

## MINUTES OF THE HOUSE AGRICULTURE AND NATURAL RESOURCES COMMITTEE

The meeting was called to order by Chairman John Faber at 3:30 p.m. on January 9, 2007, in Room 426-S of the Capitol.

All members were present except:

- Representative Vaurn Flora - excused
- Representative Bill Light - excused
- Representative Jerry Williams - excused

Committee staff present:

- Raney Gilliland, Kansas Legislative Research Department
- Becky Krahl, Kansas Legislative Research Department
- Gordon Self, Revisor of Statutes
- Jason Thompson, Revisor of Statutes
- Florence Deeter, Committee Assistant

Conferees appearing before the committee:

- Ray Hammarlund, Director, Agriculture Marketing and Community Development, Kansas Department of Commerce

Others attending:

- See attached list.

### **Briefing on Agricultural Marketing**

Chairman Faber invited all members of the committee to introduce themselves giving information as to how long each has been in the Legislature, the district each represents, places of employment and any specific interests.

Chairman Faber introduced Ray Hammarlund, Director of Agriculture Marketing and Community Development from the Kansas Department of Commerce, who introduced his staff to the Committee. Mr. Hammarlund presented an overview of the annual report for Fiscal Year 2006 (Attachment 1). His testimony included the Agriculture Marketing Division's mission statement, delineation of four marketing programs, including the dollar amounts of each project, the Agritourism Promotion Act, and the Kansas Farm Wine Industry.

Included in his testimony is a map of the ethanol and biodiesel plants in Kansas, both those that are presently operating and those under construction. Value Added Center Sales generated \$157,842,340 in biofuel projects during 2006. He stated the importance of working to enhance the bioscience industry in Kansas.

Mr. Hammarlund answered questions from members on the topics of the animal identification study. The cost drivers in the system are not easily identified. He stated that there is an increasing interest in the ethanol and biodiesel commodity production in Kansas. One factor influencing the flow of fuel in production is the use of various oils, some of which gel in the biodiesel product and clog distribution during cold weather. Questions to be answered in this field center on having long term contracts for a specific oil or tallow, stock contracts on the open market, or having an integrative crush facility from which one can obtain supply of the raw product. Distribution of petroleum products is by pipeline; ethanol and biodiesel products are transported primarily by rail, to a truck and then to the blending facility.

Chairman Faber announced the joint meeting with the Senate Agricultural and Senate Natural Resources will be held in the Old Supreme Court Room, 313-S at 3:30 p.m., January 10, 2007.

The meeting adjourned at 4:30 p.m.

# HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: January 9, 2007

NAME	REPRESENTING
Brad HARRELSON	KFB
Katie Firebaugh	Kearney & Associates
Tim Stroda	Ks Pork Association
Corey Mohn	KS Dept. of Commerce
Derry Dudley	KS Dept. of Commerce
Becki Rhoades	KS Dept. of Commerce
Carole Jordan	Ks Dept of Ag
Sarah Larison	KS Dept of Commerce
Ray Hammarlund	KS Dept of Commerce
Jean Goehs	GABA
Brent Haden	KLA
Emily Geier	Hein Law Firm
Lindsey Douglar	Hein Law Firm



**Agriculture Marketing Division  
Fiscal Year 2006 Annual Report**

**Agriculture Marketing**

**Division Mission:**

*“To enhance the value of agriculture products through marketing and new uses, providing greater returns to Kansas producers, processors, and rural communities.”*



## Agriculture Marketing Division Programs

- Agriculture Value Added Center
- *From the Land of Kansas* trademark program
- MIATCO
- Agritourism Registration initiative

## Value Added Center

“Further processing and/or alternative marketing to capture more of the end consumer dollar at the producer level.”

