

## MINUTES OF THE HOUSE AGRICULTURE AND NATURAL RESOURCES COMMITTEE

The meeting was called to order by Representative Faber at 3:30 P.M. on January 11, 2007, in Room 423-S of the Capitol.

All members were present except:

Jerry Williams- excused

Vaughn Flora- excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department

Emalene Correll, Kansas Legislative Research Department

Jason Thompson, Revisor of Statutes

Florence Deeter, Committee Assistant

Conferees appearing before the committee:

Adrian Polansky, Secretary, Kansas Department of Agriculture

**Briefing on activities of the Kansas Department of Agriculture in 2006**

Mr. Polansky, Secretary of the Kansas Department of Agriculture, introduced the members of his staff and presented detailed information on the various programs in which the department is currently involved. He gave a brief overview of the high and low points of 2006 (Attachment 1). Among those topics were: the growth of sunflower and cotton production as well as the grape and wine industry; the distribution of monies to livestock producers who experienced great loss because of drought conditions; and the accelerated growth of the renewable fuels industry.

He stated the Department of Agriculture will work with Ventria Bioscience, a company in California, to renovate a facility in Junction City, Kansas, for the purpose of processing pharmaceutical rice crops grown by farmers in northeast Kansas. Pharmaceutical rice is a grass plant from which proteins can be extracted and used in the production of a variety of medicines. When fully operational, the plant is expected to contribute \$40 million to the Kansas economy.

Mr. Polansky responded to questions from members by stating that food safety licensing structure costs have not been fully discussed. Interaction with the Kansas Department of Health and Environment is vital to improvement in the system. A more equitable fee structure is being considered in relation to the time required for inspections of food facilities. He stated that new facilities are in place to efficiently recycle water used in the process of producing ethanol.

In response to economic losses due to the recent winter storm, Mr. Polansky said that Federal Emergency Management Agency is not involved in economic losses, and there has been no communications as yet from the U. S. Department of Administration on the subject of assistance. He noted further that current information regarding damage to buildings and equipment has been difficult to obtain. He stated that funds given to Homeland Security are administered to various regional agencies through the Department of Agriculture. Mr. Polansky advised the committee that the Animal and Health Department and Department of Health and Environment have burial plots close to feeding lots for disposal of dead and diseased cattle when human life is at risk.

Mr. Polansky elaborated on the topic of the growth of rice in Kansas by stating that the grain grows almost like corn, using rotating sprinklers rather than the traditional flooding process. Approximately 45,000 acres in Eastern Kansas, which is a more humid area, will be used to produce the pharmaceutical rice. He explained some of the benefits of pharmaceutical rice, stating that there are two proteins not unlike the protective proteins in breast milk which are added to infant formulas and given to premature babies to help prevent diarrhea and give greater nourishment. Children born in third world countries flourish and grow more normally upon receiving this formula.

Addressing a member's question regarding safety of grain deposited in elevators, Mr. Polansky said there will be significant regulatory safeguards put in place in addition to the inspections conducted by the U. S. Department of Agriculture.

CONTINUATION SHEET

MINUTES OF THE House Agriculture and Natural Resources Committee at 3:30 P.M. on January 11, 2007, in Room 423-S of the Capitol.

Mr. Polansky commented on the question of insulin crop production by stating that the Department has the opportunity to be involved in innovative technology in this area. He indicated that Kansas is becoming known both nationally and internationally as a place that welcomes new technology.

The Chairman announced the hearing on Tuesday, January 16, 2007, of **HB, 2011, 2013, and 2048.** Interim Committee Reports are available online at the Kansas Legislative Research Department website, and hard copy will be distributed to each office. Water issues will be heard on Wednesday, January 17, 2007 with Kansas Department of Health and Environment, the Division of Water Resources, Kansas Water Office, and Kansas Geological Survey.

The meeting was adjourned at 4:30 p.m.

# HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: January 11, 2007

NAME	REPRESENTING
CV Cotsoradis	KDA
Dale Lambley	KDA
Lisa Taylor	KDA
Erik Wisner	KDA
Ray Hammarlund	KDOC
Robyn Horton	KS MOTOR VEHICLE ASSOC.
Adrian Polansky	KDA
Kris Polansky	N/A
Karl Wynn	Kearney & Associates
Ida Kirnse	KDA
Carole Jordan	KDA
Lindsey Douglas	Hein Law Firm
Emily Geier	Hein Law Firm
Tom Thompson	Sierra Club
Alex Zanina	SIERRA CLUB
John Donley	KS Livestock Assn.



# KANSAS

DEPARTMENT OF AGRICULTURE  
ADRIAN J. POLANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

## **The State of Kansas Agriculture**

### **Presentation to the House Agriculture and Natural Resources Committee**

**By Adrian Polansky**

**Secretary**

**Kansas Department of Agriculture**

**January 11, 2007**

Good afternoon, Chairman Faber and members of the committee. I am Kansas Secretary of Agriculture Adrian Polansky. It's a pleasure to be here to update you on the past year in Kansas agriculture, as well as to share some of our hopes and plans for the future.

#### **Meet My Staff and the Department of Agriculture**

The Department of Agriculture is here in force today, so you can know who we are. Please feel free to contact us at any time—we will do our best to assist you.

They are: Deputy Secretary Constantine Cotsoradis, Special Assistant Dale Lambley, Legislative and Policy Staff Carole Jordan and Erik Wisner, PIO Lisa Taylor, and Homeland Security Specialist Ida Kirmse.

For those of you who are new to the committee, I want to take a few minutes to talk about our department and what we do.

The Department of Agriculture serves rural and urban Kansans alike. We are charged by law with ensuring a safe food supply; regulating the responsible and judicious use of pesticides and plant nutrients; protecting the state's native and cultivated plants; ensuring the integrity of weighing and measuring devices in commerce; and ensuring the beneficial use of our water resources.

Water resource programs involve water rights; water structures, like dams and levees; and interstate water issues. Because you likely will receive many constituent questions about water, we are planning another presentation for next week on the basics of water law in Kansas.

**HS AGRICULTURE AND NATURAL  
RESOURCES COMMITTEE  
1-11-2007  
ATTACHMENT 1**

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Department of Agriculture regulatory programs are designed to protect consumers. At the same time, we protect business and commerce by ensuring a climate of confidence and a level playing field. The foundation provided by our regulatory activities allows us to be advocates for agriculture and rural Kansas.

We are committed to working with agricultural groups and other stakeholders, and to break down the barriers between state and federal agencies. We're proud of the work we do with our partners to benefit agriculture and Kansas.

### **High and Low Points of 2006**

Kansas continues to be a leading agricultural state. A healthy agriculture means a healthy economy and jobs for many Kansans. Although the 2006 wheat crop did not meet our hopes, we continued as a leading state in wheat flour milled, sorghum grain produced, and in cattle, hay, corn, hogs, soybeans and sheep. Sunflower and cotton production continue to grow, as does the grape and wine industry. Drought and dry conditions continued to plague us, many water issues are a serious concern, and our department distributed much needed dollars this fall to livestock producers who had suffered drought-related losses. Beef exports have not returned to earlier levels. On the brighter side, however, the renewable fuels industry is growing, benefiting farmers and rural areas, and discussions continue about what the next farm bill should look like.

### **New Year's Storm**

The end of the year was notable for producing some of the most potentially devastating winter storms to hit Kansas in a long time. On New Year's Day, rather than watching football, some of my staff and I were at work, talking to representatives of the agriculture industry and coordinating our activities with the Kansas Division of Emergency Management to mitigate the effects of snow and ice on agriculture and livestock.

I am relieved to say that cattle losses seem to have been relatively low. Some estimate only one-half of 1 percent of cattle on feed, or from one to five animals out of every thousand, were lost. Total losses in the end may be as low as 3,000 or as high as 10,000. It could have been much, much worse. It is a testament to the preparation and hard work of our livestock producers, and to our local, state and federal officials' understanding the importance of agriculture. But winter is not over yet.

