

MINUTES OF THE SENATE AGRICULTURE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on February 13, 2006 in Room 423-S of the Capitol.

All members were present except:

Steve Morris- excused
Ralph Ostmeyer- excused
Derek Schmidt- excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research
Lisa Montgomery, Office of Revisor of Statutes
Judy Seitz, Committee Secretary

Conferees appearing before the Committee:

Constantine Cotsoradis, Kansas Department of Agriculture
Duane Simpson, Kansas Grain & Feed Association
Dennis Hupe, Kansas Soybean Association
Sue Schulte, Kansas Corn Growers Association

Others attending:

See attached list.

Minutes for the February 7 and 8 meeting were handed to Committee members for review and action later in the meeting. Chairman Taddiken said the agenda will be revised. Tomorrow hearings will be held on:

SB 542—Creation of the equine industry research and promotion board;

SB 532—Repealing the tax levies for fair association buildings and grounds and

SR 1809—Congratulating and commending the Kansas Pork Association on its 50th anniversary.

On Wednesday there will be hearings on:

SB 543—Creation of the Kansas ethanol council and

SB 544—Motor-vehicle fuel taxation, rates, ethanol blends

Hearings on **SB 500—Raises phytosanitary fees** were opened.

Constantine Cotsoradis spoke in favor of **SB 500 (Attachment 1)**. He said the USDA currently does not charge a fee for federal phytosanitary certificates but is proposing a \$16.00 fee for each certificate. This bill would increase the maximum fee rate to a level that factors in the current rate, plus any additional charge that the USDA levies.

Mr. Cotsoradis stood for questions.

Duane Simpson offered testimony in support of **SB 500 (Attachment 2)**. He stated that the KDA should be able to pass this fee along.

Hearings on **SB 500** were closed.

Hearings on **SCR 1620—Urging support of “25 by 25”** were opened.

Dennis Hupe spoke in support of **SCR 1620 (Attachment 3)**. He stated that it would provide agriculture with increased farm income, added value uses, alternative enterprises and more productive uses of marginal lands.

Mr. Hupe stood for questions.

Sue Schulte testified in support of **SCR 1620 (Attachment 4)**. She said that if the goal that by the year 2025, 25% of our energy would come from American agriculture is reached, Kansas agriculture will see great benefits.

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture at 8:30 a.m. on February 13, 2006 in Room 423-S of the Capitol.

Ms. Schulte stood for questions.

Chairman Taddiken noted there is written testimony in favor of **SCR 1620** from Brad Harrelson (Attachment 5). He also handed out a Power Point presentation from the Energy Work Group, titled "American Agriculture: Powering the Future" (Attachment 6). One of the founders of the group, Dr. Barry Flinchbaugh, will speak to the Committee on March 15.

Hearings were closed on **SCR 1620**.

Senator Bruce made a motion that SCR 1620 be adopted. Senator Francisco seconded the motion. Motion carried.

Discussions were held on SB 500. A motion was made by Senator Bruce to add the word "fee" on line 23 between the words "any" and "amount". Motion was seconded by Francisco. There was no discussion. Motion carried.

A motion was made by Senator Francisco to pass SB 500 as amended. Motion seconded by Senator Bruce. Motion carried

Senator Bruce moved to approve the minutes of the February 7 and 8 meeting; seconded by Senator Pine. Motion carried.

Meeting was adjourned at 9:03 a.m.

The next meeting is Tuesday, February 14, 2006.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 13, 2006

NAME	REPRESENTING
OU Cotsaradis	KDA
Bill Scott	"
Mike Shuman	KDA
Duane Simpson	KGFA
Dennis Hupe	KSA
Kar Seebor	Ken Law Firm
Scott	KCGA
Mandy Miller	Sen. Schwilt
Brend Anderson	KFB
Leslie Kaufman	Ks Coop Council



KANSAS

DEPARTMENT OF AGRICULTURE
ADRIAN J. POLANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

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

**by
Constantine V. Cotsoradis
Assistant Secretary**

February 13, 2006

Good morning, Chairman Taddiken 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.