- Value assessment
- Value creation
- Value capture
- Value preservation

## Value Added Center, cont'd.

- Loan Funding
- Technical Assistance

## Value Added Center, cont'd.

FY 2006 Total Loan Funding: \$402,705

- Meat and Food Science:
  - \$82,705
- Energy Based Projects:
  - \$250,000
- Other Projects:
  - \$70,000



## Meat and Food Science Projects

KSU, Elizabeth Boyle (Meat Science) & Fadi Aramouni (Food Science)

KSU Meat Extension: \$12,705.00

- Served 609 Kansas clients with nutritional analysis, sensory analysis, technical and labeling assistance
  - Value of services: \$50,757.25

KSU Food Extension: \$70,000.00

- Served 1,461 Kansas clients with nutritional analysis, sensory analysis, technical and labeling assistance
  - Value of services: \$1,078,825.00

## Agriculture Based Energy Projects

Kan Agri Energy LLC (Lawrence)

- \$40,000

Conestoga Energy Partners (Liberal)

- \$27,500

NEK-SEN Energy Partners (Northeast Kansas)

- \$40,000

Agramarke (Northeast Kansas)

- \$30,000

## Agriculture Based Energy Projects cont'd.

Northeast Kansas Bioenergy LLC (Brown County)

– \$79,500

Central Kansas Biodevelopment, Inc. (Stafford County)

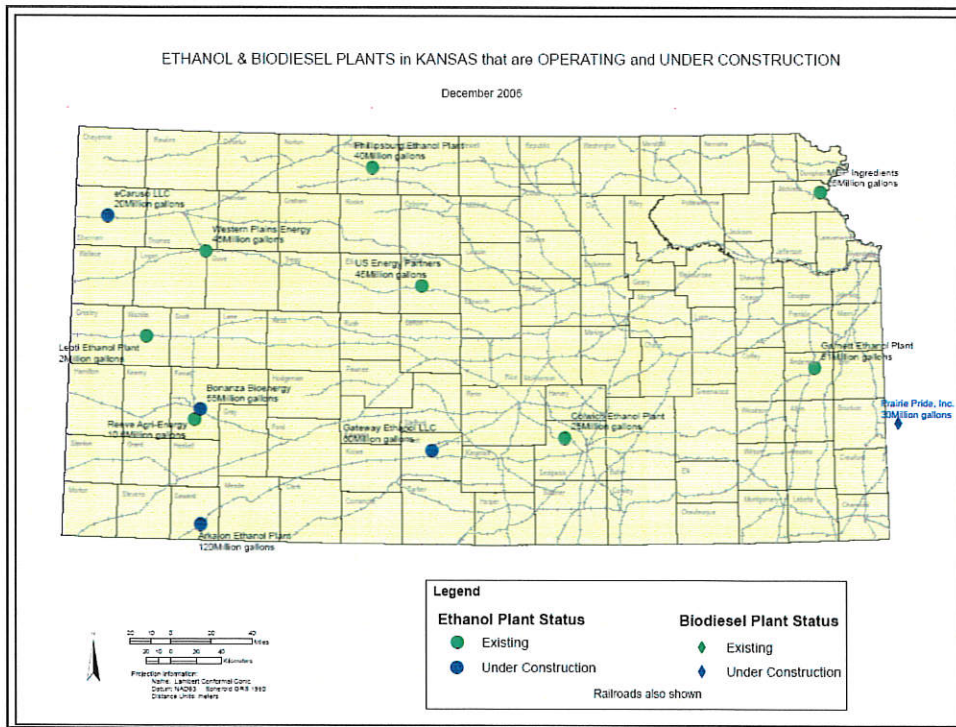
– \$22,000

Conestoga Energy Partners (Garden City)

– \$7,500

Linn Willow Creek Dairy (Washington County)

– \$3,500





## Biofuels Working Group

- KDOC
  - Ray Hammarlund and Corey Mohn
  - Value Added Program, Community Development Block Grants
- Kansas Securities Commission
  - Steve Wassom
  - Kansas and out-of-state security registration
- Kansas Department of Revenue
  - Edie Martin
  - Licensing, bonding, motor fuels tax, tax credits
- KDHE
  - John Ramsey
  - Air, water, environmental remediation, livestock waste
- Kansas Water Resources:
  - Ken Kopp, Department of Agriculture – DWR
  - Water resource allocation
- Department of Agriculture
  - Carole Jordan
  - Overall agricultural impact

