriculture Alliance, the offices of Sen. Sam Brownback, Sen. Pat Roberts, Rep. Jerry Moran and Rep. Todd Tiahrt and the many individuals that stepped up to the plate.

Professor Mike Babcock, a noted transportation economist with Kansas State University has just completed a study on the impacts of short-line rail service in Western Kansas. His study comes at a very fortuitous time for rural transportation planning. The U.S. Dept. of Transportation has just clarified the role of rural local officials in transportation planning. A quote from the January 23, 2003 USDOT News Release follows.

“While states are ultimately responsible for statewide transportation planning, the Transportation Equity Act for the 21st Century (TEA-21) specified a role for rural officials in the statewide transportation planning process. Under the final rule, states are required to consult with non-metropolitan local officials as they develop their statewide transportation plan and the statewide transportation improvement program. In consulting with non-metropolitan local officials, states are to confer with them in accordance with a process that will be established and put in place by each state.”

The information that Professor Babcock has derived from his research will provide a great foundation for rural officials and the State for their future transportation planning. As you will see, our railroads are still an important asset to our rural economy and will remain so in the future.

Thank you.

Steve Bittel
Executive Director
Kansas Rural Development Council
785/271-2770

Kansas Railroad Abandonment Trends

<u>Time Period</u>	<u>Miles Abandoned</u>
1970-1979	415
1980-1989	815
1990-2000	1,246
2001	335

- In the 1990-2000 period almost half of 1,246 miles were abandoned by shortlines
- In 2001, 86% of the 335 miles were abandoned by shortlines

Motor Carrier Share of Grain Shipped From Kansas Elevators (Percent)

<u>Grain Type</u>	<u>1990 Share</u>	<u>2000 Share</u>
Wheat	37%	47%
Corn	62%	72%
Sorghum	35%	56%
Soybeans	35%	53%

Source: Kansas Grain Transportation (2001)

Changes in the Kansas Grain Transportation System Contributing to Increased Grain Trucking

1. Construction of Shuttle Train Stations on Class I Main Lines
2. Fewer, Larger Farms so Farmer Ownership of Large Trucks has Increased
3. Increasing Size of Rail Grain Cars

Reasons for Increased Grain Trucking Shippers Located on Study Area Shortline Railroads

<u>Reasons for Increased Grain Trucking</u>	<u>Number of Shippers Citing the Reason</u>
1. Truck Service is More Frequent and Dependable Than Rail Service	121
2. Truck Rates are Lower Than Rail Rates	102
3. Uncompetitive Rail Rates	94
4. Best Markets Are Not Rail-Served (Sorghum, Corn, Soybeans)	76
5. Railcar Shortages	70
6. Construction of Shuttle Train Stations on Class I Railroads	53

In General the Shippers as a Group Have Increased Their Grain Trucking Because They View Truck Service and Prices as Better Than That of Railroads

Implications of Increased Grain Trucking for Shortline Railroad Viability

1. Carloads per Mile of Track is the Most Important Determinant of Shortline Profitability
2. Grain is the Most Important Commodity Market for Kansas Shortlines
3. As More Grain is Shipped by Truck the Economic Viability of Shortlines is Threatened

Potential Effects of Shortline Railroad Abandonment

1. Lower Grain Prices Received by Farmers
2. Higher Transportation Costs and Lower Profits for Rail Shippers
3. Loss of Market Options for Shippers
4. Lost Economic Development Opportunities for Rural Communities
5. Loss of Local Tax Base Needed for Basic Government Services
6. Potential Increases in Highway Accidents Due to Increased Truck Traffic
7. Increased Road Damage Costs on County Roads and State Highways

Study Area and Objectives

1. Study Area is the Western Two-Thirds of Kansas. Accounts for 91% of Kansas Wheat Production

2. Major Objective is to Measure the Quantifiable Impacts of Shortline Railroad Abandonment Including:
 - Compute the Changes in Transportation and Handling Cost Due to Shortline Railroad Abandonment

 - Compute the Increase in Truck Attributable Road Damage Cost to Kansas County and State Roads as a Result of Shortline Railroad Abandonment

 - Calculate Additional Highway Accident Costs and Benefits Attributable to Incremental Truck Traffic Resulting From Shortline Railroad Abandonment

