

MINUTES OF THE SENATE AGRICULTURE COMMITTEE.

The meeting was called to order by Chairperson Derek Schmidt at 4:30 p.m. on February 24, 2003 in Room 245-N of the Capitol.

All members were present.

Committee staff present:

Lisa Montgomery, Revisor of Statutes
Amy VanHouse, Legislative Research
Judy Swanson, Committee Secretary

Conferees appearing before the committee:

Howard Brown, Fort Scott Livestock Market
Mervin Sexton, Manhattan Commission Company
John Cline, Manhattan Commission Company
Mark Mackey, Kansas Livestock Marketing Assn
State Senator Ed Pugh
Karl Mueldener, Bureau of Water
John Metzler, Ks Water Environment Association
Adrian Polansky, Kansas Department of Agriculture
Greg Krissek, Grain Sorghum Producers Association
Kenlon Johannes, Kansas Soybean Association
Joe Fritton, Division of Facilities Management
Janet McPherson, Kansas Farm Bureau

Others attending:

See attached guest list

SB 131, exclusion of livestock auction barns from confined feeding facility requirements, was taken under consideration.

Howard Brown, General Manager of Fort Scott Livestock Market, testified in favor of **SB 131**. (Attachment 1) Markets are not feedyards, and 75 percent of cattle are at the Market less than eight to ten hours.

Mervin Sexton, Manhattan Commission Company, testified in favor of **SB 131**. (Attachment 2) His company has prided itself for 49 years in their cleanliness. John Cline, Manhattan Commission Company, also testified that their company receives numerous positive comments on how clean they keep their facility.

Mark Mackey, Executive Secretary of Kansas Livestock Marketing Association, supported **SB 131**. (Attachment 3) He said because of the unique operational nature of livestock markets and the types and numbers of livestock typically maintained at an auction yard over a 24-hour period, they should not be treated the same as feedlots.

State Senator Ed Pugh said livestock commissions are dwindling, but they do serve a good purpose for farmers and small producers. They are not operated as feedlots.

Karl Mueldener, Director of Bureau of Water, Department of Health & Environment, testified in opposition to **SB 131**. (Attachment 4) He said livestock sale facilities are a potential pollution source KDHE has addressed since the 1970's through the wastewater permit program. Technical and financial assistance is available for livestock markets. He suggested that sale barns need to have a separate class for themselves through regulation.

John Metzler, Kansas Water Environment Association, testified in opposition to **SB 131**. (Attachment 5) He said the bill would exempt facilities from the KDHE confined feeding facility program.

CONTINUATION SHEET

MINUTES OF THE SENATE AGRICULTURE COMMITTEE at 8:30 a.m. on February 24, 2003 in Room 423-S of the Capitol.

Senator Huelskamp was appointed to develop a Committee consensus on **SB 131**, then report back to the Committee.

SB 191, concerning sale of ethanol to the State, was considered along with **SCR 1604** and **SCR 1606**, encouraging the use of ethanol.

Adrian Polansky, Secretary of Kansas Department of Agriculture, encouraged the increased use of agriculture products in fuels. (Attachment 6) The environmental benefits of increased ethanol use are numerous.

Greg Krissek, Kansas Grain Sorghum Producers Association, testified in favor of **SB 191**, **SCR 1604** and **SCR 1606**. (Attachment 7) The organization is very supportive of expanded use of ethanol and biodiesel in fuel supplies.

Kenlon Johannes, Kansas Soybean Association, supported **SB 191**, **SCR 1604** and **SCR 1606**. (Attachment 8) He presented a list of biodiesel retail outlets in Kansas.

Joe Fritton, Division of Facilities Management, provided the measures taken by the Central Motor Pool which included switching to 10% ethanol fuel at the Central Moto Pool Service Facility. (Attachment 9)

Janet McPherson, Kansas Farm Bureau, presented policy statements supporting **SB 191**, **SCR 1604** and **SCR 1606**. (Attachment 10)

Written testimony was entered into record from Kansas Grain & Feed Association and Kansas Agribusiness Retailers Association regarding **SB 145**, abolishing the State Board of Agriculture Advisory Committee. (Attachment 11)

Written testimony was entered into record from Gary Beachner, Chairman of the State Board of Agriculture concerning **SB 145**. (Attachment 12)

The meeting adjourned at 5:30 p.m.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: 2-24-02

NAME	REPRESENTING
Judy Brumich	Ways + Means
Maria Thomas	Dept. of Admin.
JOE FRITTON	DOFA
JOHN C. BOTTENBERG	Ks ETHANOL PRODUCERS
Justin Holstin	Us Propane Marketers Ass'n
Mary Jane Stattelmaier	KGFA/KARA
Miriam Polansky	KDA
Greg A. [unclear]	KDA
Todd Johnson	KLA
D. Taddiken	Visitor
John Metzler	KWEA
Kenlon Johannes	Kansas Soybean Association
John Heise	Kansas Soybean Assn.
Jon Hixon	visitor
Janet McPherson	Ks Farm Bureau
Deane Gruver	Ks Coop Council
Greg Kressek	Ks Corn Growers / Ks Grain Soybean Producers
Twila Drybread	DDB
Paul Hoppe	Ks Dairy Assoc.

John Haasch
 MARK MACKAY
 TOM PALACE
 Ken Peterson
 Ed Fugh

KDHF Bureau of Waste
 LIVESTOCK MARKETING ASSN.
 PMCA OF Ks.
 Ks Petroleum Council
 John E. Clinch - M.C.C.
 Senate District 1

FORT SCOTT LIVESTOCK MARKET, INC.

OLD HWY 54 WEST
PO BOX 270
Fort Scott, Kansas 66701
Phone (620) 223-4600
Fax 620-223-4785

February 24, 2003

RE: Senate Bill No. 131. By Committee on Natural Resources

This proposal is a long needed step forward in the regulation of waste management at public livestock markets. Here is why I feel this ACT is important to the market industry and to Kansas livestock producers.

Markets are not feedyards or growing yards where cattle are held and fed over a period of weeks or months to, as their name says, feed or grow cattle. Following is a list of why Markets should not be classified with feedyards.

1. Of the cattle Fort Scott Livestock markets each year at least 75% of those are at the Market less than 8 to 10 hours, as opposed to a feedyards 24 hour 7 days a week.

2. Those cattle at the Market less than 10 hrs are penned dry, recieving no feed or water during their time at the market.

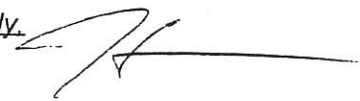
3. Of the remaining cattle less than half will be placed in a pen where hay & water is available over night. Some cattle are rotated in and back out of water pens, others simply stand dry till their sale. The cattle that do go to hay & water pens recieve a maintainance ration of free choice prairie hay, grain is fed only on the sellers request.

4. The average headcount per seller at our auction is less than 10 which indicates why 80 to 90 % of the cattle we auction recieve no feed at the Market, it would be an impossible task. We are not a feedyard, our facilities are built to hold sort and move cattle through the auction.

The above information is simply to show the committee the differance between cattle in a Market and a Feedyard. From these basic differances you can see that regulations made for feedyards do not fit or work when applied to a public livestock market.

I agree waste management at Markets is important in protecting our natural resources but it needs to be accomplished with codes or regulations that match the nature of the business. We are currently in a no man's land, regulated as production agriculture yet not eligible for any funding to help meet the standards imposed because we are not production agriculture. I'm hoping that Kansas sees the need for a change on how Markets are regulated.

Respectfully,


Howard M Brown
gen mgr
Fort Scott Livestock Market Inc.

Senate Agriculture
Attachment 1
2-24-03

MANHATTAN COMMISSION CO INC.

8424 E Hwy 24
Manhattan, Kansas 66502
U.S.A.

Phone 785 776-4815
Fax 785 776-0815

February 19, 2003

SENATE AG COMMITTEE
RE: BILL 131

TESTIMONY OF MERVIN L. SEXTON
OWNER MANHATTAN COMMISSION CO INC.

Manhattan Commission Co, Inc. is located at the Pottawatomie County end of Manhattan, Kansas, on East Hwy 24. We are a livestock auction selling cattle on a weekly basis for farmers & ranchers from neighboring counties to both local & out of state buyers, and have been doing so since we started in 1954.