## Kansas Department of Commerce Biofuels Investment to Date (since 2001)

### Agriculture Marketing Division:

- Value Added Loans
  - Feasibility studies, business plans and equity drives: \$500,000
  - Staff Time (7 years at 80% staff time, plus numerous trips, seminars, receptions, etc): \$300,000

### – Business Development Division:

- KEIOF and Workforce Training: \$162,000
- Jobs and Investment Tax Credits: \$3,450,000
- Partnership Fund: \$200,000
- Staff Time (50 hours at \$22.00/hour): \$1,100

### – Community Development Division:

- Community Development Block Grant—Economic Development for infrastructure including rail spurs: \$2,037,400

Total Funding since 2001: \$6,650,600



## Other Agriculture Based Projects

State Energy Program Grant (Pinnacle Technologies and KSU)

– \$30,000

KCC/KEC Ag Sector Study (KCC)

– \$35,000

Kansas Park Trust-Flint Hills Initiative

– \$5,000

## Value Added Center Sales Generated 2006

Total Sales for fiscal year 2006:

– \$181,220,000

- Biofuel projects: \$157,842,340.00
- Food related projects: \$12,053,041.00
- Other projects: \$10,363,347.30



## To Date 2007 VAC Funding

- KSU Meat Science: \$16,880
- KSU Food Science: \$70,000
- Animal ID Study: \$30,000
- 4 Star Hydroponics, Inc: \$130,000
- South Central Kansas Bioenergy: \$20,000
- Total Funding to date for FY07: \$266,880

## *From the Land of Kansas (FLOK) Trademark Program*

- 412 Registered members in the *FLOK* program
- Tradeshow Assistance Grants (TSAs)\*
  - \$9,500 to 33 companies
    - Sales generated by tradeshows amounted to \$101,000
- Business Enhancement Grants (BEGs)
  - \$25,914 to 13 companies
    - These grants helped to generate over \$404,000 in sales

*\*TSAs are now a component of the BEG program*



## MIATCO

(Mid-America International Trade Council)

- Five Kansas companies directly benefited from MIATCO funding in the amount of \$141,000
- Increase in export sales through MIATCO activities: \$1,100,000
- Projected increase in export sales through MIATCO activities: \$4,655,000
- Return on dues investment \$123:\$1

## Agritourism Promotion Act

To date, 214 agritourism operations have registered with the state of Kansas.

Benefits to the operator:

- Agritourism Scholarships available to assist in funding participation in educational conferences or tours
- Tax credit (20%) available for the first five years after registration on the cost of agritourism liability insurance
- Promotion of agritourism operations through [www.travelks.com](http://www.travelks.com)
- E-newsletter and website at [www.kansasagritourism.org](http://www.kansasagritourism.org), sponsored by Frontier Farm Credit

These businesses include:

- Western Frontier Experience
- Farm and Ranch Experience
- U-Pick/Orchards/Corn Mazes
- Nature Based Tourism
- Hunting and Fishing
- Lodging/Bed and Breakfast
- Winery



## Kansas Farm Wine Industry

- Currently there are 18 licensed farm wineries in Kansas, with an additional 7 retail outlets, marketing grape and fruit wines
- Nearly 100 vineyards producing close to 225 acres of grapes
- Kansas Grape and Wine Advisory Council
- [www.winesofkansas.com](http://www.winesofkansas.com) and new wine industry logo unveiled in 2006

## Kansas Farm Wine, cont'd.

### State Fair Initiative

- Kansas Agriculture Products Pavilion
  - Currently in development
    - Wine Garden (Independent contractor) featuring Kansas wines and complementary food products
    - *From the Land of Kansas* display
    - Agritourism display
    - Travel and Tourism display
    - People's Choice Wine Judging
    - 4<sup>th</sup> Annual Grape Stomp (at separate venue)
  - *Cooperative effort with the Kansas Department of Agriculture*