Study Area Railroads

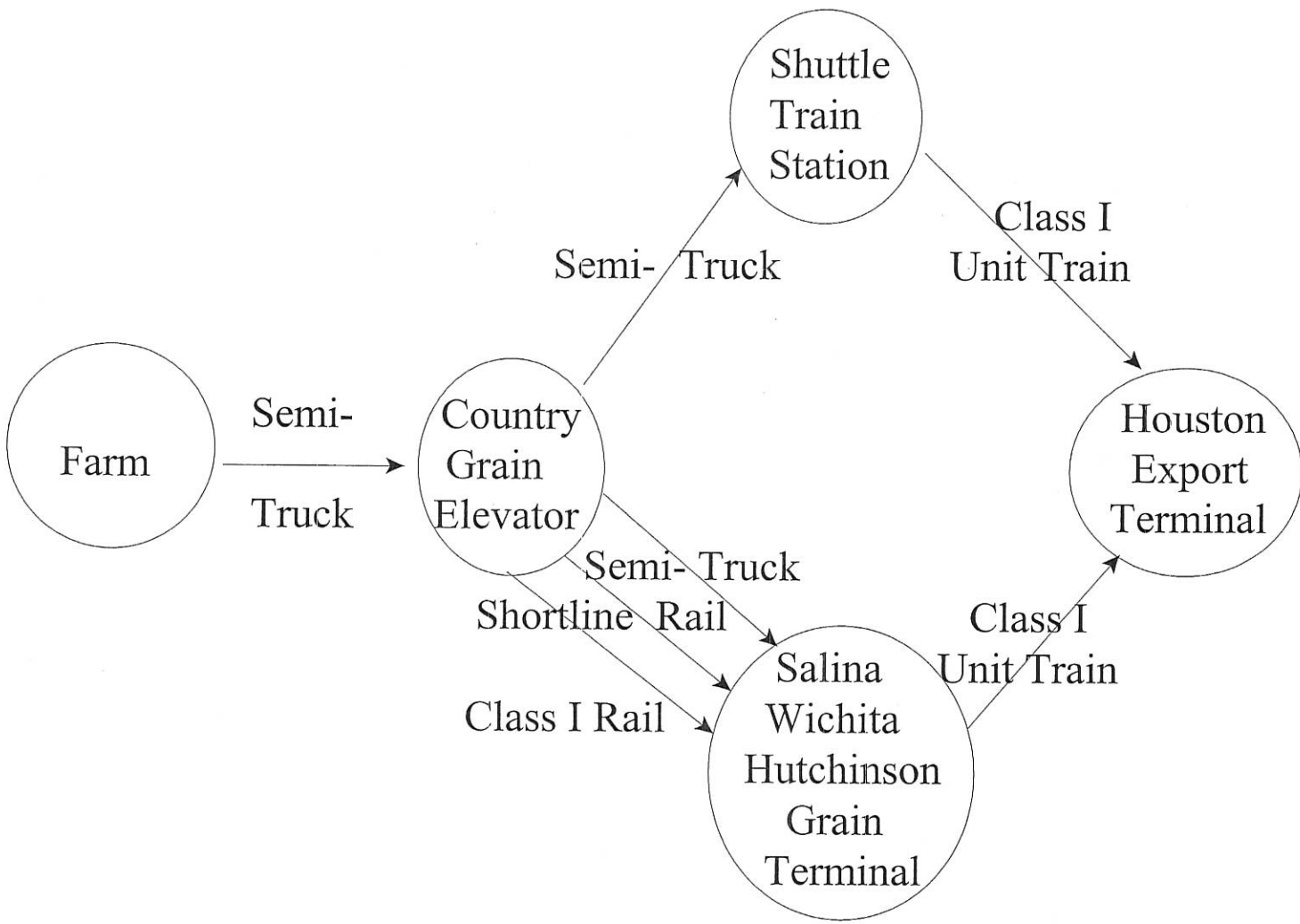
Shortline Railroads

<u>Railroad</u>	<u>Kansas Route Miles</u>
Kansas and Oklahoma	971
Kyle Railroad	482
Cimarron Valley Railroad	186
Nebraska, Kansas and Colorado Railnet	122

Class I Railroads

<u>Railroad</u>	<u>Kansas Route Miles</u>
Burlington Northern Santa Fe	1255
Union Pacific System	2049

Wheat Logistics System



EMPIRICAL RESULTS
 TRANSPORTATION AND HANDLING COST
 (Millions of Dollars)

	(1) No <u>Abandonment</u>	(2) <u>Abandonment</u>	(2) -(1) <u>Difference</u>
Total Truck Transport Cost	\$34.33	\$43.49	\$9.16
Total Shortline Transport Cost	\$10.90	0	\$-10.90
Total Class I Transport Cost	\$81.40	\$81.40	0
Total Handling Costs	\$74.76	\$97.13	\$22.37
Total Transport & Handling Cost	\$201.35	\$222.02	\$20.67

Impact on Kansas Farm Income

- Total Transport and Handling Costs Increase by 5.6 Cents Per Bushel as a Result of Simulated Abandonment
- According to Koo (1985) as Much as 85% of an Increase in Transportation and Handling Cost is Borne by the Grain Producer
- If This is the Case, Kansas Farm Income Would Fall \$17.4 million if Shortlines are Abandoned
(365.5 Million Bushels Shipped x \$0.056 x 0.85 = \$17.4 Million)

EMPIRICAL RESULTS
ROAD DAMAGE COST ANALYSIS
(Millions of Dollars)