As you livestock producers know, an even greater cost to the livestock industry will come from reductions in weight gains and feed conversion efficiency. KSU tells me that an average estimated loss per animal on feed might be \$60 per head. Using the estimated 1.5 million head within this region on feed, that loss could mount up to \$90 million.

Additional estimates on cost to the farmers and ranchers come from costs associated with the snow removal, facility repair, standby electrical generation costs, animal health costs, additional feed costs, and increased use of equipment.

Governor Sebelius immediately wrote the president and secretary of agriculture asking for disaster declarations to make federal assistance available. Shortly after, President Bush declared 44 western Kansas counties a major disaster, which cleared the way for federal money to be made available to state and local governments for emergency measures. Governor Sebelius also asked U.S. Agriculture Secretary Mike Johanns to declare the same counties agricultural disaster areas to help minimize economic losses for livestock producers affected by the storm. We will be releasing final information about agricultural losses and changing needs for feed as they become available to us.

### **Adding Value in New Ways**

For many in agriculture and rural Kansas, 2006 was a year of new opportunities. We welcomed news that Kansas will be the new home for a processing facility to extract proteins from pharmaceutical rice, we saw our state's ethanol production double, and outdated laws that kept our wineries at a commercial disadvantage began to change.

How we fare in the coming year will depend in large part on our willingness to adapt to change. As long as we remain flexible and open to new ideas, I believe the future holds great promise for Kansas.

### **Building the Bioscience Industry in Kansas**

In September, Ventria Bioscience, a California-based company, announced it would invest \$6 million to renovate a facility in Junction City. There it will process its pharmaceutical rice crop that will be grown by northeast Kansas farmers. The facility is expected to contribute \$40 million to the Kansas economy when it is fully operational, and it will provide high-paying jobs to skilled Kansans.

The venture also will allow farmers who grow Ventria's rice to earn up to \$200 more per acre than their next most profitable crop. That will add \$9 million to the local farm economy over the next nine years.

Ventria will grow its rice in Kansas under a USDA permit in a closed system using dedicated planting and harvesting equipment. Harvested rice will be stored on-farm, and ground into meal before it leaves the crop site. It will not be exposed to our everyday grain handling system. Since rice is a self-pollinating annual grass, and there are no other wild or domestic rice varieties grown here, it makes sense to grow this important crop in Kansas.

Using plants to produce medicine makes sense for many reasons – it's economical and it's safe. Many of our current medicines depend on production methods that involve animal hosts or animal proteins, which opens the door to inadvertent human infection with animal pathogens. Using animal or animal protein hosts also costs more than extracting medicines from plant hosts.

The effort to attract Ventria to Kansas involved a number of players, including the Kansas Department of Agriculture, the Kansas Department of Commerce, Kansas Technology Enterprise Corporation and Kansas State University. The Department of Agriculture will

continue to work with this group to ensure that we exhibit the appropriate climate for advancing the biosciences in Kansas.

Because I believe this is so important to the future of the state of Kansas, I am working on the national and international level in the area of biotechnology. I chair the NASDA Biotechnology Taskforce and am a member of the USDA Advisory Committee on Biotechnology and 21st Century Agriculture. I will be a presenter at Fourth Annual World Congress on Industrial Biotechnology and Bioprocessing in March, and next week I will be traveling to Australia to speak and serve as the NASDA representative to the sixth meeting of the APEC High Level Policy Dialogue on Agricultural Biotechnology in Canberra, Australia.

### **Homeland Security**

Every program administered by the Kansas Department of Agriculture includes a homeland security component. A new, full-time homeland security position was added in February 2006 to coordinate those efforts. This individual is responsible for ongoing development of agencywide homeland security initiatives, for helping agency programs establish internal response protocols, and for carrying out outreach activities to enhance the overall readiness of the agriculture industry.