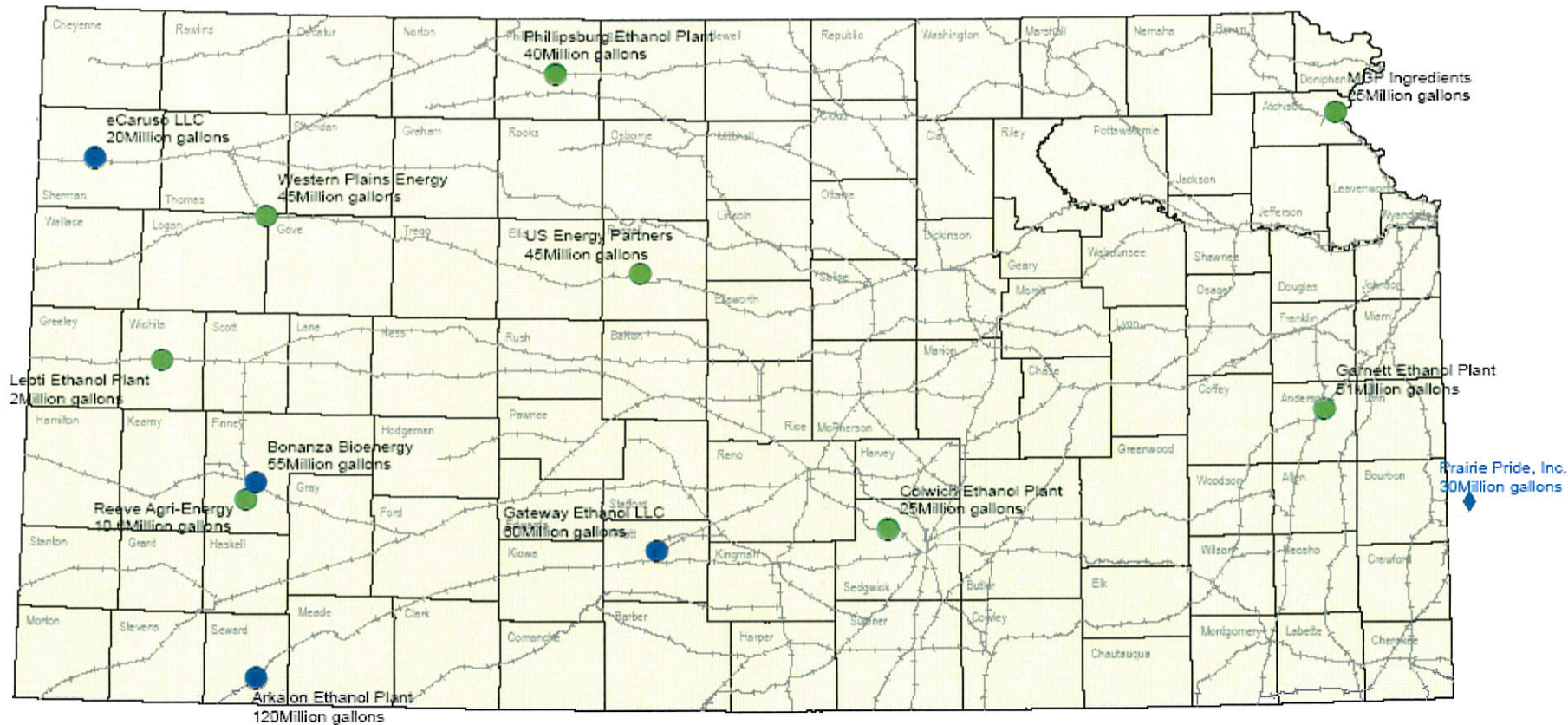
(785) 296-3481

[www.kansascommerce.com](http://www.kansascommerce.com)

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# ETHANOL & BIODIESEL PLANTS in KANSAS that are OPERATING and UNDER CONSTRUCTION

December 2006



**Legend**

<b>Ethanol Plant Status</b>	<b>Biodiesel Plant Status</b>
● Existing	◆ Existing
● Under Construction	◆ Under Construction

Railroads also shown