<u>Abandoned Shortline</u>	<u>Incremental Road Damage Cost</u>
Kansas & Oklahoma	\$30.57
Kyle Railroad	\$15.76
Cimarron Valley Railroad	\$8.53
Nebraska, Kansas & Colorado Railnet	<u>\$2.92</u>
Total	\$57.78
Total Road Damage Cost	\$ 57.78
Less State User Fees	<u>\$ 0.288</u>
Net Road Damage Cost Due to Abandonment	\$ 57.49

EMPIRICAL RESULTS
HIGHWAY SAFETY COSTS AND BENEFITS

<u>Type of Accident</u>	(1) <u>Benefits</u>	(2) <u>Costs</u>	(1) - (2) <u>Difference</u>
Fatality	\$2,057,146	\$649,196	\$1,407,950
Non-fatal Injury	\$626,831	\$622,380	\$4,451
Property Damage Only	\$14,627	\$23,785	-\$9,158
Total	\$2,698,604	\$1,295,361	\$1,403,243

SUMMARY OF SHORTLINE
ABANDONMENT IMPACTS
(Millions of Dollars)

Increased Transport and Handling Cost	\$20.7
Increased Net Road Damage Cost	\$57.5
Increased Highway Safety Cost	\$1.3
Increased Highway Safety Benefits	\$2.7

Policy Recommendations

1. Study Area Shortline Railroads Annually Save the State of Kansas \$57.5 Million in Avoided Road Damage Cost

2. Kansas Currently Has Two Shortline Railroad Assistance Plans:
 - Federal Local Rail Freight Assistance to States (LRFA)
 - State Rail Service Improvement Funds (SRSIF)

3. Funds in the SRSIF Program Need to be Greatly Increased. To Lower the Impact of SRSIF on Shortline Debt, the State's Share of Track Projects Should be Raised from 70% to 80%, if SRSIF Funds Are Increased

4. The Federal Government Needs to Change the Railroad Rehabilitation and Improvement Financing (RRIF) Program Which Has Not Been Used in Kansas
 - Extend Maximum Repayment Period From 25 to 30 Years
 - Lower the Interest Rate From 6% to 3%
 - Modify the Credit Risk Premium to be More User Friendly

March 12, 2003



TO: Representative Dan Thimesch
FR: Marc A. Johnson *M. Johnson*
Dean and Director
RE: Ethanol, Biodiesel, and Related Issues Update

Dean of Agriculture
Director of Agricultural
Experiment Station and
Cooperative Extension Service
113 Waters Hall
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785-532-6147
Fax: 785-532-6563
<http://www.oznet.ksu.edu>

Last month when I testified before the House Agriculture Committee, you inquired about research and educational activities at K-State regarding ethanol and biodiesel. I promised to respond to your inquiry.

I think it is important to stress that other Midwestern state universities are conducting quite a bit of research on ethanol and biodiesel. Rather than duplicate those efforts, we have decided to work in two areas: 1) Research which will enhance the efficiency of processes which make ethanol, biodiesel or related fuels, and 2) Research which will allow our agricultural products to be used in the future as resins, adhesives, ingredients for plastics, etc., just as petroleum-based products are today.

After quite a few discussions, I have discovered a lot of activity in both the research and educational arenas at K-State. I will proceed through the various activities:

1) Agricultural Economics

As I mentioned during my testimony, our Agricultural Economists have created a Web site which takes individuals and organizations through the questions to ask when considering the feasibility of constructing an ethanol plant in a certain region of Kansas. The site also examines economic issues with ethanol and biodiesel, plus has a case study of ethanol industry economics. The Web site can be found at: www.agecon.ksu.edu/renewableenergy.

During the past two years, our Agricultural Economists have spent considerable time consulting with individuals and organizations on the economics and other considerations of building ethanol plants.

2) Agricultural Products Utilization Forum

The Agricultural Products Utilization Forum (APUF) consists of over 80 scientists from various departments and four colleges across the K-State campus who are conducting research on agricultural-based materials to generate products of higher value. Such higher value offers more return to the farmers, creates processing jobs, and encourages rural development. The APUF Web site is www.oznet.ksu.edu/pr_apuf.

APUF co-sponsored, along with the US Departments of Agriculture (USDA) and Energy (DOE), a conference last November 11-13, 2002, entitled, "Creating Value for Biobased Resources: Moving Beyond Petroleum." The conference was held in Kansas City and was the second such conference, with the first held in 2000. The 81 attendees (up from 64 in 2000) were from approximately ten states, mostly Midwestern, but also from as far away as California and even from Canada.

House Agriculture Committee
March 19, 2003
Attachment 6

Representative Dan Thimesch

March 12, 2003

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3) Extension Energy Service

Dr. Richard Nelson, Director of the Center for Energy Studies, is presently conducting a comprehensive Biomass Energy Resources Study. He is looking at all feedstocks that could be used to make ethanol and biodiesel. Richard also is part of a project with the National Renewable Energy Laboratory which is experimenting with corn stover and wheat straw to make bioethanol (different from grain ethanol).

