

MINUTES OF THE HOUSE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on March 1, 2006, in Room 423-S of the Capitol.

All members were present except:

Representative Richard Carlson- excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department

Gordon Self, Revisor of Statutes Office

Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Constantine Cotsoradis, Assistant Secretary, Kansas Department of Agriculture

Duane Simpson, Kansas Grain and Feed Association

Myron Holder, Chairman, Policy Committee, Kansas Soybean Association

Sue Schulte, Director of Communications, Kansas Corn Growers Association, and Kansas Grain Sorghum Producers Association

Brad Harrelson, State Policy Director, Governmental Relations, Kansas Farm Bureau

Others attending:

See attached list.

Minutes of the February 6, 8, 13, 15, 17, and 20 meetings were distributed. Members were asked to notify the committee secretary of any corrections or additions prior to 5:00 p.m. Monday, March 6, or the minutes will be considered approved as presented.

Chairman Johnson requested introduction of a House Concurrent Resolution supporting a Taiwan-United States free trade agreement. There being no objection, a resolution will be introduced by the House Agriculture Committee.

Hearing and action on SB 325 - Repeal of aquaculture advisory council.

Chairman Johnson opened the hearing on **SB 325**. Raney Gilliland explained that this bill, introduced by the Legislative Coordinating Council, would abolish the Aquaculture Advisory Council. The Secretary of Agriculture would still have the same responsibilities, duties, and powers to implement the Kansas Aquaculture Plan.

Constantine Cotsoradis, Assistant Secretary, Kansas Department of Agriculture, appeared in support of **SB 325** to repeal the Aquaculture Advisory Council, established in 1992. He reported that the industry has no interest in the continuation of the Council. He explained that when agriculture marketing activities were moved to the Kansas Department of Commerce, the Aquaculture Advisory Council statutes were not among the duties transferred. He said the Department will continue to support the aquaculture industry in the state and assist the Agriculture Marketing Division of the Kansas Department of Commerce in whatever way possible to promote and market aquaculture products from the State of Kansas. (Attachment 1)

There being no other conferees, Chairman Johnson closed the hearing on **SB 325** and opened the floor for discussion.

Representative Dahl moved to recommend **SB 325** favorably for passage and, because the bill is of a noncontroversial nature, be placed on the consent calendar. Seconded by Representative Svaty, the motion carried.

Hearing on SB 500 - Raises phytosanitary fees.

Chairman Johnson opened the hearing on **SB 500**. Raney Gilliland explained that this bill would allow the Kansas Department of Agriculture to add any additional fee charged by the United States government for the

CONTINUATION SHEET

MINUTES OF THE House Agriculture Committee at 3:30 p.m. on March 1, 2006, in Room 423-S of the Capitol.

acquisition of federal phytosanitary certificates. The Senate Agriculture Committee amended the bill so that if the federal government charges a fee, that fee would become a rule and regulation of the Kansas Department of Agriculture.

Constantine Cotsoradis, Assistant Secretary, Kansas Department of Agriculture, appeared in support of **SB 500**, introduced at the request of the Department. He explained that the Department's plant protection and weed control program ensures plant health in the state. One of their tasks is to issue federal phytosanitary certificates, a USDA document that must accompany agricultural shipments abroad. The certificate verifies to foreign authorities that an official inspection of the commodities has been made and it addresses specific concerns of the importing country. These certificates are issued for a variety of products including wheat, corn, sorghum, soybeans, and sunflowers. He reported that currently USDA doesn't charge a fee for federal phytosanitary certificates; however, they are in the process of proposing a \$16 fee for each certificate issued. He explained that the Department is already at the statutory maximum of \$50 for issuing the certificate. This bill would increase the maximum fee rate to a level that factors in the current rate, plus any additional charge that USDA levies. (Attachment 2)

Duane Simpson, Kansas Grain and Feed Association, testified in support of **SB 500** stating that their members are the ones who will pay this fee if it is increased. While KGFA does not support the federal government charging a fee for a service that is provided by the state, they understand the state not wanting to pay the fee out of its own revenue. KGFA supports this fee being passed on to its members if the federal government should decide to charge a fee for phytosanitary certificates issued by the Kansas Department of Agriculture. (Attachment 3)

There being no opponents, Chairman Johnson closed the hearing on **SB 500**.

Hearing on SCR 1620 - Concurrent Resolution urging support of "25 by 25."

Chairman Johnson opened the hearing on **SCR 1620**. Raney Gilliland explained that this resolution affirms that the Legislature of the State of Kansas supports the vision of "25 by 25" whereby agriculture will provide 25 percent of the total energy consumed in the United States by the year 2025, while continuing to produce abundant, safe, and affordable food and fiber.