During our 49 years in operation we have always prided ourselves with being told we were one of the cleanest & nicest facilities of our kind. As in any business this goal has required added expense in both manpower required to keep the facility scraped & washed down as well as maintaining two spreaders which are used to haul remnants of the auction to be recycled on farming land, local garden centers, and family gardens. To insure any run off is contained we built a lagoon which in all my years has never reached capacity, nor have we ever had a complaint of any sort as to smell, run off, flies, etc. Our office has had calls by other businesses & residents asking how we are able to control the fly problem, which we attribute to our stringent clean up policies.

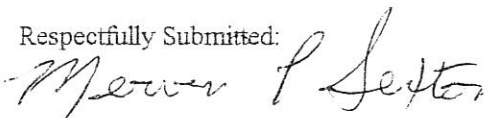
December 17, 2001 we welcomed two Kansas Ag Waste compliance inspectors, December 31, 2001 we received a notice of non compliance as our facility has a water pollution potential.

Potential for water pollution is the key phrase which we find quite hard to understand. In all my years with this facility we have reached our potential as a thriving, reputable & respected agricultural business. I however do not feel we have ever polluted our communities water nor do we feel we will ever reach the potential to do as such. We have even gone so far as to have our lagoon contents tested by a independent water testing company, which they found no contaminants. (see attached test results)

I am asking this committee to consider the repercussions findings based on a potential for an occurrence can cause. Every branch of agriculture, whether it be a family farm, local livestock auction, or feedlot, can be affected by non compliance findings based on potential elements. Agriculture faces natural potentials daily, potentials such as drought, disease, flood, & lack of demand. We do not need the Health & Environment adding another "potential" to our growing list, a man made potential, the "potential" for water pollution.

I am proud to be a part of agriculture, as is every farmer & rancher, but we need any assistance by you, the Senate Ag Committee, to survive unnecessary man made hurdles which are being brought upon our industry. We ask your assistance with cases such as ours, where there is no fault found, but we are still penalized for unfounded potentials.

Respectfully Submitted:



Mervin L. Sexton
Manhattan Commission Co

Senate Agriculture
Attachment 2
02-24-02



05/30/2002

Manhattan Commission Company
Attn: Mervin Sexton
8424 E. Hwy 24
Manhattan, KS 66502

Date Received: 05/22/2002
Continental File No.: 7397
Continental Order No.: 78991
Your P.O./Project No.:

Dear Mr. Sexton:

This laboratory report consisting of 3 pages contains the analytical results for the following samples:

<u>CAS LAB ID #</u>	<u>SAMPLE DESCRIPTION</u>	<u>SAMPLE TYPE</u>	<u>DATE SAMPLED</u>
02052043	Lagoon	Liquid	05/22/2002

The footnotes contained in the attached laboratory reports are summarized below for your reference.

<u>CAS LAB ID #</u>	<u>TEST NAME</u>	<u>SAMPLE CONC.</u>
02052043	pH	7.52 H

H - Regulatory holding time for this analysis was exceeded.

The following summary provides the date and time sampled, the date and time analyzed, and the total time elapsed for each analysis with an EPA recommended holding time of forty-eight hours or less.

<u>CAS LAB ID #</u>	<u>ANALYSIS</u>	<u>DATE/TIME</u>		<u>ELAPSED</u>
		<u>SAMPLED</u>	<u>ANALYZED</u>	
02052043	BOD	05/22/2002 1130	05/23/2002 0900	21:30
02052043	pH	05/22/2002 1130	05/22/2002 1404	2:34

22





05/30/2002

Thank you for choosing Continental for this project. If you have any questions, please contact me at (800)535-3076.

CONTINENTAL ANALYTICAL SERVICES, INC.

A handwritten signature in black ink, appearing to read "Brian T. O'Donnell".

Brian T. O'Donnell
Project Manager

2-2



Client: Manhattan Commission Company
 Attn: Mervin Sexton
 8424 E. Hwy 24
 Manhattan, KS 66502

Date Sample Rptd: 05/30/2002
 Date Sample Recd: 05/22/2002
 Continental File No: 7397
 Continental Order No: 78991
 Client P.O.:

Lab Number: 02052043
 Sample Description: Lagoon

Date Sampled: 05/22/2002
 Time Sampled: 1130

<u>Analysis</u>	<u>Concentration</u>	<u>Units</u>	<u>Date Analyzed</u>	<u>Book/Page</u>
Ammonia, Total, as N	8.	mg/L	05/28/2002	5047/283
BOD	85.	mg/L	05/23/2002	5220/263
Solids, Total Suspended	664.	mg/L	05/24/2002	5060/191
pH	7.52 H	std. units	05/22/2002	5107/266

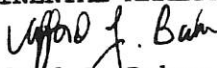
<u>Analysis</u>	<u>Date Prepared</u>	<u>QC Batch</u>	<u>Analyst</u>	<u>Method(s)</u>
Ammonia, Total, as N	N/A	020528-2	MDB	SM 4500-NH3 (H)
BOD	N/A	020523-2	MDC	SM 5210B
Solids, Total Suspended	N/A	020524-1	MLL	SM 2540D
pH	N/A	020522-1	RDC	SM 4500H+B/9040B

H - Regulatory holding time for this analysis was exceeded.

Conclusion of Lab Number: 02052043

Laboratory analyses were performed on samples utilizing procedures published in Title 40 of the Code of Federal Regulations, Parts 136 or 141, or in EPA Publication, SW-846, 3rd edition, September, 1986 and the latest promulgated update. ND(), where noted, indicates none detected with the reporting limit in parentheses. Samples will be retained for thirty days unless otherwise notified.

CONTINENTAL ANALYTICAL SERVICES, INC.


 Clifford J. Baker
 Technical Manager

2-4





KANSAS LIVESTOCK MARKETING ASSOCIATION

7509 TIFFANY SPRINGS PKWY., KANSAS CITY, MO 64153-2315 • (816) 891-0502

Statement of the
Kansas Livestock Marketing Association
To the
Senate Committee on Agriculture
Senator Derek Schmidt
With respects to S.B.131
Presented by
Mark Mackey, Executive Secretary

Thank you Mr. Chairman and committee members for giving us the opportunity to present our views regarding Senate Bill 131. Our Association has taken a position to support this bill.

Livestock auction markets are unique in size, scope and operation from what is typically referred to as a concentrated animal feeding operation {CAFO}. Markets are not production facilities. They do not raise, background or finish livestock. Their purpose is to provide a facility where buyer and seller can come together briefly to competitively bid on livestock that will be go on to a farm or ranch, a stocker operation, a feedlot for further feeding or a packing plant for slaughter and processing.

As a result of dramatic changes in the livestock industry over the past 20 years, the number and types of livestock sold through the markets has also changed. Where the markets once primarily sold cattle, sheep and hogs for slaughter, slaughter animals are now largely finished at feedlots or finishing houses. Today, markets primarily handle feeder calves, cull cows and bulls and, to a very small degree, finished/slaughter cattle, with a very small number of markets still handling cull sows and boars and some sheep and goats.

Livestock markets operate very intermittently—typically one to two days a week—versus a production facility, such as a feedlot or dairy, that operates nearly continuously or year around. The majority of livestock at a market are on site for less than 12-hours and very few of the animals more than 24-hours. A small number of the animals will arrive the day prior to the sale, with the majority arriving the day of the sale. Most of the animals will then be shipped out of the market to their ultimate destination by the end of sale day. Markets also typically close for at least two or more weeks a year.

Unlike feedlots, livestock markets operations usually have a significant portion of their pens under roof. And, because of federal and state animal health and sanitation laws that apply to livestock market facilities, livestock market pens are required to be

*Senate Agriculture
Attachment 3
02-24-03*

cleaned on a regular basis, thus decreasing even further the chance for discharge of pollutants into waterways.

Lastly, markets are materially different from feedlots or confined housing facilities in that the livestock maintained at the market do not receive concentrated rations over an extended period of time. Animals, during their short confinement at the market, often get little or no water or feed ration at all, depending how long they are at the market. When they do, the ration is usually hay and, in a few instances, protein pellets. Cattle at a feedlot are typically fed about 24 pounds of a concentrated feed ration a day, for a feed conversion rate of eight pounds of feed for 1 pound of weight gain. At a market, depending on when the cattle come into the market and the age and condition of the cattle, a small percentage of the cattle may consume as much as 10-12 pounds of hay. However, unlike a feedlot, cattle at a market are provided hay to retain weight, not to put weight on them. It therefore is quite obvious that the manure generated by cattle maintained at a market once or twice a week for a few hours is considerably less than that produced by those same cattle at a feedlot, where they are fed seven-days a weeks during the duration of their time on feed (typically 120 days).