This past fall, Richard worked with the Kansas Soybean Association to hold a series of Biodiesel Workshops around the state of Kansas.

4) Biological and Agricultural Engineering

Dr. Mark Schrock and Dr. Richard Nelson (see #3 above) are teaching a new class this semester for the very first time. The class is entitled, "Energy and Biofuels Engineering." It is a 650 level class for juniors and seniors and will be taught only spring semesters.

I think this shows the growing interest in alternative energy subjects by faculty and students.

5) Chemical Engineering

a) Dr. Keith Hohn and Dr. John Schlup are conducting research into a new way of breaking down vegetable oils and animal fats. Today, the oils and fats normally undergo esterification and then are blended with fuel. Drs. Hohn and Schlup hope to break the oils and fats down differently. There is CO₂ on the end of the oil and fat's fatty acids. Our scientists want to remove the oxygens (O₂). The remaining portion of the chain would be a long-chain hydrocarbon. Present-day petroleum fuels are long-chain hydrocarbons and the hope is the oil/fats' long-chain hydrocarbons will behave the same as those from petroleum.

Drs. Hohn and Schlup have a small reactor working now and are trying to analyze what is coming off the reactor. This is the first year of their experimentation, so there are no results yet. They hope to have some results in another year.

This work is being funded by a Department of Energy grant for the education of students to work on biobased fuels research. The goal is to train students to work on biobased materials rather than with petroleum, thus guaranteeing we will see more use of and products from biobased materials in the future.

6) Chemical Engineering/Grain Science

a) Dr. L.T. Fan (Chemical Engineering) and Dr. Paul Seib (Grain Science Department) are working on a project to optimize the separation systems from fermentation. See the enclosed paper, "Optimal Conceptual Design for Downstream Processing in the Production of Fuels, Solvents, and Feeds from Grains."

Representative Dan Thimesch

March 12, 2003

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Dr. Fan and Dr. Paul Seib have a student finishing up a Ph.D. in this area of biofuels from biomass. See the enclosed paper, "Generation of Feasible and Optimal Flowsheets for Downstream Processing in Biochemical Production of Butanol and By-products." Also, see the enclosed paper, "Process Synthesis for Downstream Processing in Production of Butanol, Ethanol, and Acetone from Corn and Grain Sorghum."

Their goal with these studies is to produce butanol, rather than only ethanol. Butanol is a good additive for diesel fuel. Their process can conceivably work with grain sorghum or biomass (stalks and grass).

b) Dr. L.T. Fan has included articles from The New York Times. These articles are very optimistic about the future of biobased materials and other alternative energy sources, which are or soon will be nearly as economical as petroleum.

As we train more students to work with biobased materials and conceive novel and efficient processes to take biobased materials and turn them into chemical feedstocks, production will grow.

c) K-State is establishing a new Biobased Materials Science and Engineering graduate certificate program. Once approved, Chemical Engineering, Grain Science, or any other K-State students could take specified courses which would qualify them to receive this certificate. The hope is that the certificate will help students find employment in companies or agencies working on biobased materials plus highlight the opportunities available to the students in these new areas.

7) Bioprocessing and Industrial Value-Added Program Facility

The new Bioprocessing and Industrial Value-Added Program (BIVAP) facility will contain a fermentation laboratory. The purpose of fermentation is to break down cellulose and hemicellulose into fermentable sugars that yeast can act upon. The challenge in present systems concerns how to more efficiently break down the cellulose. Our new facility will allow such work to proceed under excellent research conditions. Our scientists cannot wait until the new facility is constructed.

The training of students in this area of study, the new BIVAP facility, and the increased interest in using alternative energy sources bodes well for the future of our agricultural products.

As I emphasized earlier in this letter, we are not duplicating what is being done at other universities. Instead, we are increasing efficiencies and working on nonfuel (plastics, adhesives, resins, etc.) niches for Kansas agricultural products. I hope you will find this information interesting and useful. If you have other questions, please call my assistant Steven Graham at 785-532-5729. Thanks.

cc: Dan Johnson, Raney Gilliland, Sue Peterson, Steven Graham
Enclosures

KANSAS

DEPARTMENT OF AGRICULTURE
ADRIAN J. POLANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

March 18, 2003

Rep. Dan Johnson
Capitol 426-S

Dear Rep. Johnson,

All legislators will be asked to join us Friday, March 21, as we celebrate Kansas Agriculture Day from 9 a.m.-3 p.m. in the first floor atrium area of the Kansas Statehouse.

I am inviting the chairmen and the ranking minority member of the House and Senate agriculture committees to join me and Governor Kathleen Sebelius as we visit agricultural organization displays at 11:30 a.m. The official proclamation of Kansas Agriculture Day 2003 will be read at that time, and you would be welcome to make brief remarks.