Myron Holder, Chairman, Policy Committee, Kansas Soybean Association, testified in support of **SCR 1620**. He said the soybean farmer and other agricultural producers in Kansas are well positioned to play an expanded role in meeting the goals set forth in the "25 by 25" concept. These goals include producing transportation fuels, harnessing wind energy, converting biogas emissions, capturing solar energy, and providing biomass for generating heat and power. This will provide agriculture with increased farm income, value-added uses, alternative enterprises, and more productive use of marginal lands. He said it will also assist in resolution of air, water, and soil quality problems; reduce reliance on government payments; and enhance rural economies that are important to Kansas. (Attachment 4)

Sue Schulte, Director of Communications, Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association, appeared in support of **SCR 1620** and the goal that by the year 2025, 25 percent of our energy should come from American agriculture. She said that if we can reach this goal, American agriculture and Kansas agriculture would certainly benefit. This would provide an economic boost that would benefit our state and, especially, our rural communities. She noted that we are already seeing this today as new ethanol plants are making positive impacts on rural economies in Kansas and throughout the Midwest. She said that our economy has become increasingly tied to energy costs, which in turn has become increasingly tied to events in the foreign countries that supply much of our energy needs. (Attachment 5)

Brad Harrelson, State Policy Director, Governmental Relations, Kansas Farm Bureau, submitted written testimony in support of **SCR 1620** promoting alternative, agricultural based energy resources. He noted that enhanced domestic production of energy, especially, renewable, alternative resources has a tremendous upside, not only for agriculture producers, but also fuel consumers. It would reduce our dependence on foreign oil and boost market demand for Kansas crops, which is good for agriculture, and the rural Kansas economy. (Attachment 6)

CONTINUATION SHEET

MINUTES OF THE House Agriculture Committee at 3:30 p.m. on March 1, 2006, in Room 423-S of the Capitol.

Representative Svaty questioned the clarity of the wording in **SCR 1620** on page 1, lines 30 - 33.

There being no other conferees, Chairman Johnson closed the hearing on **SCR 1620**.

The meeting adjourned at 4:18 p.m. The next meeting of the House Agriculture Committee is scheduled for March 6, 2006.



KANSAS

DEPARTMENT OF AGRICULTURE
ADRIAN J. POLANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

**Testimony on Senate Bill 325
to
House Agriculture Committee**

**by Constantine V. Cotsoradis
Assistant Secretary
Kansas Department of Agriculture**

March 1, 2006

Good afternoon Chairman Johnson and members of the committee. I am Constantine Cotsoradis, assistant secretary of agriculture, and I am here to testify in support of SB 325 to repeal the aquaculture advisory council

K.S.A. 47-1902 through 47-1904 are aquaculture statutes that date back to 1992. In 1995, when the Kansas Department of Agriculture was established as a Cabinet-level agency, many marketing activities moved to the Department of Commerce. The aquaculture advisory council statutes were not among the duties transferred at that time.

During the Graves administration, our department contacted the aquaculture industry association to ask about their interest in the advisory council. The secretary of agriculture at that time was told the industry did not want to participate in the council. The department did not seek to revoke the statutes in case growth in the industry prompted interest the council.

We recently contacted aquaculture industry leaders about these statutes, and they still have no interest in a state-initiated aquaculture group.

We will continue to support the aquaculture industry in Kansas, and we will help the Agriculture Marketing Division of the Kansas Department of Commerce in whatever way we can to help promote and market Kansas aquaculture products. However, because industry does not see a need for an aquaculture advisory council, we support SB 325.

House Agriculture Committee

109 SW 9th St., Topeka, KS 66612-1280 March 1, 2006

Voice (785) 296-3556 Fax (785) 296-8389 [http://www. Attachment 1](http://www.Attachment 1)



KANSAS

DEPARTMENT OF AGRICULTURE
ADRIAN J. POLANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

**Testimony on Senate Bill 500
to
the House Agriculture Committee**

**by
Constantine V. Cotsoradis
Assistant Secretary
Kansas Department of Agriculture**

March 1, 2006

Good afternoon Chairman Johnson and members of the committee. I am Constantine Cotsoradis, assistant secretary of agriculture. I am here in support of SB 500.

The Kansas Department of Agriculture's plant protection and weed control program ensures plant health in the state. One of their tasks is to issue federal phytosanitary certificates, a USDA document that must accompany agricultural shipments abroad. We could not sell many of our products without these certificates.