Also, because the livestock receive hay versus a concentrated ration, the manure is higher in roughage and lower in nutrients of concern to water quality. The type of cattle maintained at markets is also a factor in the nutrient levels and amount of manure generated. Feeder calves, weighing between three to nine hundred pounds, make up the majority of sales (as high as 90 percent) at the markets. Because these calves arrive at the market, in most cases, right off pasture, the manure generated by these animals is much lower in nutrients and decomposes at a much faster rate.

Given the unique operational nature of livestock markets and the types and numbers of livestock typically maintained at an auction yard over a 24-hour period, intermittent non-producing livestock market facilities should not be treated the same as feedlots. Continuing to regulate these two very different sectors of the livestock industry as though they were operationally the same, unfairly penalizes our industry and very likely will force a number of our mid-sized and smaller market facilities, which are already struggling to survive in a rapidly changing livestock industry, to shut their doors.

The Livestock Market Auctions in Kansas urges the Kansas Legislature to support this legislation.

Mark Mackey

3-2



K A N S A S

RODERICK L. BREMBY, SECRETARY

DEPARTMENT OF HEALTH AND ENVIRONMENT

KATHLEEN SEBELIUS, GOVERNOR

**Testimony on
Senate Bill No. 131 to
Senate Agriculture Committee
Presented by Karl Mueldener
Director, Bureau of Water**

February 24, 2003

Mr. Chairman, members of the committee, thank you for the opportunity to speak regarding SB 131. KDHE opposes the bill.

Livestock sale facilities are a potential pollution source KDHE has addressed since the 1970's through the wastewater permit program. Most facilities addressed were brought to KDHE's attention due to complaints. Livestock markets are very similar to confined feeding operations and have been regulated as such. Current rules and regulations, K.A.R. 28-18-2, requires livestock facilities to submit to KDHE a Kansas Agricultural and Related Waste Control Permit Application if the facility has an average weekly capacity of 300 or more animal units and is used more than one day a week.

The 2002 Annual Market Report lists a total of 51 livestock markets in Kansas. The largest five are: 1) Pratt Livestock, 2) Farmers and Ranchers (Salina), 3) Winter Sale Barn (Dodge City), 4) Fort Scott 5) Manhattan Sale Barn. Of these top five facilities, Fort Scott and Manhattan have yet to obtain a wastewater permit. Both facilities are currently working with KDHE on this issue. Another 12 markets have wastewater permits. Another 8 markets have been issued certificates by KDHE indicating those facilities do not need pollution controls based on local site conditions.

KDHE has worked with livestock markets to develop acceptable pollution controls specific to each site. Developing appropriate controls can be challenging with some markets, especially when they are located in a developed area with neighbors. Non-structural pollution controls are usually encouraged such as scraping and hauling manure and limiting the time animals are kept at the market. These housekeeping items reduce impacts on the neighbors' health and environment.

DIVISION OF ENVIRONMENT
Bureau of Water

CURTIS STATE OFFICE BUILDING, 1000 SW JACKSON ST., STE 420, TOPEKA, KS 66612-1367

Voice 785-296-5500

Fax 785-296-0086

<http://www.kdhe.state.ks.us>

Printed on Recycled Paper

*Senate Agriculture
Attachment 4
2-24-03*

The pollution potential from a livestock market is significant. These markets can produce more bacteria than the nearby municipality. Reducing bacteria loads to Kansas waters is a common goal with numerous treatment plant and non-point source projects throughout the state. Beyond protection of water quality, livestock markets pollution controls have generally been brought to KDHE's attention by neighbors. KDHE responded by investigating the impacts of the facilities on public health and the environment. The permits and certificates issued generally describe a legally acceptable pollution control operation. Some operators consider this advantageous in responding to neighbors allegations of pollution and nuisances. By permitting markets as livestock operations, the variances available under statute apply and have been utilized. If markets are not permitted as livestock facilities, how would they be addressed? Two additional options appear available. One option is to treat the markets as industrial operations for permitting. This has long been argued as more appropriate for larger livestock operations, including those with truck washes which generate significant waste loads. Option two is direct permitting of the facilities by EPA.

Technical and financial assistance is available for livestock markets. The State Conservation Commission and the County Conservation Districts offer cost-share assistance to implement and establish Best Management Practices. The Natural Resources Conservation Service (NRCS) also offers free design assistance and in the future may have financial assistance available through the Environmental Quality Incentive Program (EQIP), which is funded through the Federal Farm Bill.

Testimony in Opposition to Senate Bill 131
Exempting Public Live Stock Markets from Confined
Feeding Facility Requirements

Senate Agriculture Committee Hearing
February 24, 2003

The Kansas Water Environment Association (KWEA), a statewide organization representing over five hundred professionals working in the water quality field, offers the following testimony in opposition to Senate Bill 131:

1. The bill exempts public live stock markets from the definition of a confined feeding facility in KSA 65-171d. This would exempt such facilities from the Kansas Department of Health and Environment (KDHE) confined feeding facility program.
2. These markets, in effect, are short term confined feeding facilities, which have the potential like any other confined feeding facility to contribute significant quantities of ammonia, nitrogen, phosphorus, and fecal coliform to waters of the state. If these facilities are not regulated, there will be a significant threat to public health and the aquatic environment.
3. If these facilities are exempted, other sources of pollution, including other confined feeding operations, municipal and industrial wastewater treatment plants discharges, will likely be required to meet more stringent requirements to achieve the goals set out in Total Maximum Daily Loads (TMDLs) for impaired water bodies throughout the state. This is an unfair and inappropriate transfer of water pollution reduction requirements.
4. Many of these facilities are apparently located upstream of impaired water bodies with TMDLs. As such, these facilities may contribute to the continued impairment of the streams.

We thank the Committee for this opportunity to provide testimony on SB131.

Contact Person: John Metzler – (913) 681-3200, extension 2107

JAM:cj:0903034

*Senate Agriculture
Attachment 5
02-24-03*

KANSAS

DEPARTMENT OF AGRICULTURE
ADRIAN J. POLANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

Senate Agriculture Committee

February 24, 2003

Senate Bill 191

Secretary of Agriculture Adrian J. Polansky

Good afternoon, Chairman Schmidt and members of the committee. I am Adrian Polansky, Secretary of the Kansas Department of Agriculture. I am pleased to appear before you today for the first time to provide information on the importance of ethanol to Kansas agriculture.

The Department of Agriculture supports this bill, and the resolutions you are considering to encourage increased use of this agricultural product. Reducing our reliance on foreign oil is an important part of homeland defense, and it is an element of that defense that comes from right here in the Heartland.

The Department of Agriculture supports the use of ethanol in motor vehicle fuel. Ethanol is a value-added opportunity for the Kansas corn, grain sorghum and wheat industries. Increasing use of ethanol adds to on-farm revenue, increases high-skilled employment, improves the balance of trade and positively affects our state and the nation's bottom line.

The environmental benefits of increased ethanol use are numerous. They include reduced sulfur content and reduced aromatic and benzene content. Even a low 10 percent ethanol blend can reduce carbon monoxide better than any other federal Reformulated Gasoline by more than 25 percent. In addition, ethanol has been shown to be high in oxygen content, which makes it an

effective tool to reduce ozone pollution and makes it a safe replacement for toxic octane enhancers in gasoline.

There would be some budgetary costs to the Department of Agriculture and other state agencies from the passage of SB 191. However, we believe those short-term costs would be offset by the other benefits of an action which could begin increasing the market penetration of ethanol into Kansas.

Other Heartland states, including Iowa, Nebraska and Missouri, have outpaced us in the use of ethanol. Market penetration is 40 percent in Nebraska, 28-30 percent in Missouri, and nearly 60 percent in Iowa. Nebraska requires the use of ethanol in its state vehicles. Market penetration in Kansas is at only two percent, but supply is increasing. Experience in Nebraska and Iowa tells us that when the local state supply of ethanol increases, so does market penetration, then prices for ethanol begin to fall.