Our official entrance into the homeland security arena helped agriculture participate as a full partner when emergency management activities were initiated following the New Year's blizzard that struck our state so severely.

In the area of food defense, we believe a key factor in protecting public health and preserving the competitive edge of our agricultural industries is to maintain an effective inspection system. The dairy, meat and poultry, and retail inspection programs focus their efforts on strengthening partnerships with producers and emergency responders at the local, state and federal levels. Maintaining programs that equal federal food safety standards ensures Kansas companies are able to market agricultural products in national and international markets.

In the area of plant health, we believe Kansas faces many challenges from disease, insects and weeds that have arrived or will arrive in the next decade. In international trade, nearly all products are transported in containers sealed in the exporting country and opened on arrival at their destination in Kansas. This provides a pathway for exotic pests to be introduced directly into our environment. The possibility of a terrorist introducing a pathogen to cause economic and environmental harm is real. Our Plant Protection and Weed Control program relies on its staff of well-trained and dedicated professionals, who are experienced in working with many public and private entities, to protect our state's natural and cultivated plants. Effective outreach, having emergency resources available and a judicious regulatory authority based on sound science are the basis for this program's success.

In the area of water resources, floods and droughts are among the most prevalent hazards. Although flood awareness and prevention is relatively well engrained among local communities, protecting against accidental or criminal damage to water structures seems to be a lesser priority when scarce financial resources are allocated. Kansas has 148 non-federal, high-hazard dams

that lack an inundation map. The estimated cost to prepare an emergency action plan and inundation map for these dams is approximately \$700,000. Inundation maps are necessary because local and state emergency management agencies, as well as regulators like the Department of Agriculture, need the information to identify homes and critical infrastructure, like highways, hospitals, railroads and public utilities, that would be affected by a dam failure. These maps and the emergency action plan help facilitate timely notification and evacuation of those individuals who would be in danger.

The department continues to work with the Adjutant General's Department, the Division of Emergency Management and the Kansas Highway Patrol to develop prevention, response and recovery plans.

Two homeland security funding proposals for enhancements in the areas of plant health and food and agricultural safety helped Kansas secure a greater percentage of homeland security funds in federal fiscal year 2006. These two proposals were rated as exemplary by a national panel sponsored by the Department of Homeland Security.

Of the state's share of homeland security funds for federal fiscal year 2006, the department received \$100,000 for a vulnerability assessment of the transportation of agricultural goods. This project is in collaboration with the Kansas Animal Health Department, Kansas State University and USDA's Animal and Plant Health Inspection Service.

The Plant Protection and Weed Control program used federal fiscal year 2004 homeland security funds to construct and outfit a mobile emergency response laboratory. This project is in collaboration with Kansas State University and USDA's Animal and Plant Health Inspection Service. The lab will be used to provide onsite diagnostic and sample processing in the event of a plant or animal disease emergency.

One veterinarian from the Meat and Poultry Inspection program was trained by USDA as a foreign animal disease diagnostician to augment Kansas Animal Health Department staff in the event of a foreign animal disease outbreak. Other staff veterinarians are waiting to be accepted for future training opportunities.

The department, in partnership with the Kansas Animal Health Department and Kansas State University, conducted an initial agricultural security needs assessment, and identified and prioritized potential projects to help minimize our vulnerabilities and enhance our overall response capability. Our homeland security specialist periodically attends regional homeland security council meetings to discuss statewide agricultural needs and to help develop regional initiatives to address those needs.

Kansas continues to be an active participant in the Multistate Partnership for Security in Agriculture. Other member states are Illinois, Iowa, Kentucky, Minnesota, Missouri, Nebraska, Ohio, Oklahoma, South Dakota and Wisconsin. Partnership states collaborate on surveillance, preparedness and response to threats in agriculture, whether intentionally introduced or naturally occurring. No-match federal funding for the partnership comes from the Department of Homeland Security to support the continuation of this important interstate effort.