The certificate verifies to foreign authorities that an official inspection of the commodities has been made and it addresses specific concerns of the importing country. Foreign countries strongly recommend inspection at the point of origin due to localized knowledge of pests and to decrease the opportunity for commingling the grain with grain from other sources.

We are able to issue these certificates based on an inspection of the commodity at the elevator or storage site and survey data collected during the growing season to document the presence or absence of insects, weeds or diseases in the area where the crop was grown. These certificates are issued for a variety of products including wheat, corn, sorghum, soybeans and sunflowers.

Currently, USDA doesn't charge a fee for federal phytosanitary certificates. However, they are in the process of proposing a \$16 fee for each certificate issued. According to statute, our department is allowed to charge up to \$50 for issuing the certificate and we currently are at that level. This bill would increase the maximum fee rate to a level that factors in the current rate plus any additional charge that USDA levies. After several stakeholder meetings, we determined that the fee increase would do more benefit than harm to producers.

House Agriculture Committee
March 1, 2006
Attachment 2

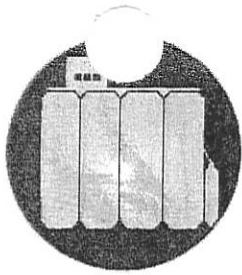
During the 2005 fiscal year, we issued 1,132 phytosanitary certificates, a 180 percent increase over the 2004 fiscal year level. We issued 641 export certificates through the first six months of the current fiscal year, and we expect to issue approximately 1,250 for the year. Based on current projections, if we are forced to accept the burden of the additional costs assessed by USDA, program revenues will decrease by about \$20,000 a year.

This decrease in revenue would limit the program's ability to provide the valuable service of ensuring the quality of plant material from in-state producers to out-of-country markets. The fees generated from the certification process cover a variety of costs, including postage, database and equipment maintenance, and ensuring our inspectors have the most up-to-date information and training to identify plant pests that could affect crops and agricultural commodities. This training is necessary to assure foreign countries that Kansas products meet their specific quality standards.

In the table below is a summary of the phytosanitary certificates issued in calendar year 2005.

Product	Number of Certificates	Quantity
Processed Corn	518	99,857,331 pounds
Soybean meal	202	229,924,939 pounds
Soybeans	167	5,523,246 bushels
Sunflower	159	356,172,223 pounds
Dry beans	83	80,583 bushels
Field corn	43	416,650 bushels
Wheat	23	458,182 bushels
Forage products	23	2,389,190 pounds
Distillers dried grain	21	6,724,496 pounds
Grain sorghum	19	2,896,816 bushels
Oak/hackberry	4	257,248 pounds

Thank you for allowing me to speak on this bill. I would be happy to answer any questions you may have.



Kansas Grain & Feed Association

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Statement in Support of SB 500 House Agriculture Committee February 28, 2006

Chairman Johnson and members of the House Agriculture Committee, I am Duane Simpson testifying on behalf of the Kansas Grain and Feed Association (KGFA). The KGFA is a voluntary state association with membership encompassing the entire spectrum of the grain receiving, storage, processing and shipping industry in the state of Kansas. KGFA's membership includes over 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. Our members include both state and federally licensed warehouses. On behalf of the members of KGFA I am testifying in support of SB 500.

Our members are the ones who will pay this fee if it is increased. While KGFA does not support the federal government charging a fee for a service that is provided by the state, we understand the state not wanting to pay the fee out of its own revenue. The Department of Agriculture's budget is already stretched too thin and we support this fee being passed on to our members if the federal government decides to charge it.

It is our understanding that the President's budget recently submitted to Congress does not include this fee increase. However, we do believe that the Department should have the authority to pass the fee along if the fee should be increased. For that reason we urge this committee to support SB 500.

House Agriculture Committee
March 1, 2006
Attachment 3

Kansas House Agricultural Committee Hearing
March 1, 2006
Testimony on Concurrent Resolution No. 1620

Chairman Johnson and members of the Kansas House Agriculture Committee, my name is Myron Holder and I serve as the Chairman of the Policy Committee of the Kansas Soybean Association. I am here to offer our support for Concurrent Resolution No. 1620, where by the year 2025, 25 percent of the total energy consumed in the United States will come from agriculture, agricultural lands or related enterprises.

With current and future risks to the United States energy security increasing, domestic and global energy demands are growing dramatically. The Kansas soybean farmer and other agricultural producers in Kansas are well positioned to play an expanded role in meeting the goals set forth by the Ag Energy Work Group that developed the "25 by '25" concept. These goals include producing transportation fuels, harnessing wind energy, converting biogas emissions, capturing solar energy, and providing biomass for generating heat and power.