In FY 2002, employees of the Kansas Department of Agriculture drove more than two million miles in state motor pool vehicles. The portion of fuel for those vehicles purchased from the central motor pool would lead to some increased costs under this bill. The Department of Administration has assured us that, if SB 191 passes, they will set the rate agencies pay before the fiscal year begins so our budget can meet our costs.

I will be happy to stand for questions at the appropriate time.

6-7



**Testimony Regarding Senate Bill No. 191
Before the Senate Agriculture Committee
February 24, 2003**

Good afternoon Chairman Schmidt and members of the Senate Agriculture Committee, my name is Greg Krissek. I am the Director of Operations for both the Kansas Corn Growers Association and the Kansas Grain Sorghum Producers Association. I appreciate the opportunity to testify in support of SB 191.

The provisions of SB 191 would require that all bulk purchases of motor-vehicle fuels by state agencies be blends containing at least 10% ethanol, or as we like to identify it, E-10 Unleaded. Also, individual retail purchases for state vehicles where available under current state purchasing agreements, would also be required to be E-10 Unleaded. This legislation also contains provisions for the state fleet's use of biodiesel, but my comments will be focused on the use of ethanol.

Kansas currently has five operating ethanol production plants that process grains, including grain sorghum, corn, and wheat, into more than 80 million gallons of fuel ethanol annually. Nationally, approximately 2.1 billion gallons of ethanol were produced in calendar 2002. We believe several additional Kansas ethanol plants with significant farmer ownership will be under construction later this calendar year.

The most recent statistics for calendar 2001 from the US Federal Highway Administration indicate that while only 5% of Kansas' fuel ethanol production is consumed in the state in E-10 Unleaded blends, total market penetration of E-10 Unleaded in Kansas remains at approximately 2% of all gasoline fuels consumed. This is why our associations in conjunction with the grain commissions last year began the promotional campaign with gasoline retailers and consumers to increase the awareness of E-10 Unleaded fuels. Our tracking system now reflects that approximately 400 retail stations in Kansas sell E-10 Unleaded fuel.

The E-10 Unleaded brochures attached with my testimony provide information concerning the many positive things that occur by using this fuel in your vehicle. State government can play a significant role in expanding the use of E-10 Unleaded blends by ensuring that its bulk fuel purchases use this Kansas-grown product. The Central Motor Pool of the Department of Administration, at a relatively nominal cost, has successfully been providing this fuel at its Topeka central fueling facility for the past three years.

We support this legislation and use of E-10 Unleaded for its environmental, energy independence, and economic development benefits. We ask you to do the same.

P.O. BOX 446, GARNETT, KS 66032-0446 • PHONE (785) 448-6922 • FAX: (785) 448-6932

www.ksgrains.com • jwhite@ksgrains.com



Senate Agriculture

Attachment 7

2-24-03



**Testimony Regarding Senate Concurrent Resolution No. 1604
Before the Senate Agriculture Committee
February 24, 2003**

Good afternoon Chairman Schmidt and members of the Senate Agriculture Committee, my name is Greg Krissek. I am the Director of Operations for both the Kansas Corn Growers Association and the Kansas Grain Sorghum Producers Association. I appreciate the opportunity to testify in support of SCR 1604.

The provisions of SCR 1604 would encourage the federal Congress and Administration to approve federal energy legislation that expands the use of ethanol and biodiesel in the nation's fuel supply. While the associations I represent also support the use of biodiesel, my comments will be focused on the expanded use of ethanol in gasoline, or as we like to call it, E-10 Unleaded.

Kansas currently has five operating ethanol production plants that process grains, including grain sorghum, corn, and wheat, into more than 80 million gallons of fuel ethanol annually. Nationally, approximately 2.1 billion gallons of ethanol were produced in calendar 2002 with total U.S. annual production capacity at 2.7 billion gallons and approximately 300 million gallons of new production at plants currently under construction. We believe several additional Kansas ethanol plants with significant farmer ownership will be under construction later this year.

Once again today, we find our nation at a crossroads of history where energy dependence has become a pressing issue. Some estimates indicate we will soon import annually over 60% of the crude oil that is needed to run the U.S. economy. A recent study commissioned by Kansas government even indicated that our state is now a net energy importer. Last year the U.S. Congress attempted to enact a comprehensive energy strategy that included a Renewable Fuels Standard for biofuels (ethanol and biodiesel) use in our nation's fuel supply. That effort continues with the beginning of the 108th Congress with several pieces of legislation containing an RFS having either been introduced or will be in the very near future. Most published analyses of the proposed RFS would have total ethanol use grow from its current level to over 5 billion gallons in 2012. This growth, in a small part, will help reduce the U.S. dependence on foreign oil.

We are very supportive of state government encouraging the federal government to expand the use of ethanol and biodiesel in our fuel supply. These agriculturally-based renewable fuels provide environmental, energy independence, and economic development benefits. We must attempt to solve America's growing energy imbalance. Your support of SCR 1604 is a step in that direction.



7-2



**Testimony Regarding Senate Concurrent Resolution No. 1606
Before the Senate Agriculture Committee
February 24, 2003**

Good afternoon Chairman Schmidt and members of the Senate Agriculture Committee, my name is Greg Krissek. I am the Director of Operations for both the Kansas Corn Growers Association and the Kansas Grain Sorghum Producers Association. I appreciate the opportunity to testify in support of SCR 1606.

The provisions of SCR 1606 would encourage the Kansas governor to promote the use of ethanol and biodiesel as a fuel supply. While the associations I represent also support the use of biodiesel, my comments will be focused on the expanded use of ethanol in gasoline, or as we like to call it, E-10 Unleaded.

Kansas currently has five operating ethanol production plants that process grains, including grain sorghum, corn, and wheat, into more than 80 million gallons of fuel ethanol annually. Nationally, approximately 2.1 billion gallons of ethanol were produced in calendar 2002. We believe several additional Kansas ethanol plants with significant farmer ownership will be under construction later this calendar year.

The most recent statistics from the US Federal Highway Administration for 2001 indicate that while only 5% of Kansas' fuel ethanol production was consumed in the state in E-10 Unleaded blends, total market penetration of E-10 Unleaded in Kansas today likely remains at approximately 2% of all gasoline fuels consumed. This is why our associations in conjunction with the grain commissions last year began the promotional campaign with gasoline retailers and consumers to increase the awareness of E-10 Unleaded fuels.

We believe state government can play a significant role in expanding the use of E-10 Unleaded blends by ensuring that its fuel purchases use this Kansas-grown product. Governor Sebelius has already shown her support for ethanol by joining the Governors' Ethanol Coalition and we believe her Administration will be willing to pursue other opportunities for promotion of these agriculturally-based renewable fuels.

We support this resolution and use of E-10 Unleaded for its environmental, energy independence, and economic development benefits. We ask you to do the same.

Kenlon Johannes
Kansas Soybean Association
Testimony before the Senate Agricultural Committee
In favor of SB 191
February 24, 2003

My name is Kenlon Johannes and I am the Executive Officer of the Kansas Soybean Association (KSA). We are a membership organization of soybean farmers who have banded together to work toward favorable state and national policies critical to our profitability.

The Kansas Soybean Association is affiliated with the American Soybean Association (ASA). ASA is working in Washington on the legislative efforts to help make biodiesel and biodiesel blends more competitive in selected markets.

KSA has made biodiesel blend sales in Kansas its number one priority. We are working with the Kansas Soybean Commission (the soybean checkoff board) to educate potential biodiesel blend consumers on the reasons to, and benefits of buying and using biodiesel blends.

The cooperative market development effort we do with the Kansas Soybean Commission is initially focused on farmers, the Kansas Department of Transportation (KDOT) and school buses. The main reason these groups were selected as part of the initial market development effort is because they have buying locations all over the state.

Farmers and KDOT are asking for and purchasing enough biodiesel blended with diesel fuel that we have identified twenty-five bulk fuel outlets and two on-road public pumps handling B2 or higher blends. We anticipate that number to double within the next few months.

We support SB 191 and see it as a next step to the biodiesel blend market development process in Kansas. Asking the remaining fleets of the State of Kansas to step forward and use a minimum 2% blend of biodiesel in the diesel fuel in their diesel powered vehicles and equipment is reasonable and is a natural next step. It continues to build on the successful leadership role KDOT has started by self mandating themselves to use a B2 blend of biodiesel and diesel as long as the cost of B2 is no greater than ten cents more per gallon than the lowest diesel bid per gallon. KDOT is currently and successfully is using this pricing formula for all its diesel fuel bids and is now using a B2 blend in many of its fleets.