I would also appreciate if the chairmen would help attract attention to our Agriculture Day celebration by passing out Ag Day nametags to members of the committee and announcing the event on the floor during Thursday's session.

For your information, these are the groups which will be represented at Agriculture Day: Kansas Department of Agriculture, Kansas Department of Commerce, Kansas Foundation for Agriculture in the Classroom, Kansas Association of Wheat Growers, Kansas Agricultural Aviation Association, Kansas Dairy Association, Kansas Biotechnology Information Center, Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association, Kansas Wheat Commission, Kansas Beef Council and Kansas Rural Center.

Agriculture Day Events

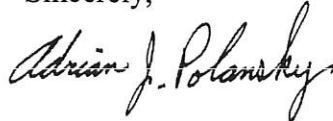
- 9 a.m. Displays open.
- 11:30 a.m. Remarks from Governor Sebelius, Secretary Polansky and agriculture committee leadership.
- 12:30 KFAC art contest winners, parents and teachers meet at KDA. Brief greeting from Secretary of Agriculture and presentation of savings bonds by representative of Kansas Water Office.
- 1:15 p.m. Winners and their families arrive in Governor's Office. She will present certificates to children. I will provide a list of students so presentations can be made from youngest to oldest student, ending with grand prize winner. Governor also will sign agriculture day proclamation and have desk photo taken with the children.

Winning Students

Kindergarten -- Siera Haug - Riley County
Grade 1-- Adam Gray - Riley County
Grade 2--Gary Stewart - Ford County
Grade 3--Jose Castrellon - Finney County
Grade 4--Samee Sprenkle - Wyandotte County
Grade 5--Sam Small - Reno County (second year as a winner)
Grade 6--Micah William Hartter - Nemaha County
Grand Prize Winner -- Amelia Lewis (second year as a winner)

I hope you can participate in the 11:30 ceremony and encourage others to celebrate Kansas agriculture.

Sincerely,



Adrian J. Polansky
Secretary of Agriculture

03-13-2003

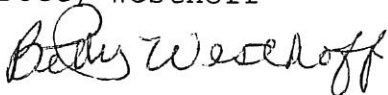
Dan Johnson
300 SW 10th Avenue
Room 426 South
Topeka, Ks 66612-1504

Dear Mr. Johnson:

I favor SB# 46.
If, some people had done their job, got their state license
and followed the regulations, we might not be having this bill.

But, when some facilities refuse to get the license required
by the STATE OF KANSAS, then other means, other regulations,
other laws are required.

Thanks,
Sincerely,
Betty Westhoff



7250 Wallace Rd
St. Paul, Ks 66771

House Agriculture Committee
March 19, 2003
Attachment 8

SENATE BILL No. 131

By Committee on Natural Resources

2-4

9 AN ACT relating to livestock; concerning application of certain require-
10 ments to public livestock markets; amending K.S.A. 65-171d and re-
11 pealing the existing section.
12

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

14 Section 1. K.S.A. 65-171d is hereby amended to read as follows: 65-
15 171d. (a) For the purpose of preventing surface and subsurface water
16 pollution and soil pollution detrimental to public health or to the plant,
17 animal and aquatic life of the state, and to protect designated uses of the
18 waters of the state and to require the treatment of sewage predicated
19 upon technologically based effluent limitations, the secretary of health
20 and environment shall make such rules and regulations, including regis-
21 tration of potential sources of pollution, as may in the secretary's judg-
22 ment be necessary to: (1) Protect the soil and waters of the state from
23 pollution resulting from underground storage of liquid petroleum gas and
24 hydrocarbons, other than underground porosity storage of natural gas; (2)
25 control the disposal, discharge or escape of sewage as defined in K.S.A.
26 65-164 and amendments thereto, by or from municipalities, corporations,
27 companies, institutions, state agencies, federal agencies or individuals and
28 any plants, works or facilities owned or operated, or both, by them; and
29 (3) establish water quality standards for the waters of the state to protect
30 their designated uses. In no event shall the secretary's authority be in-
31 terpreted to include authority over the beneficial use of water, water
32 quantity allocations, protection against water use impairment of a bene-
33 ficial use, or any other function or authority under the jurisdiction of the
34 Kansas water appropriation act, K.S.A. 82a-701, and amendments thereto.

35 (b) The secretary of health and environment may adopt by reference
36 any regulation relating to water quality and effluent standards promul-
37 gated by the federal government pursuant to the provisions of the federal
38 clean water act and amendments thereto, as in effect on January 1, 1989,
39 which the secretary is otherwise authorized by law to adopt.