During the past year, Kansas benefited from a variety of partnership-sponsored projects including: developing a Kansas food emergency response plan; conducting executive spokesperson training and further risk communication training; and participating in a joint information center exercise

### **Renewable Energy for Kansas**

World events have made renewable energy a topic of interest both nationally and here at home. We work as an advocate for renewable energy production and use because we see multiple benefits accruing with the growth of renewable sources of energy. I am a member of the Kansas Energy Council, and our department works with economic development and regulatory entities to ensure sensible development of Kansas renewable energy production.

This year Governor Sebelius chaired the 37-state Governors' Ethanol Coalition, and we hosted a successful Kansas GEC meeting in Washington, D.C., in spring 2006, and a Kansas City meeting in October. Members of the GEC have a long-term vision for renewable fuels, not just ethanol but also biodiesel and the promise of other fuels made from biomass, such as corn stover, switchgrass, or even manure from feedlots.

Department employees have driven the highly decorated GEC E85 Tahoe – provided to us by General Motors in a no-cost lease – some 40,000 miles across the state to highlight ethanol use. Events where it was featured include the groundbreaking for a new 110-million-gallon plant in Garden City and the opening of the plant in Phillipsburg.

### **25x'25 Initiative**

25 x '25 is a growing nationwide movement with the goal of having 25 percent of the nation's total energy needs provided by renewable resources by the year 2025. Governor Sebelius was the seventh governor to sign on as a supporter of this movement, and she wrote the other GEC governors urging them to join as well.

The vision of the initiative is that by 2025, renewable energy from America's farms, forests and ranches will provide 25 percent of the total energy consumed in the United States, while continuing to produce safe, abundant and affordable food, feed and fiber.

Because of your work last year, Kansas also is one of four states with a legislative resolution in support of 25x'25.

The Department of Agriculture works closely with the state's 25x'25 steering committee. The group sponsored an agriculture energy day at the Kansas State Fair.

### **Renewable Fuel Production in Kansas**

We believe we have a well-planned and growing biofuels industry that will benefit rural areas in particular. At the end of 2006, we were at a full production capability of 240 million gallons from eight working plants.

We're working to ensure wise water use and compliance with the Water Appropriation Act as new renewable fuel production and other businesses look to locate in Kansas. In areas closed to new appropriation of water, potential production businesses must purchase existing water rights and comply with rules designed to decrease consumption of water when changes of use occur. The average Kansas plant uses three to four gallons of water to produce a gallon of ethanol.

With current technology, a 50-million-gallon ethanol plant might use about 200 million gallons of water (or 613 acre-feet) a year. That is comparable to water used by a 15,000 cow dairy; three average feedlots; or a town a bit smaller than Goodland (about 4,000 people) for a year.

In 2006, ground was broken for a large, 55-million-gallon ethanol production facility in Garden City and a 110-million-gallon plant near Liberal. Other plants are in the planning stages, and we expect some 585 million gallons of possible new production to help us reach the potential to produce some 800 million gallons a year.

A study in Nebraska found that a relatively small ethanol plant gives a one-time boost of \$71 million during construction. Then, in operation, it expands the local economic base by more than \$70 million each year through direct spending of \$58 million. It creates 33 good, new jobs at the plant and about 120 other jobs in the local community.

Still, there is room for growth in ethanol production from traditional sources of corn and grain sorghum, the feedstock for more than half of Kansas' ethanol production. That also is important in terms of sustaining our important water resources. Another byproduct of ethanol production, distillers' grains, can be fed to cattle and other livestock.

Even with growth of biofuel production from grain, we will need new renewable fuels from cellulosic sources. Research on production from these sources, such as switchgrass, wood chips, corn stover or other plant sources, is ongoing. Many experts believe the technology to make widespread production of cellulosic based fuels is just around the corner.

Many groups are working on expanding the E85 infrastructure and the production of flexible fuel vehicles. There currently are 17 stations selling E85 across the state of Kansas. E10 is available in numerous locations.