Since there are many myths and misconceptions about biodiesel, I going to reassure you that using biodiesel blends does not: 1) void engine warranties, or 2) cause gelling problems in the winter. B2 or B20 for that matter, can be, and is being used in Minnesota and Wisconsin at temperatures as low as -30 degrees Fahrenheit.

*Senate Agriculture
Attachment 8
02-24-02*

Use of biodiesel blends does: 1) reduce our dependence on imported, non renewable fuels; 2) provide a market for our Kansas farmer produced soybean oil; 3) improve the quality of the diesel fuel it is blended with (better lubricity and higher cetane); and 4) provide cleaner air to those exposed to the diesel engine exhaust from engines running on biodiesel blends.

While biodiesel has been used extensively in Europe for decades, it was introduced as a fuel in the United States by the soybean checkoff a little over 10 years ago. The checkoff has paid for most of the \$30,000,000 of research on the fuel and is continuing its efforts to commercialize biodiesel in the US.

Since blending biodiesel with diesel fuel and selling B2 and B20 is relatively new in Kansas, I have included a copy of the PowerPoint presentation we have and are giving across the state, explaining biodiesel, its characteristics, and the benefits of purchasing it. The slides provide additional background on the information I have been presenting.

We recently gave this presentation at eighteen biodiesel workshops across Kansas sponsored by Energy Education grant from the Kansas Corporation Commission, in conjunction with a Biobased Products Grant from the United Soybean Board to the Kansas Soybean Commission.


In the handouts I have provided the list all biodiesel blend retailers I spoke of earlier. We agreed to work with them, as funds permit, to promote the sale of biodiesel blends if they are marketed at a minimum 2% rate. Most of these outlets are bulk sales to off-road users (farmers and KDOT), but we have recently identified two on-road biodiesel blend outlets in Salina and Great Bend.

Making SB 191 a law is one more step in a much needed cooperative national, state and private industry effort to decrease our dependence on imported petroleum, benefit our general economy and farm economy in Kansas, and improve our air quality.


I would be happy to answer any questions you may have about our effort, the effort of the National Biodiesel Board, American Soybean Association or the biodiesel industry. Thank you.

Kansas Soybean Association
2930 SW Wanamaker Drive
Topeka, KS 66614-4116
Phone: 785-271-1030






What is Biodiesel?

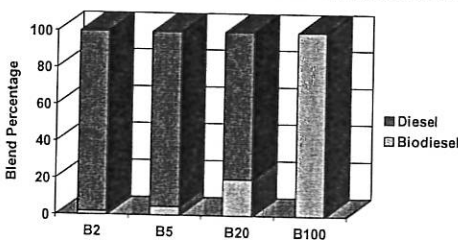


Biodiesel Defined

- * Biodiesel, n. -- a fuel comprised of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, and meeting the requirements of ASTM D 6751.
- * Biodiesel blend, n. -- a blend of biodiesel fuel meeting ASTM D 6751 with petroleum-based diesel fuel designated BXX, where XX is the volume percent of biodiesel.



Biodiesel Blends



Example: B2 is 2% biodiesel & 98% diesel fuel


8-2

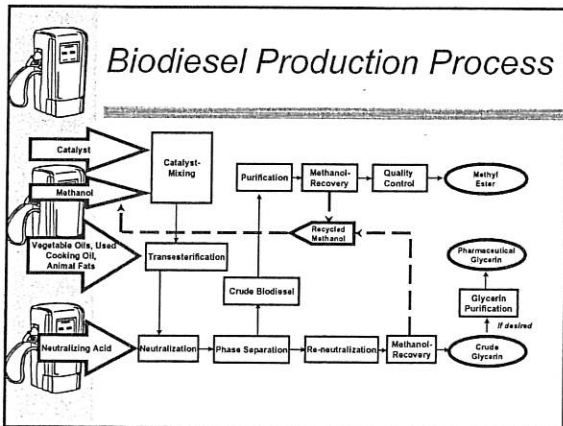
Biodiesel Raw Materials


<u>Oil or Fat</u>	<u>Alcohol</u>
Soybean	Methanol
Corn	Ethanol
Canola	
Cottonseed	<u>Catalyst</u>
Sunflower	Sodium hydroxide
Beef tallow	Potassium hydroxide
Pork lard	
Used cooking oils	

The Biodiesel Reaction

In the presence of a catalyst


Combining		Yields
Vegetable Oil or Animal Fat (100 lbs.)		Biodiesel (100 lbs.)
+ Methanol or Ethanol (10 lbs.)		+ Glycerine (10 lbs.)






Biodiesel Physical Properties

- * High Cetane
 - (>50 vs. 42)
- * Flash Point
 - (260° F vs. 150° F)
- * Virtually Zero Sulfur
 - Meets 2006 ULSD rule
- * No Aromatic Content
- * Superior Lubricity







B2 Performance Properties

B2 has Similar Performance to Petrodiesel:


- * Torque
- * Horsepower
- * Mileage
- * Range
- * BTU Content



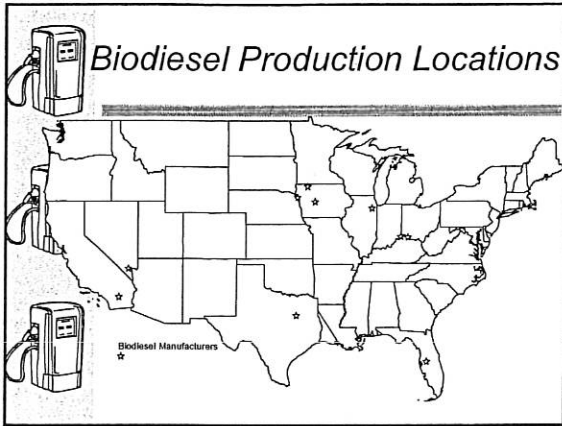


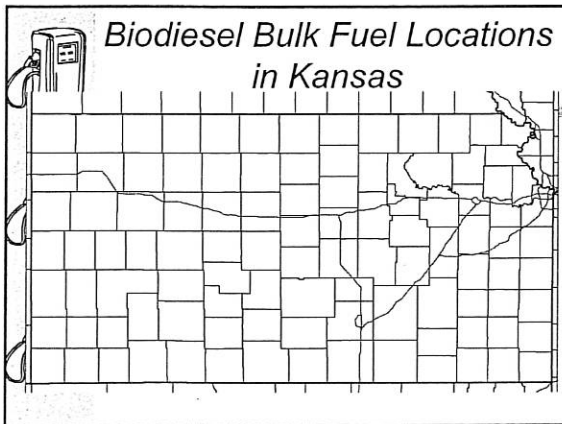
B2 Handling Characteristics


- * During winter, handle B2 just like #2 diesel
 - add pour point depressants
 - store vehicles indoors
 - or use block heaters
- * Shelf life for B2 is same as #2 diesel
- * Integrates into existing petroleum infrastructure




8.5









What Does Biodiesel Cost?





- * Biodiesel blends typically cost more than #2 diesel fuel.
- * Key Determinants of Price
 - Fat and oil prices
 - Distance from your supplier
 - Quantities purchased
- * As a general rule, B2 blends cost about 3 to 6 cents more per gallon.









Legislative Update

- * Energy Bill left undone when 107th Congress Adjourned
 - Partial Excise Tax Exemption
 - Renewable Fuels Standard
 - Changes in EPA Act Provisions
 - Blenders Tax Credit
- * Legislation in 108th Congress could come in many different forms.
 - Energy Bill
 - Transportation Bill
 - Revenue Bill
- * State Legislation is important in short term








Why Use Biodiesel?



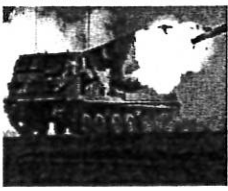
How is Biodiesel being used?