40 (c) For the purposes of this act, including K.S.A. 65-161 through 65-
41 171h and K.S.A. 65-1,178 through 65-1,198, and amendments thereto,
42 and rules and regulations adopted pursuant thereto:

43 (1) "Pollution" means: (A) Such contamination or other alteration of

House Agriculture Committee
March 19, 2003
Attachment 9

1 the physical, chemical or biological properties of any waters of the state
 2 as will or is likely to create a nuisance or render such waters harmful,
 3 detrimental or injurious to public health, safety or welfare, or to the plant,
 4 animal or aquatic life of the state or to other designated uses; or (B) such
 5 discharge as will or is likely to exceed state effluent standards predicated
 6 upon technologically based effluent limitations.

7 (2) "Confined feeding facility" means any lot, pen, pool or pond
 8 ~~other than a public livestock market~~. (A) Which is used for the confined
 9 feeding of animals or fowl for food, fur or pleasure purposes; (B) which
 10 is not normally used for raising crops; and (C) in which no vegetation
 11 intended for animal food is growing.

12 (3) "Animal unit" means a unit of measurement calculated by adding
 13 the following numbers: The number of beef cattle weighing more than
 14 700 pounds multiplied by 1.0; plus the number of cattle weighing less
 15 than 700 pounds multiplied by 0.5; plus the number of mature dairy cattle
 16 multiplied by 1.4; plus the number of swine weighing more than 55
 17 pounds multiplied by 0.4; plus the number of swine weighing 55 pounds
 18 or less multiplied by 0.1; plus the number of sheep or lambs multiplied
 19 by 0.1; plus the number of horses multiplied by 2.0; plus the number of
 20 turkeys multiplied by 0.018; plus the number of laying hens or broilers,
 21 if the facility has continuous overflow watering, multiplied by 0.01; plus
 22 the number of laying hens or broilers, if the facility has a liquid manure
 23 system, multiplied by 0.033; plus the number of ducks multiplied by 0.2.
 24 However, each head of cattle will be counted as one full animal unit for
 25 the purpose of determining the need for a federal permit. "Animal unit"
 26 also includes the number of swine weighing 55 pounds or less multiplied
 27 by 0.1 for the purpose of determining applicable requirements for new
 28 construction of a confined feeding facility for which a permit or registra-
 29 tion has not been issued before January 1, 1998, and for which an appli-
 30 cation for a permit or registration and plans have not been filed with the
 31 secretary of health and environment before January 1, 1998, or for the
 32 purpose of determining applicable requirements for expansion of such
 33 facility. However, each head of swine weighing 55 pounds or less shall be
 34 counted as 0.0 animal unit for the purpose of determining the need for
 35 a federal permit.

36 (4) "Animal unit capacity" means the maximum number of animal
 37 units which a confined feeding facility is designed to accommodate at any
 38 one time.

39 (5) "Habitable structure" means any of the following structures which
 40 is occupied or maintained in a condition which may be occupied and
 41 which, in the case of a confined feeding facility for swine, is owned by a
 42 person other than the operator of such facility: A dwelling, church, school,
 43 adult care home, medical care facility, child care facility, library, com-

9-2

Animal unit for livestock markets shall be determined by dividing the annual animal units by 365. Such animal unit figure may be reduced if the livestock market demonstrates to the department the amount of time in 24-hour increments or partials thereof that animals are at the market.

1 munity center, public building, office building or licensed food service or
2 lodging establishment.

3 (6) "Wildlife refuge" means Cheyenne Bottoms wildlife management
4 area, Cheyenne Bottoms preserve and Flint Hills, Quivera, Marais des
5 Cygnes and Kirwin national wildlife refuges.

6 ~~(7) "Public livestock market" has the meaning provided by K.S.A. 47-~~
7 ~~1001, and amendments thereto, except that the term includes livestock~~
8 ~~markets where federal veterinary inspection is regularly maintained.~~

9 (d) In adopting rules and regulations, the secretary of health and en-
10 vironment, taking into account the varying conditions that are probable
11 for each source of sewage and its possible place of disposal, discharge or
12 escape, may provide for varying the control measures required in each
13 case to those the secretary finds to be necessary to prevent pollution. If
14 a freshwater reservoir or farm pond is privately owned and where com-
15 plete ownership of land bordering the reservoir or pond is under common
16 private ownership, such freshwater reservoir or farm pond shall be ex-
17 empt from water quality standards except as it relates to water discharge
18 or seepage from the reservoir or pond to waters of the state, either surface
19 or groundwater, or as it relates to the public health of persons using the
20 reservoir or pond or waters therefrom.

21 (e) (1) Whenever the secretary of health and environment or the
22 secretary's duly authorized agents find that storage or disposal of salt
23 water not regulated by the state corporation commission or refuse in any
24 surface pond not regulated by the state corporation commission is causing
25 or is likely to cause pollution of soil or waters of the state, the secretary
26 or the secretary's duly authorized agents shall issue an order prohibiting
27 such storage or disposal of salt water or refuse. Any person aggrieved by
28 such order may within 15 days of service of the order request in writing
29 a hearing on the order.