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

*Senate Agriculture Committee
2-13-06
Attachment 1*

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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 AND FEED ASSOCIATION

STATEMENT OF THE
KANSAS GRAIN & FEED ASSOCIATION
BEFORE THE
SENATE AGRICULTURE COMMITTEE
REP. MARK TADDIKEN, CHAIR
IN SUPPORT OF
SENATE BILL 500
FEBRUARY 13, 2006

FOR MORE INFORMATION CONTACT

*DUANE SIMPSON, VICE PRESIDENT OF GOVERNMENT AFFAIRS
(785) 234-0461 OR DUANE@KANSASAG.ORG*

*Senate Agriculture Committee
2-13-06
Attachment 2*

**KGFA, promoting a viable business climate through
sound public policy for more than a century.**



Chairman Taddiken and members of the Senate 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 it's 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.

Kansas Senate Agricultural Committee Hearing
February 13, 2006
Senate Concurrent Resolution No. 1620

Chairman Taddiken and members of the Kansas Senate Agriculture Committee, my name is Dennis Hupe and I serve as the Director of Field Services for the Kansas Soybean Association. I am here to offer my support for Senate 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 traveled 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 attitudes of those that stop by to talk about biodiesel has changed. In the last year the person that stops by the booth has gone from saying that it looks like a good idea and they hope it works, to stopping by and asking where it is available and why is it not more available. All most to the tee, each one expresses their displeasure with sending their money overseas to a foreign country. It is sometimes expressed to me in a more direct fashion.

President Bush's recent State of the Union Address, supporting breaking the country's addiction to oil and move beyond a petroleum-based economy, demonstrates the importance of this Senate 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, added value uses, alternative enterprises, and more productive uses of marginal lands. It will also assist in resolution of air, water and soil quality problem, reduced reliance on government payments and enhanced rural economies that are important to Kansas agriculture.

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

Dennis Hupe, Director of Field Services
Kansas Soybean Association

Senate Agriculture Committee
2-13-06
Attachment 3

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

**by Sue Schulte
Director of Communications
Kansas Corn Growers Association**

February 13, 2006

Good morning Chairman Taddiken and members of the committee. I am Sue Schulte, here on behalf of Kansas Corn Growers Association. 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. 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? What can we do to reduce our dependence on foreign oil? 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 the premise 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 will see great benefits. Agriculture would certainly benefit from this type of economic growth. That economic boost will benefit our state, especially our rural communities. We are already seeing this today as new ethanol plants are making a positive impact 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. The Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association support this resolution.

*Senate Agriculture Committee
2-13-06
Attachment 4*



PUBLIC POLICY STATEMENT

SENATE COMMITTEE ON AGRICULTURE

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

February 13, 2006
Topeka, Kansas

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

Chairman Taddiken, and members of the Senate 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 it’s 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 provide measurable targets that provide positive stimulus to one of Americas most important industries, production agriculture, and is far-sighted, sensible public policy.

Senate Agriculture Committee
2-13-06
Attachment 5

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.

ENERGY WORK GROUP

**American Agriculture:
Powering the Future**

Presented to
Agricultural Chairs Summit
January 21, 2006
Tempe, AZ

ENERGY WORK GROUP

**energy future
COALITION**

Search for New Energy Solutions

- Nonpartisan alliances
- Seeking changes in U.S. energy policy
- Focusing on economic, security and environmental challenges
- Working to forge a consensus on a new energy future

ENERGY WORK GROUP

**Energy:
The Linchpin of Our Economy**

- Fundamental to our prosperity
- Contributes to our quality of life
- Historically has been abundant and affordable

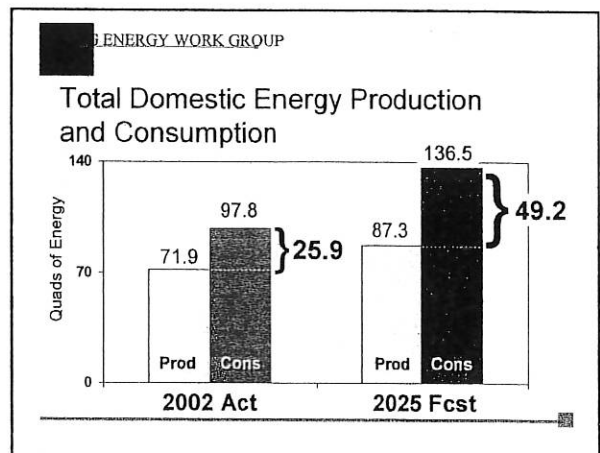
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Fossil based energy systems are not sustainable