- * As a pure fuel (B100)
 - Marinas
 - Environmentally sensitive areas
- * As a blending stock with petrodiesel (B20)
 - Federal, state, and alternative fuel providers
 - EPA Act and Executive Order Compliance
 - Emissions Reductions
- * In low levels with petrodiesel (B2)
 - Lubricity and Ultra Low Sulfur Diesel Fuel
 - Terminal locations primarily throughout the Midwest




Energy Security

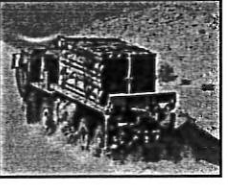


- * Petroleum imports are projected to meet 62% of U.S. petroleum demand in 2020
 - up from 52% in 2000
- * U.S. now consumes 20 million barrels of oil a day
 - 10+ million imported

Source: USDOE

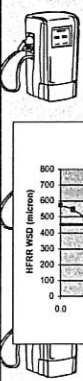


Energy Security

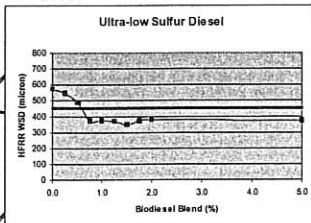


- * Top 10 Sources of US Imported Crude Oil:
 - Saudi Arabia
 - Mexico
 - Canada
 - Venezuela
 - Nigeria
 - Angola
 - Norway
 - Kuwait
 - United Kingdom
 - Colombia


Source: USDOE



Enhanced Lubricity






- * Superior lubricity
 - B2 has up to 66% more lubricity than #2 Diesel
- * EPA requires sulfur reduction in 2006
- * No overdosing concerns



Cleaner Emissions



- * On average, biodiesel reduces almost all major pollutants:
 - Particulate Matter (PM)
 - Unburned Hydrocarbons (HC)
 - Carbon Monoxide (CO)
 - Polycyclic Aromatic Hydrocarbons (PAH)
 - Nitrogen Oxides (NOX) unchanged or up slightly
- * Emissions are curvilinear with concentration
 - B2 or B20 has less impact than B100







Cleaner Emissions




Emission Type	B100	B20	B2
Unburned Hydrocarbons	-67%	-20%	-2.2%
Carbon Monoxide	-48%	-12%	-1.3%
Particulate Matter	-47%	-12%	-1.3%
Oxides of Nitrogen (NO _x)	+10%	+2%	+2%







Health Benefits


- * Reduces particulate emissions
- * Reduces targeted compounds thought to cause cancer: PAH, nPAH
- * Biodiesel blends did not generate any unexpected new hydrocarbon species





Environmental Attributes


- * **Energy Balance** - for every one unit of energy needed to produce biodiesel, 3.2 units of energy are gained.
- * **Biodegradable and Non-Toxic** - Tests sponsored by the United States Department of Agriculture confirm that biodiesel is safer than diesel and biodegrades as fast as dextrose, a test sugar.
- * **Greenhouse Gases** - A 78% life cycle decrease in CO₂ according to a USDA and DOE study.



Economic Development

- * **Economic impacts:**
 - Increased Employment
 - Sales of Product(s)
 - Income
 - Tax Revenues
 - School Enrollment
- * Economic impacts measured as direct, indirect, or induced effects

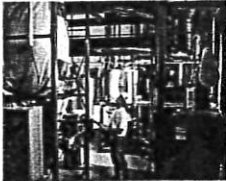






Economic Development


5 Million Gallon Per Year Soybean Crushing and Biodiesel Plant

- * 183 jobs (40 direct and 143 indirect and induced)
- * ~ \$51 million in associated labor income







If Every Farmer Used B2




- * Nationally, we could utilize
 - 71.6 million gallons of biodiesel annually
 - 51.1 million bushels of US Soybeans
- * In Kansas, we could utilize
 - 3.1 million gallons of biodiesel annually
 - 2.2 million bushels of Kansas soybeans annually



If Every Trucker Used B2





- * Nationally, we could utilize
 - 664 million gallons of biodiesel annually
 - 474 million bushels of US Soybeans
- * In Kansas, we could utilize
 - 7.3 million gallons of biodiesel annually
 - 5.2 million bushels of Kansas soybeans annually




Biodiesel Call to Action

- * Ask fuel suppliers and retailers to carry biodiesel blends
- * Use biodiesel blends on the farm





8-11






Purchasing Biodiesel...

- * Specify that biodiesel meets ASTM D 6751





- * Biodiesel Fuel Accreditation Program
 - Winter 2002 launch
- * Use a biodiesel supplier that will stand behind their fuel



Additional Information

- * Kenlon Johannes, Kansas Soybean Commission
 - 800-328-7390
 - www.kansassoybeans.org
- * National Biodiesel Board
 - 888-BODIESEL
 - www.biodiesel.org

Kansas Biodiesel Retail Outlets

2% or Higher Blends Available

Last update 01-17-2003

	<u>Off road biodiesel offered for delivery</u>	<u>Contact</u>
Hampel Oil 3727 S. West St. Wichita, KS 67217 316-529-1162 316-530-5848	All	Ken Hampel Ed Hampel John McQuery
Hampel Oil Garden Plains, KS 316-648-7241	2%	Dan Quaney
Hampel Oil 503 West Street Iola, KS 66749 620-365-3621	2%	Jay Wescloh
Hampel Oil 921 N. Main Pratt, KS 67124 620-672-3743 877-479-3343	2%	Richard Risley
Hampel Oil 2121 W. Mary Garden City, KS 67846 620-275-7777 877-430-4774	2%	Fred Gundlack
Hampel Oil 659 E. 4 th Ave. St. John, KS 67576 620-549-3324	2%	Sam Hayden
Hampel Oil 2920 Fairfax Trafficway Kansas City, KS 66115 913-321-0139	2%	Mike Long
J. J. Oil P.O. Box 811 Colby, KS 67701 785-425-7152	2%	

8-13

D&G Oil 108 W. 2 nd Minneapolis, KS 67467 785-392-3031	2%	Wayne Reed
Dark Oil 333 S. Main Attica, KS 67009 620-254-7266	2%	Eric Dark
Leiszler Oil 635 W. Crawford Clay Center, KS 67432 785-632-5648	2%	George Leiszler
Turnbull Oil Co. P.O. Box 367 Plainville, KS 67663 785-434-4629	2%	Jeff Turnbull
Bridgman Oil 109 Clay Hutchinson, KS 67501 620-665-6811	2%	Brad Thompson
Midwest Fertilizer Box 177 Thayer, KS 66776 620-839-5251	2%	Larry Reed
Burns Oil R 4, Box 175A Fredonia, KS 66736 620-378-3226	2%	Ron Burns
Hale Petroleum 430 E. Oak Columbus, KS 800-794-1710	2%	
Doue Oil P.O. Box 486 Arma, KS 66712 620-347-8508	2%	Roger Doue

g-14

Robinson Oil 710 N. VFW Road Garden City, KS 67846 620-275-4237	2%	Charlie Robinson
Volz Oil Co. 1000 E. Kansas Greensburg, KS 67054 620-723-2652	2%	Norm Volz
Vahshottz 416 S. 5 th Herington, KS 67449 785-258-2498	2%	Dennis Vahshottz
Fuel Unlimited 1315 Beverly Drive Salina, KS 67401 785-823-2331	2%	Bonnie Tillman Troy Ditto
Shamburg Oil Co. Hwy. 24, Box 45 Beloit, KS 67420 785-738-5181	2%	Mike Shamburg
Murphy Oil P.O. Box 116 Moline, KS 67353 620-647-3585	2%	Mike Murphy
Moeder Oil Co. Inc. 2302 Railroad Ave. Great Bend, KS 67530 620-792-1203	2%	
Capitol City Oil, Inc. 911 SE Adams St. Topeka, KS 66607 785-233-8008	All	Marvin
Carter Petroleum Products, Inc. 600 Metcalf Avenue, Suite 200 Overland Park, KS 66202 913-643-2300	All	Lori June Tim Prawitz

8-15

On road biodiesel offered at the pump

Contact

Bosselman Travel Center
1944 North 9th
Salina, KS 67401
Interstate 70, Exit 252
785-825-6787

2% Public Pump

Jeff Chaney

Bird Express #203
1000 Main Street
Great Bend, KS 67530
620-792-7579

2% Public Pump

For more information contact:

Kansas Soybean Commission
2930 SW Wanamaker Drive
Topeka, KS 66614-4116
Phone: 800-328-7390
<http://www.kansassoybeans.org>
information@kansassoybeans.org

or the:

National Biodiesel Board
Phone: 888-BIODIESEL
<http://www.biodiesel.org>
info@biodiesel.org

Kenlon Johannes
Kansas Soybean Association
Testimony before the Senate Agricultural Committee
In favor of SCR 1604 and 1606
February 24, 2003

My name is Kenlon Johannes and I am the Executive Officer of the Kansas Soybean Association (KSA). We are a membership organization of soybean farmers who have banded together to work toward favorable state and national policies critical to our profitability.