30 (2) Upon receipt of a timely request, a hearing shall be conducted in
31 accordance with the provisions of the Kansas administrative procedure
32 act.

33 (3) Any action of the secretary pursuant to this subsection is subject
34 to review in accordance with the act for judicial review and civil enforce-
35 ment of agency actions.

36 (f) The secretary may adopt rules and regulations establishing fees
37 for plan approval, monitoring and inspecting underground or buried pe-
38 troleum products storage tanks, for which the annual fee shall not exceed
39 \$5 for each tank in place.

40 (g) Prior to any new construction of a confined feeding facility with
41 an animal unit capacity of 300 to 999, such facility shall register with the
42 secretary of health and environment. Facilities with a capacity of less than
43 300 animal units may register with the secretary. Any such registration

1 shall be accompanied by a \$25 fee. Within 30 days of receipt of such
2 registration, the department of health and environment shall identify any
3 significant water pollution potential or separation distance violations pur-
4 suant to subsection (h). If there is identified a significant water pollution
5 potential, such facility shall be required to obtain a permit from the sec-
6 retary. If there is no water pollution potential posed by a facility with an
7 animal unit capacity of less than 300, the secretary may certify that no
8 permit is required. If there is no water pollution potential nor any viola-
9 tion of separation distances posed by a facility with an animal unit capacity
10 of 300 to 999, the secretary shall certify that no permit is required and
11 that there are no certification conditions pertaining to separation dis-
12 tances. If a separation distance violation is identified, the secretary may
13 reduce the separation distance in accordance with subsection (i) and shall
14 certify any such reduction of separation distances.

15 (h) (1) Any new construction or new expansion of a confined feeding
16 facility, other than a confined feeding facility for swine, shall meet or
17 exceed the following requirements in separation distances from any hab-
18 itable structure in existence when the application for a permit is
19 submitted:

20 (A) 1,320 feet for facilities with an animal unit capacity of 300 to 999;
21 and

22 (B) 4,000 feet for facilities with an animal unit capacity of 1,000 or
23 more.

24 (2) A confined feeding facility for swine shall meet or exceed the
25 following requirements in separation distances from any habitable struc-
26 ture or city, county, state or federal park in existence when the application
27 for a permit is submitted:

28 (A) 1,320 feet for facilities with an animal unit capacity of 300 to 999;

29 (B) 4,000 feet for facilities with an animal unit capacity of 1,000 to
30 3,724;

31 (C) 4,000 feet for expansion of existing facilities to an animal unit
32 capacity of 3,725 or more if such expansion is within the perimeter from
33 which separation distances are determined pursuant to subsection (k) for
34 the existing facility; and

35 (D) 5,000 feet for: (i) Construction of new facilities with an animal
36 unit capacity of 3,725 or more; or (ii) expansion of existing facilities to an
37 animal unit capacity of 3,725 or more if such expansion extends outside
38 the perimeter from which separation distances are determined pursuant
39 to subsection (k) for the existing facility.

40 (3) Any construction of new confined feeding facilities for swine shall
41 meet or exceed the following requirements in separation distances from
42 any wildlife refuge:

43 (A) 10,000 feet for facilities with an animal unit capacity of 1,000 to

1 3,724; and

2 (B) 16,000 feet for facilities with an animal unit capacity of 3,725 or
3 more.

4 (i) (1) The separation distance requirements of subsections (h)(1)
5 and (2) shall not apply if the applicant for a permit obtains a written
6 agreement from all owners of habitable structures which are within the
7 separation distance stating such owners are aware of the construction or
8 expansion and have no objections to such construction or expansion. The
9 written agreement shall be filed in the register of deeds office of the
10 county in which the habitable structure is located.

11 (2) (A) The secretary may reduce the separation distance require-
12 ments of subsection (h)(1) if: (i) No substantial objection from owners of
13 habitable structures within the separation distance is received in response
14 to public notice; or (ii) the board of county commissioners of the county
15 where the confined feeding facility is located submits a written request
16 seeking a reduction of separation distances.

17 (B) The secretary may reduce the separation distance requirements
18 of subsection (h)(2)(A) or (B) if: (i) No substantial objection from owners
19 of habitable structures within the separation distance is received in re-
20 sponse to notice given in accordance with subsection (I); (ii) the board of
21 county commissioners of the county where the confined feeding facility
22 is located submits a written request seeking a reduction of separation
23 distances; or (iii) the secretary determines that technology exists that
24 meets or exceeds the effect of the required separation distance and the
25 facility will be using such technology.

26 (C) The secretary may reduce the separation distance requirements
27 of subsection (h)(2)(C) or (D) if: (i) No substantial objection from owners
28 of habitable structures within the separation distance is received in re-
29 sponse to notice given in accordance with subsection (I); or (ii) the sec-
30 retary determines that technology exists that meets or exceeds the effect
31 of the required separation distance and the facility will be using such
32 technology.