- World oil reserves are limited in supply and located in volatile parts of the world
- Dependence on foreign oil is increasing

ENERGY WORK GROUP

- Costs of oil, natural gas and electricity are skyrocketing
- Emissions from burning of fossil fuels are impacting the environment



Dept. of Energy Data
production vs consumption
Senate Agriculture Committee
2-13-06
Attachment 6

Ag Energy Project

- Formed in Spring 2004
- Organized to explore ag's role in energy production
- Phase 1-creating a vision
- new* ■ Phase 2-building an ag energy alliance
- Phase 3-implementing strategy

Phase One: Development of a draft vision

Core questions:

- What role can the farm sector play?
- How big a contribution?
- What has to happen?

Step One: Examined ag's current role

- ethanol
- biodiesel
- biomass/biower
- waste and ag residue
- wind
- solar

Our Conclusions:

- Agriculture can play a major role in helping the nation achieve energy independence.
- An enormous and historic opportunity is on the horizon.
- It is time for the ag sector to come together and work collaboratively to capitalize on these opportunities.

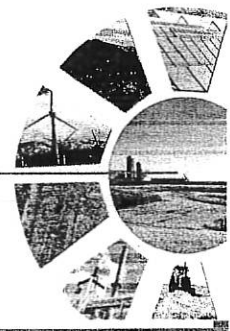
Our Vision:

By the year 2025, renewable energy from the nation's farms, ranches and forests will comprise 25 percent of the total energy consumed in the United States.

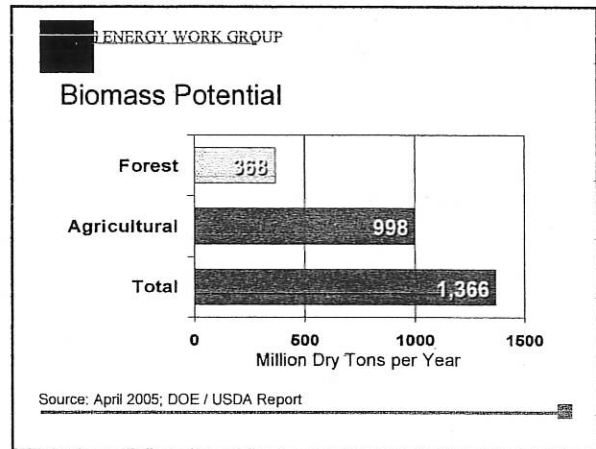
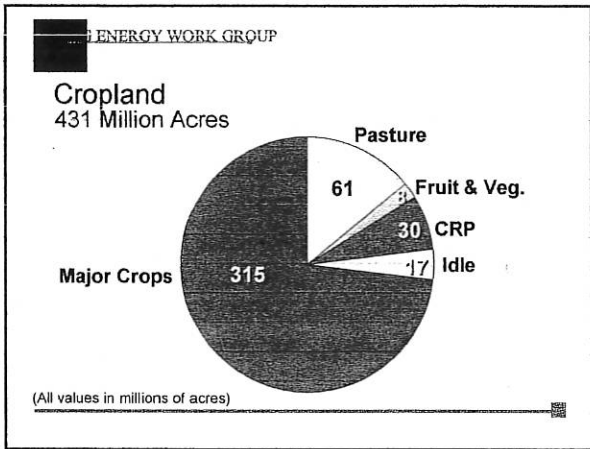
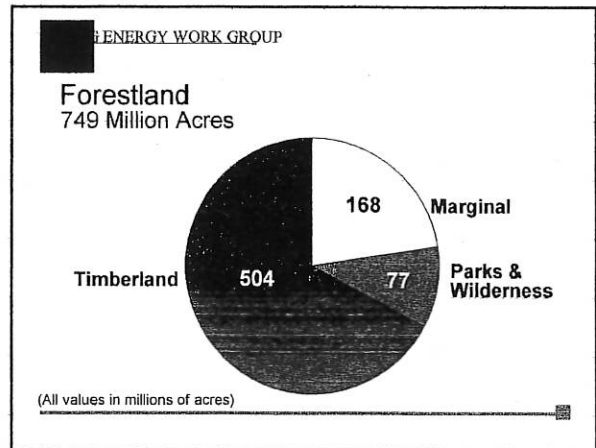
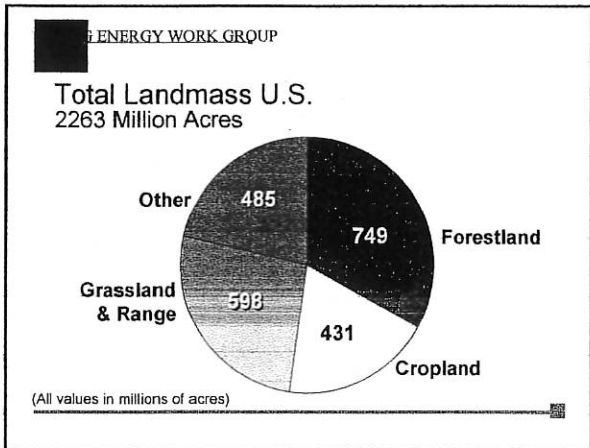
25x'25