### **Biofuel Incentives**

Legislation that passed during the 2006 session provides for a production incentive of 30 cents a gallon for biodiesel, and at least four biodiesel plants currently are in the planning stages. The biodiesel incentive joins a continuing state incentive for ethanol production.

The governor supported and signed 2005 legislation to remove the mandatory labeling requirement for E10 ethanol. That resulted in a substantial increase in Kansas E10 sales.

Governor Sebelius also supported and signed 2006 legislation to reduce the tax on E85 ethanol by 17 cents per gallon. Although it is not detailed in the law, the percentage of that reduction matches the BTU content of E85. The bill took effect at the first of this year.

### **Governor's Rural Life Task Force**

This task force, created by Governor Sebelius to advise her on rural issues, first met in 2003. The product of those first meetings was a set of stories of the past, present and future of rural Kansas.

Events and policy choices by state government over the last three years have taken those stories into account. The premier issue of this year was the continued work of the three pilot communities. Work is ongoing with the three communities chosen by a subcommittee of the task force. The communities selected were Onaga, Smith Center, and Eastern Cowley County (Atlanta, Burden, Cambridge, Dexter and the eastern rural area of the county—ABCDE for short.)

Onaga had an initial focus of improved housing quality and quantity as a Governor's Pilot Community. However, in the process of addressing that singular priority, they have created long-term benefit from work done by the mayor and city council on ordinances, enforcement actions and building codes. They have also made street improvements, are rehabilitating existing homes, looking at new housing construction north of their hospital, and have also undertaken a public-private sector approach to playground and park improvements. They, like ABCDE, have an energized and focused a volunteer base and their progress will go well beyond just the housing needs initially identified.

Eastern Cowley County issues included business and job creation, downtown development, youth retention, agritourism and housing. Since their selection, the communities of eastern Cowley County have developed a comprehensive regional marketing strategy with the assistance of the Department of Commerce to market their communities, their retail businesses, their events and festivals and their quality of life. Some benefits the ABCDE communities derived that were not an anticipated were the strategic planning, leadership development, volunteer support and enthusiasm that have driven the entire process and will continue to sustain it. They also have learned that by speaking with a unified, regional voice they can have a greater impact than they could as individual communities.

A priority for Smith Center was image enhancement to better market the community and the quality of life to be found in Smith Center. NexTech is now helping to further develop and maintain the community's website, and the Department of Commerce brand image enhancement staff has met with the community to introduce the brand image tool kit to help brand Smith Center as "Heart of the Nation, Still Beating Strong."

In each case, lessons will be learned about how communities develop goals and prioritize issues, as well as how agencies deliver services. Progress comes from the grassroots, and it involves a number of factors, including strategic planning, leadership and access to existing resources at the state and federal level.

In response to one of the recommendations of the task force, and the lessons learned from the pilot communities, the Governor has proposed to create a Kansas Office of Rural Opportunity, staffed through regional offices to advocate for rural issues, streamline services and help communities help themselves.

She has proposed budget enhancements that include additional funds for existing rural development programs, matching funds for communities and regions to renew critical capacity building and strategic planning processes, a pilot state KAN-STEP program (Kansas Small Towns Environment Program, a non-competitive, self-help program for communities to address water, sewer, and public building needs), and adjustments for the use of existing business development tax incentives focused to the size and scale of rural projects.

Last summer one of my staff members was part of a delegation of Kansans, including Rep. Lukert on the House Agriculture Committee and Senators Taddiken and Lee from the Senate Agriculture committee, to a Minnesota meeting sponsored by the Midwest Governor's Association and the Annie E. Casey Foundation. One of the programs presented at the intensive workshop was the Minnesota JOBz program, through which rural opportunity zones are created to help keep existing business and draw new business with good jobs to rural areas. The ideas generated at this Minnesota meeting helped inspire, build and design the governor's proposed program for rural opportunity zones and a rural opportunity program for Kansas. We are excited about this program that has been crafted to provide many opportunities for rural Kansas.