33 (j) (1) The separation distances required pursuant to subsection
34 (h)(1) shall not apply to:

35 (A) Confined feeding facilities which were permitted or certified by
36 the secretary on July 1, 1994;

37 (B) confined feeding facilities which existed on July 1, 1994, and reg-
38 istered with the secretary before July 1, 1996; or

39 (C) expansion of a confined feeding facility, including any expansion
40 for which an application was pending on July 1, 1994, if: (i) In the case
41 of a facility with an animal unit capacity of 1,000 or more prior to July 1,
42 1994, the expansion is located at a distance not less than the distance
43 between the facility and the nearest habitable structure prior to the ex-

1 pansion; or (ii) in the case of a facility with an animal unit capacity of less
2 than 1,000 prior to July 1, 1994, the expansion is located at a distance not
3 less than the distance between the facility and the nearest habitable struc-
4 ture prior to the expansion and the animal unit capacity of the facility
5 after expansion does not exceed 2,000.

6 (2) The separation distances required pursuant to subsections
7 (h)(2)(A) and (B) shall not apply to:

8 (A) Confined feeding facilities for swine which were permitted or
9 certified by the secretary on July 1, 1994;

10 (B) confined feeding facilities for swine which existed on July 1, 1994,
11 and registered with the secretary before July 1, 1996; or

12 (C) expansion of a confined feeding facility which existed on July 1,
13 1994, if: (i) In the case of a facility with an animal unit capacity of 1,000
14 or more prior to July 1, 1994, the expansion is located at a distance not
15 less than the distance between the facility and the nearest habitable struc-
16 ture prior to the expansion; or (ii) in the case of a facility with an animal
17 unit capacity of less than 1,000 prior to July 1, 1994, the expansion is
18 located at a distance not less than the distance between the facility and
19 the nearest habitable structure prior to the expansion and the animal unit
20 capacity of the facility after expansion does not exceed 2,000.

21 (3) The separation distances required pursuant to subsections
22 (h)(2)(C) and (D) and (h)(3) shall not apply to the following, as deter-
23 mined in accordance with subsections (a), (e) and (f) of K.S.A. 65-1,178
24 and amendments thereto:

25 (A) Expansion of an existing confined feeding facility for swine if an
26 application for such expansion has been received by the department be-
27 fore March 1, 1998; and

28 (B) construction of a new confined feeding facility for swine if an
29 application for such facility has been received by the department before
30 March 1, 1998.

31 (k) The separation distances required by this section for confined
32 feeding facilities for swine shall be determined from the exterior perim-
33 eter of any buildings utilized for housing swine, any lots containing swine,
34 any swine waste retention lagoons or ponds or other manure or waste-
35 water storage structures and any additional areas designated by the ap-
36 plicant for future expansion. Such separation distances shall not apply to
37 offices, dwellings and feed production facilities of a confined feeding fa-
38 cility for swine.

39 (l) The applicant shall give the notice required by subsections
40 (i)(2)(B) and (C) by certified mail, return receipt requested, to all owners
41 of habitable structures within the separation distance. The applicant shall
42 submit to the department evidence, satisfactory to the department, that
43 such notice has been given.

1 (m) All plans and specifications submitted to the department for new
2 construction or new expansion of confined feeding facilities may be, but
3 are not required to be, prepared by a professional engineer or a consult-
4 ant, as approved by the department. Before approval by the department,
5 any consultant preparing such plans and specifications shall submit to the
6 department evidence, satisfactory to the department, of adequate general
7 commercial liability insurance coverage.

8 Sec. 2. K.S.A. 65-171d is hereby repealed.

9 Sec. 3. This act shall take effect and be in force from and after its
10 publication in the statute book.

Animal Unit Designation for Livestock Markets

Registration	Required for facilities 300 AU's and greater.
Certification	Less than 1,000 AU's with NO pollution potential.
State Permit	Less than 1,000 Au's with a pollution potential. Required to construct pollution controls and/or implement Best Management Practices.
State/Federal Permit	1,000 AU's and greater. Required to construct pollution controls for total containment.

House Agriculture Committee
 March 19, 2003
 Attachment 10

Presently:

Example:

*52,000 beef cattle (total annual sales) ÷ 52 weeks = 1,000 animal units (AU's).

Proposed Changes:

Example:

*52,000 beef cattle (total annual sales) ÷ 365 days = 142.46 → 142.46 x 1.5 (number of 24 hour increments animals are onsite) = 214 AU's.

Example:

Cattle are onsite 24 hours: 24 ÷ 24 = 1 (24 hour increment)

Cattle are onsite 36 hours: 36 ÷ 24 = 1.5 (24 hour increment)

Proposed Statue Change:

Animal units for livestock markets shall be determined by dividing the annual animal units sold by 365, and, this animal unit figure may be reduced if the livestock market demonstrates to the department the amount of time in 24 hour increments or partials thereof that animals are at the market.