Having our staff traveling across the state the last two years, promoting the use of biodiesel in agriculture, transportation, and by school districts as an alternative, renewable, and cleaner burning fuel, the attitude of those who talk to us about biodiesel has changed. As we communicate with our producers and other potential biodiesel consumers at trade shows those who stop at our booth have gone from saying that biodiesel looks like a good idea and they hope it works, to asking us where biodiesel is available and why is it not more available. Almost everyone expresses their displeasure with sending their money overseas to a foreign country for our energy needs.

President Bush's recent State of the Union Address, supporting breaking the country's addiction to oil and moving beyond a petroleum-based economy, demonstrates the importance of Concurrent Resolution No. 1620. Meeting the goals of "25 X'25" is a food and fuel vision, not a food or fuel vision. This will provide agriculture with increased farm income, value added uses, alternative enterprises, and more productive use of marginal lands. It will also assist in resolution of air, water and soil quality problems, reducing reliance on government payments and enhancing rural economies that are important to Kansas.

The Kansas Soybean Association stands ready to work with other agriculture organizations and Kansans to meet these energy goals for our country.

Myron Holder, Chairman of the Kansas Soybean Association Policy Committee
Highland, Kansas

**Testimony on Senate Concurrent Resolution 1620
House Committee on Agriculture**

**Presented by Sue Schulte, Director of Communications
Kansas Corn Growers Association
March 1, 2006**

Good afternoon Chairman Johnson and members of the committee. I am Sue Schulte, and I am here to testify on behalf of the Kansas Corn Growers Association as well as the Kansas Grain Sorghum Producers Association in support of SCR 1620, a resolution urging support of the “25 by ‘25” initiative.

The Kansas corn and grain sorghum associations have worked to expand the use and production of ethanol since the 1970s—long before it was fashionable. Over those years, we have seen a dramatic and positive change in attitudes toward renewable fuels, especially ethanol. Today, our leaders in the state and national legislatures and even in the Oval Office are asking, “What can we do to advance renewable fuels? How can we become more self-reliant?”

Today, this committee is considering a resolution in support of the 25 by 25 initiative. This initiative is working to advance this goal: that by the year 2025, 25 percent of our energy should come from American agriculture. If we can reach this goal, American agriculture and Kansas agriculture would certainly benefit. This would provide an economic boost that would benefit our state and especially our rural communities. We are already seeing this today as new ethanol plants are making positive economic impacts on rural economies in Kansas and throughout the Midwest—communities like Campus in northwest Kansas, Garnett in east central Kansas, and now in Phillipsburg where our state’s eighth ethanol plant is under construction.

Our economy has become increasingly tied to energy costs, which in turn have become increasingly tied to events in the foreign countries that supply much of our energy needs. Whether you’re hauling kids to a soccer game, or hauling grain to the elevator, the volatile energy market has a direct impact on your financial well-being. It makes sense that agriculture would strive to produce a fourth of our energy, whether it is ethanol, biodiesel, wind, solar, methane or the other sources.



KANSAS FARM BUREAU
The Voice of Agriculture

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PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON AGRICULTURE

RE: SCR No. 1620 – a resolution urging support of “25 by 25”.

March 1, 2006
Topeka, Kansas

Testimony provided by:
Brad Harrelson
State Policy Director
KFB Governmental Relations

Chairman Johnson, and members of the House Committee on Agriculture, thank you for the opportunity to appear before you today. I am Brad Harrelson, State Policy Director—Governmental Relations for Kansas Farm Bureau. KFB is the state’s largest general farm organization representing more than 40,000 farm and ranch families through our 105 county Farm Bureau Associations.

On behalf of Kansas Farm Bureau (KFB) I would like to extend our support to the Kansas Legislature for its interest in promoting alternative, agricultural based energy resources. We at KFB stand ready to assist you in your mission to advance these alternative fuels.

Enhanced domestic production of energy, especially renewable, alternative resources, has tremendous upside, not only for ag producers, but also fuel consumers. Domestically produced, agricultural based energy reduces our dependence on foreign oil and boosts market demand for Kansas crops, which is good for agriculture, and the rural Kansas economy. It is a win-win for Kansas farmers and consumers.

Realistic goals as suggested in the “25% by 2025” initiative present measurable targets that provide positive stimulus to one of America’s most important industries, production agriculture, and is far-sighted, sensible public policy.

House Agriculture Committee
March 1, 2006
Attachment 6

Therefore, Kansas Farm Bureau respectfully urges your recommendation to pass favorably SCR 1620 and send a strong message to Congress, that supports American agriculture and long-term energy independence. Thank you, once again, for the opportunity to appear before you and share the policy of our members. KFB stands ready to assist as you consider this measure. Thank you.