### **Grape and Wine Industry**

During this administration, we have developed programs to help protect specialty crop growers – grape and wine producers, organic farmers, cotton producers, to name a few – from the practices of mainstream farming. We continue to work on pesticide issues that affect the specialty crops.

We convened the Grape and Wine Advisory Council, promoted development of a specialty crops website, and participated in promotional activities for grapes and wine at the State Fair and other events. We have been active in helping these producers develop and agree on legislation needed to benefit their industry.

The council has helped the industry agree on some important policies and, in 2006, the Kansas Legislature passed legislation to allow Kansas wines to be shipped in and out of the state. The industry continues to grow and to contribute to economic development and tourism in rural and other parts of the state.

The council currently is working on issues of information and support for growers, training and educational programs for potential producers and vineyard employees, and clarification of state regulatory programs.



## Interstate Sales of State-Inspected Meat

The National Association of State Departments of Agriculture and a coalition of 20 farm and agriculture groups, including the Kansas Meat Processors Association, launched a grassroots campaign in 2006 to urge the passage of the "Agricultural Small Business Opportunity and Enhancement Act" (S. 3519), which was introduced this summer in the U.S. Senate, and the "New Markets for State-Inspected Meat and Poultry Act of 2006" (H.R. 6130), which was introduced this fall in the U.S. House of Representatives.

The key objectives of these bills were to ensure that all meat and poultry products are inspected under a seamless national inspection system; and to eliminate the prohibition on interstate shipment of state-inspected meat and poultry products.

Current law also allows products from meat processors in other countries greater access to American markets, as long as they are produced at plants that meet food safety standards equal to USDA's, than is enjoyed by our state plants. State meat inspection programs must be equal to federal inspection, although state-inspected products may only be sold in the state where they were produced.

Many people are surprised to learn that farmers, on average, receive less than a quarter from every consumer dollar spent on food. Farmers hoping to capture more of that dollar have increasingly turned to direct-marketing their meat and other farm products to consumers. Unfortunately, our farmers can't take full advantage of this opportunity thanks to the obscure and outdated federal rule that prohibits state-inspected meat products from being sold across state lines.

Currently, Kansas and 27 other states have their own meat and poultry inspection programs. State programs like ours typically cover small establishments that don't have the volume of business to justify the expense of a full-time USDA inspector.

The state inspection programs have a very strong record for effectiveness and food safety, and they appeal to farmers because they provide more marketing choices. Farmers say they love the marketing flexibility the program offers, and meat processors are attracted to the program because state inspectors can help them update their food handling procedures and technologies.

It's hard to see any sense to blocking a farmer or small business from selling locally processed beef, pork or poultry to eager customers just across the state line when there is no difference in food safety. Even more puzzling is the fact that the ban has remained in place despite three USDA advisory committees finding that its removal would create jobs and stimulate the rural economy.

Removing the ban on interstate sales is an economic fairness issue. It will level the economic playing field for small businesses, spur more competition in the marketplace and create a more uniform inspection system.

Although those bills were not passed at the end of the last Congress, we believe substitute bills will be introduced shortly. I will continue to lend my support to the National Association of State Departments of Agriculture and their grassroots effort to rectify the disparity caused by outdated federal laws governing interstate sales of state-inspected meat. We also will continue to work with the National Association of State Departments of Agriculture and USDA on the seriousness of last year's cuts to the federal portion of state inspection program budgets.

### **Food Safety**

An executive reorganization order and legislation brought new food safety responsibilities to the Department of Agriculture in 2004. We have successfully taken over the administration of food safety inspection of most facilities in the state, and we continue talking with stakeholders about improving food safety activities

We have just finished an in-depth review of the food safety licensing structure, and we have established a preliminary timeline of steps we can take to ensure our licensing structure and associated fees are equitable, that they are based on risk and that they accurately reflect the services involved.

### **In Conclusion**

I look forward to working with you this year and in the future, and hope you'll always feel free to contact any of our staff with questions. I would be happy to answer your questions.