The Kansas Soybean Association is affiliated with the American Soybean Association (ASA). ASA is working in Washington on the legislative efforts to help make biodiesel and biodiesel blends more complete in selected markets.

KSA has made biodiesel blend sales in Kansas its number one priority. We are working with the Kansas Soybean Commission (the soybean checkoff board) to educate potential biodiesel blend consumers on the reasons to, and benefits of buying and using biodiesel blends.

While biodiesel has been used extensively in Europe for decades it was introduced as a fuel in the United States by the soybean checkoff and associations about 10 years ago. The Europeans understand that using biodiesel as part of energy security and economic develop programs are vital to their energy security and economic development. France has mandated that all diesel fuel sold in France contain 5% biodiesel. Germany and Austria have B100 available at the pump right along side of the petroleum diesel fuel pumps. They wave all taxes on B100 making it the same price petroleum diesel. We need programs that help do the same thing.

Biodiesel's development got a boost right after Desert Storm, in 1992 when the Energy Policy Act was passed by Congress and the Bush 41 administration to decrease our dependence on foreign oil. At that time the US was importing an unthinkable 45%. The progress so far, we now import over 50% of our petroleum and it is projected that number will be 60% within the next ten years.

We will be going to Washington next month and we will urge Congress to pass the Renewable fuels act, excise tax exemptions for biodiesel and other measures to help the biodiesel industry compete against oil subsidies. We support in acting SCR 1604 and 1606 as additional steps in a much needed cooperative national, state and private industry effort to decrease our dependence on imported petroleum, benefit our general economy and farm economy, and improve our air quality. We will be taking these resolutions with us to Washington for our and other congressional delegations to consider.

I would be happy to answer any questions you may have.

8-17

**TESTIMONY TO SENATE COMMITTEE ON
AGRICULTURE
BY JOE FRITTON, P.E.
DIVISION OF FACILITIES MANAGEMENT
February 24, 2003**

**Senate Bill 191
An act concerning motor vehicles;
relating to fuel purchases for state motor vehicles.**

Mr. Chairman and members of the committee:

Thank you for the opportunity to provide informational testimony for clarification of Senate Bill 191 concerning the purchase of ethanol blended fuel for state motor vehicles.

My name is Joe Fritton and I am the Deputy Director of the Division of Facilities Management in the Department of Administration. The Division operates the Central Motor Pool, which manages 1,765 of the 8,559 state-owned vehicles. Other agencies with a large fleet of vehicles include Department of Transportation, Kansas Highway Patrol, Department of Wildlife and Parks, and the Board of Regents.

The Division of Facilities Management supports the increased use of agricultural products and specifically ethanol blended fuel. Measures already taken by the Central Motor Pool include:

- Switched to 10% ethanol fuel (E-10) in September of 2000 at the Central Motor Pool Service Facility
- The Central Motor Pool currently has 1,703 vehicles that can operate on E-10
- The Central Motor Pool currently has 259 vehicles that can operate on E-85 (blended fuel with content up to 85% ethanol)
- Received 92 credits with the Department of Energy for purchasing more alternative fueled vehicles than required by federal and state statute

The Central Motor Pool provides vehicles to state agencies on either a trip-by-trip basis or a permanently assigned basis. Currently, approximately 250,000 gallons of fuel with 10% ethanol (E-10) are pumped at the Central Motor Pool office in Topeka. Nearly all of the vehicles currently in the Central Motor Pool burn unleaded gasoline and will operate on E-10.

Central Motor Pool vehicles consumed an additional 922,000 gallons of gasoline not blended with ethanol which was purchased at locations across the state in FY 2002. According to the U.S. Department of Energy and the Kansas Department of Commerce and Housing, most ethanol-blended gasoline in Kansas is available at retail locations in only mid (89 octane) or premium (91 octane) grades of gasoline. Most of the vehicles in the Central Motor Pool are recommended by their manufacturer to operate on fuel that is

*Senate Agriculture
Attachment 9
2-24-03*

87 octane. The Central Motor Pool currently restricts purchases of gasoline to the grade of fuel recommended by the manufacturer.

Typically, mid grade gasoline (89 octane) is \$.10 higher per gallon than regular unleaded gasoline and premium grade gasoline (91 octane) is \$.20 higher per gallon. The fiscal impact of purchasing E-10 gasoline will be approximately \$92,200 (922,000 gallons X \$.10) in increased fuel expenditures for the Central Motor Pool. This could result in a \$.005 increase in the mileage rate charged to agencies to recover the increased fuel costs.

SB 191 also addresses the purchase of biodiesel fuel. The quantity of diesel fuel consumed by Central Motor Pool vehicles is estimated to be approximately 4,000 gallons. The increase in costs would be negligible.

I will be happy to answer any questions regarding this testimony.

9-2



Kansas Farm Bureau

2627 KFB Plaza, Manhattan, Kansas 66503-8508 • 785.587.6000 • Fax 785.587.6914 • www.kfb.org
800 S.W. Jackson, Suite 817, Topeka, Kansas 66612 • 785.234.4535 • Fax 785.234.0278

PUBLIC POLICY STATEMENT

SENATE COMMITTEE ON AGRICULTURE

Re: SB 191 – biofuel purchases for state motor vehicles.

**February 24, 2003
Topeka, Kansas**

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

Chairman Schmidt and members of the committee, thank you for the opportunity to comment on Senate Bill 191. I am Janet McPherson, Assistant Director of Governmental Relations for the Kansas Farm Bureau. Kansas Farm Bureau supports SB 191.

Farm Bureau has specific member-adopted policy regarding the procurement and use of biofuels in state vehicles and equipment.

- *We encourage the state to develop and implement an aggressive plan for increasing biofuel usage in state vehicles and machinery. We recommend a minimum of 50% of the state's fuel purchases be bio-fuels by 2005 and all fuel purchases be bio-fuels by 2010. We encourage the legislature to enact such a requirement. If the legislature fails to act, then the Governor shall establish a plan for administrative agencies through Executive Order.*
- *"Bio-diesel blend" fuels should contain at least 2% methyl esters.*

We support this bill as an important step in reaching our Farm Bureau policy goals as articulated above. Additionally, we appreciate the manner in which biodiesel is defined, which is consistent with Farm Bureau policy.

State use of ethanol and biodiesel is an important policy directive. We respectfully request favorable passage of SB 191. Thank you.

Kansas Farm Bureau represents grassroots agriculture. Established in 1919, this non-profit advocacy organization supports farm families who earn their living in a changing industry.

*Senate Agriculture
Attachment 10
2-24-03*



Kansas Farm Bureau

2627 KFB Plaza, Manhattan, Kansas 66503-8508 • 785.587.6000 • Fax 785.587.6914 • www.kfb.org
800 S.W. Jackson, Suite 817, Topeka, Kansas 66612 • 785.234.4535 • Fax 785.234.0278

PUBLIC POLICY STATEMENT

SENATE COMMITTEE ON AGRICULTURE

Re: SCR 1604 – encouraging federal legislation to promote and expand the use of ethanol and biodiesel.

**February 24, 2003
Topeka, Kansas**

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

Chairman Schmidt and members of the committee, thank you for the opportunity to provide comments on Senate Concurrent Resolution 1604. I am Janet McPherson, Assistant Director of Governmental Relations for the Kansas Farm Bureau. KFB and American Farm Bureau policies strongly advocate expanding production and use of renewable fuels. As such, Kansas Farm Bureau supports SCR 1604.

Federal energy policy is an important component for expansion of the biofuel industry. Farm Bureau advocates a national policy that reduces dependence on foreign sources of energy, with a goal of self-sufficiency. Farm Bureau policy speaks to a goal of at least ten percent of energy coming from renewable sources, including timber and all agricultural biomass products and byproducts.