Is the
25% goal
for renewable
energy
by 2025

REALISTIC?



*today
5-4-07*



ENERGY WORK GROUP

Biomass is the Feedstock for:

- Ethanol
- Biogases
- Biodiesel
- Direct fired equipment

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Wind / Solar Potential

We will meet this goal by:

- Producing transportation fuels
- Harnessing wind energy
- Converting biogas emissions
- Capturing solar energy
- Providing biomass for generating heat and power

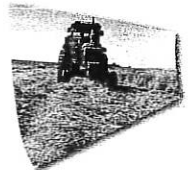
This is a food, feed, fiber and fuel vision, that is economically viable for our society.

With emerging technology we can produce multiple commodities.

What's in it for agriculture and forestry?

- Increased farm income
- Added value uses
- Alternative enterprises
- More productive uses of marginal lands
- Assist in resolution of air, water and soil quality problems
- Reduced reliance on government payments
- Enhanced rural economies

Phase Two:
Building an ag and forestry energy alliance



- Reaching out to over 100 organizations
- Seeking ag and forestry leaders and energy champions

Current Areas of Focus:

- Alliance formation
- Economic analysis of 25 x '25
- Corporate Leadership Council
- Interfacing with utilities
- Communication outreach
- Strengthen political support
- Implementation planning



State leaders should embrace "25 by 25"

Omaha World-Herald

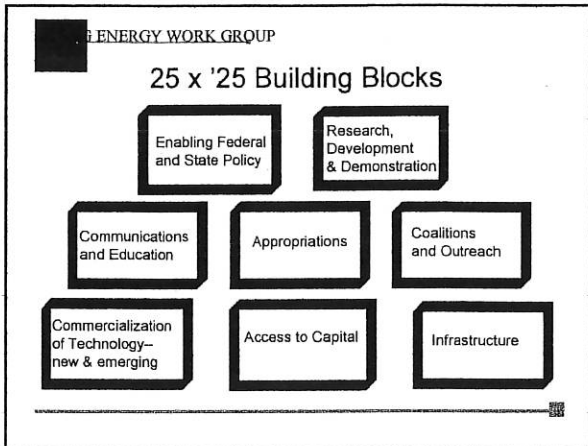
Energy from the farm



Glenn English
NREC
CEO
actions

on steering
Committee

6-4

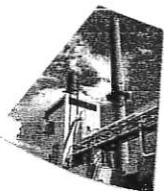


- ENERGY WORK GROUP
- ### Next Steps:
- Help form and support state level 25x'25 alliances
 - Build an overwhelming level of public support for 25x'25 vision
 - Invite other renewable energy advocates to join our national alliance
 - Seek adoption of 25x'25 goal as national policy


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Conclusions:

We have the technology, capacity and leadership to offer new energy solutions.

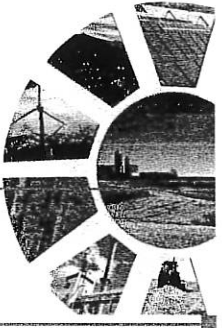


These solutions will enhance farm income and strengthen rural communities.

- ENERGY WORK GROUP
- ### We Need Your:
- Involvement
 - Insight
 - Expertise
 - Leadership skills
- Please join us in bringing the vision of 25 X '25 to life.
- 

ENERGY WORK GROUP

American Agriculture:
Powering the Future



25x'25

6-5