One federal policy that Farm Bureau supports is the Renewable Fuels Standard (RFS), which has again been introduced in the 108th Congress in newly proposed legislation. Federal energy policy including RFS provisions would generate benefits to Americans, including:

- Ethanol use reduces the U.S. trade deficit by \$2 billion annually.
- The RFS could increase net farm income by \$4.5 billion and add 30 cents to the value of every bushel of corn.
- The use of renewable fuel sources, such as ethanol and biodiesel, has the potential of fortifying our nation's energy security by displacing 66 billion gallons of foreign crude oil by 2012.
- In a recent study commissioned by USDA, research confirmed that ethanol is a positive net energy producer. On average, for every 100 BTUs of energy used to produce ethanol, 135 BTUs of ethanol are produced.

Kansas Farm Bureau supports the intent of SCR 1604 and respectfully requests that the committee report favorably on this resolution. Thank you.

Kansas Farm Bureau represents grassroots agriculture. Established in 1919, this non-profit advocacy organization supports farm families who earn their living in a changing industry.

10-2



Kansas Farm Bureau

2627 KFB Plaza, Manhattan, Kansas 66503-8508 • 785.587.6000 • Fax 785.587.6914 • www.kfb.org
800 S.W. Jackson, Suite 817, Topeka, Kansas 66612 • 785.234.4535 • Fax 785.234.0278

PUBLIC POLICY STATEMENT

SENATE COMMITTEE ON AGRICULTURE

**Re: SCR 1606 – urging the Governor of the state of Kansas
to promote the use of ethanol and biodiesel.**

**February 24, 2003
Topeka, Kansas**

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

Chairman Schmidt and members of the committee, thank you for the opportunity to provide comments on Senate Concurrent Resolution 1606. I am Janet McPherson, Assistant Director of Governmental Relations for the Kansas Farm Bureau. Farm Bureau members advocate public policy that favors the use renewable fuels. As such, Kansas Farm Bureau supports the intent of SCR 1606.

SCR 1606 encourages the Governor of Kansas to promote the use of ethanol and biodiesel as a fuel supply. We appreciate the measures taken thus far by the administration to enhance biofuel use in the state fleet, and value the legislative intent of this message.

Farm Bureau members have shown strong commitment to expanding the availability of renewable fuels across the state. Many counties have partnered with other organizations and fuel stations to host "Ethanol Rallies", encouraging the use of ethanol and educating consumers about the benefits of renewable fuels. In the course of policy development, Farm Bureau members have developed expansive policy regarding renewable fuels, including:

- *We support consumer education, promotion efforts and incentives, including retailers' incentives, to expand the production and use of agricultural-based alternative fuels. Greater emphasis should be placed on implementing these programs.*
- *We encourage development of an ethanol blend fuel that has the same octane rating as regular unleaded gasoline. All fuel marketers, including farmer cooperatives, should make ethanol blend fuel and bio-diesel available to consumers. We encourage agricultural producers to take the lead in utilizing agricultural-based fuels in their vehicles and machinery.*
- *We encourage the state to develop and implement an aggressive plan for increasing bio-fuel usage in state vehicles and machinery. We recommend a minimum of 50% of the state's fuel purchases be bio-fuels by 2005 and all fuel purchases be bio-fuels by 2010. We encourage the legislature to enact such a requirement. If the legislature fails to act, then the Governor shall establish a plan for administrative agencies through Executive Order.*

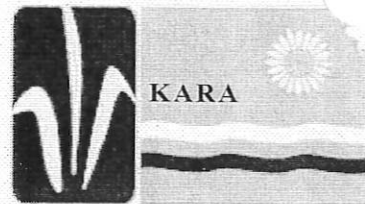
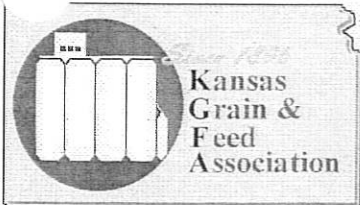
10-3

- *We support the State Agriculture Marketing Program and urge the State of Kansas, through the Division of Agriculture Products Development, Department of Commerce and Housing, to allocate more resources to support the development of value-added products.*
- *The state should authorize incentives encouraging farmers and ranchers to invest in producer-owned cooperatives and value-added businesses.*

We are very appreciative of the efforts made by the legislature and Governor to incorporate these policy objectives. Kansas Farm Bureau supports the intent of SCR 1606 and respectfully requests that the committee report favorably on this resolution. Thank you.

Kansas Farm Bureau represents grassroots agriculture. Established in 1919, this non-profit advocacy organization supports farm families who earn their living in a changing industry.

10²-4



STATEMENT OF THE
KANSAS GRAIN & FEED ASSOCIATION
AND THE
KANSAS AGRIBUSINESS RETAILERS ASSOCIATION
SUBMITTED TO THE
SENATE AGRICULTURE COMMITTEE
REGARDING SENATE BILL 145
SENATOR DEREK SCHMIDT, CHAIRMAN
FEBRUARY 24, 2003

*Senate Agriculture
Attachment #1
2-24-03*

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.

The following statement is presented 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.

This statement is presented in opposition to Senate Bill 145. KGFA and KARA welcome the Senate Agriculture Committee's review of the two primary roles played by the State Board of Agriculture. Kansas statutes specifically charge the nine-member Board of Agriculture with advising the Secretary and Governor on agricultural policy as well as charging the Board with nominating individuals for possible selection as Kansas Secretary of Agriculture.

KGFA and KARA concur that recent events relating to the nomination of candidates by the Board of Agriculture has given cause for a review of the "nominations" role played by Board. However, both organizations believe the advisory role played by the nine-member board is important and should be maintained. The presence of this board ensures stakeholder input on regulatory proposals and changes offered by the Department of Agriculture and also allows for input on legislative initiatives proposed by the Department. KGFA and KARA support the continuation of this advisory role.

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 present comments on this issue. Should you require additional information please contact Doug Wareham at (785) 234-0461.

11-2

Gary E. Beachner
901 Leawood Avenue
Parsons, Kansas 67357

Business 620-449-8500

Residence 620-471-2602

February 20, 2003

Senator Derek Schmidt, Chairman
Senate Agriculture Committee
State Capitol, Room 143-N
Topeka, Kansas 66612

Dear Senator Schmidt,

I am writing in reference to the consideration of Senate Bill 145, which proposes to abolish the State Board of Agriculture. As you are aware, I currently serve as Chairman of the State Board of Agriculture, but want to make it clear that my comments are as an individual serving on the Board. My feelings regarding the importance of the Board of Agriculture may or may not be shared by others serving on the Board.

As such, I want to begin by stating that I believe reviewing the role of the Board of Agriculture in nominating individuals for the position of Secretary of Agriculture seems appropriate, considering the potential for delaying the appointment of a permanent Secretary of Agriculture under the current process. While I believe the previous and current Board's of Agriculture carried out their statutory duty in as timely and professional manner as possible, I would suggest that having a previous Governor's appointed Board nominate candidates from which a new Governor must choose, is somewhat problematic, and could lead to delays in having a Secretary of Agriculture named. I believe there is merit in further discussing this issue with the stakeholders, the Kansas agricultural groups, prior to making a hasty decision out of frustration with the current process. With a new Secretary being named today, I fail to see the urgency of adopting such legislation this session without the necessary time for study and discussion of the implications of removing the Board's role in the Secretary selection process.

Additionally, I do firmly believe the State Board of Agriculture plays a crucial role in advising the Governor and the Secretary of Agriculture on proposed changes to agency regulations, policy, and legislative initiatives. The Board is also charged with advising the Agriculture Products Development Division of the Department of Commerce. The existence of the Board of Agriculture provides an internal oversight mechanism that enables the Secretary to identify problem areas, share ideas and proposals for addressing agency challenges, and seek input from regulated stakeholders on agency policies and directives. I cannot overstate the importance of maintaining the Board, and maintaining its role in advising the Governor and the Secretary. I believe abolishing the Board would be a mistake, and a disservice to agriculture.

In conclusion, I would like to add that I was very disappointed to learn that the only agricultural organizations to appear before the Senate Agriculture Committee during the hearing on Senate Bill 145 was Kansas Farm Bureau and Kansas Grain and Feed Association. I was equally disappointed when I learned a formal statement was not presented by the Department of Agriculture. I hope you will share my comments with the members of the Senate Agriculture Committee. If I can be of further assistance or provide you with additional information, please feel free to contact me at 620-449-8500. Thank you for considering my thoughts.

Sincerely,



Gary E. Beachner, Chairman
State Board of Agriculture

Senate Agriculture
Attachment 12
2-24-03 TOTAL P.01