

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on January 10, 2007 in Room 423-S of the Capitol.

All members were present.

Committee staff present:

Raney Gilliland, Kansas Legislative Research
Art Griggs, Office of Revisor of Statutes
Judy Seitz, Committee Assistant

Conferees appearing before the Committee:

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

Others attending:

See attached list.

Chairman Taddiken welcomed the full committee to the first Agriculture Committee meeting of 2007. He introduced Art Griggs, Office of Revisor of Statutes, who is new to the committee. He introduced Raney, Gilliland, Kansas Legislative Research, and Judy Seitz, Committee Secretary.

Chairman Taddiken announced a Joint Senate Agriculture Committee, Senate Energy and Natural Resources Committee and the House Agriculture and Energy and Natural Resources Committee meeting at 3:30 p.m. today in the Old Supreme Court Hearing Room to update committee members on water issues.

An Agriculture Emergency Interstate Exercise will be held on February 5 with Kansas as one of the supporting states. Another exercise will be held on March 5 and Kansas will be one of the impacted states.

Chairman Taddiken asked for bill introductions.

Senator Schmidt moved the introduction of a bill which would raise the amount of state aid provided to conservation districts from \$10,000 to \$25,000 per year. Motion seconded by Senator Huelskamp. Motion carried.

Ray Hammerlund, Director of the Kansas Department of Commerce, Agriculture Marketing and Community Development briefed the committee on the various activities of his agency (Attachment 1).

Mr. Hammerlund noted a brochure regarding the Kansas Agricultural Biosciences Entrepreneurship Forum at the Ramada in Topeka on Tuesday, January 30 from 8:00 a.m. - 4:30 p.m. (See Attachment 1-12, 13)

There is also a Marketing Specialty Livestock Workshop to be held at the Courtyard by Marriott in Junction City on Wednesday, January 31 (See Attachment 1-14, 15)

A map showing the ethanol and biodiesel plants in Kansas that are operating and under construction was in his handout also. (See Attachment 1-16)

Mr. Hammerlund called attention to the list of wineries in Kansas and the website information. (See Attachment 1-17)

There are five programs in the Agriculture Marketing Division:

1. Agriculture Value Added Center
2. *From the Land of Kansas* trademark program
3. MIATCO (Mid-America International Trade Council)
4. Agritourism Registration initiative
5. International /Domestic Marketing

He said their agency is statutorily charged with fostering value added agriculture. He said the definition of

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture Committee at 8:30 a.m. on January 10, 2007 in Room 423-S of the Capitol.

value added agriculture is further processing and/or alternative marketing to capture more of the end consumer dollar at the producer level.

Mr. Hammerlund said the total FY 2006 loan funding for the value added center was \$402,705 and included meat and food science and energy based projects. He noted that the biofuels industry has resulted in many inquiries.

He spoke of the Biofuels Working Group which was recently formed to assist those working on biofuels projects. The group includes members from the Kansas Department of Commerce, Kansas Securities Commission, Kansas Department of Revenue, Kansas Department of Health and Environment, Kansas Water Resources and the Department of Agriculture. This group assures that people who are developing biofuels projects are following all of the steps and helps with planning.

He said the total funding for biofuels investment by the KDOC since 2001 to date is \$6,650,600.

Mr. Hammerlund reviewed the value added center funding to date and the sales generated for 2006.

The Agritourism Promotion Action has resulted in 214 agritourism operators registering in the state.

The Kansas farm wine industry is growing quickly. There are 18 licensed wineries in the state with an anticipated additional seven wineries to be added in the next two years.

Mr. Hammerlund stood for questions.

The meeting adjourned at 9:30 a.m.

The next meeting is scheduled for Tuesday, January 16.



**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.”

Senate Agriculture Committee
1-10-07
Attachment 1

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)

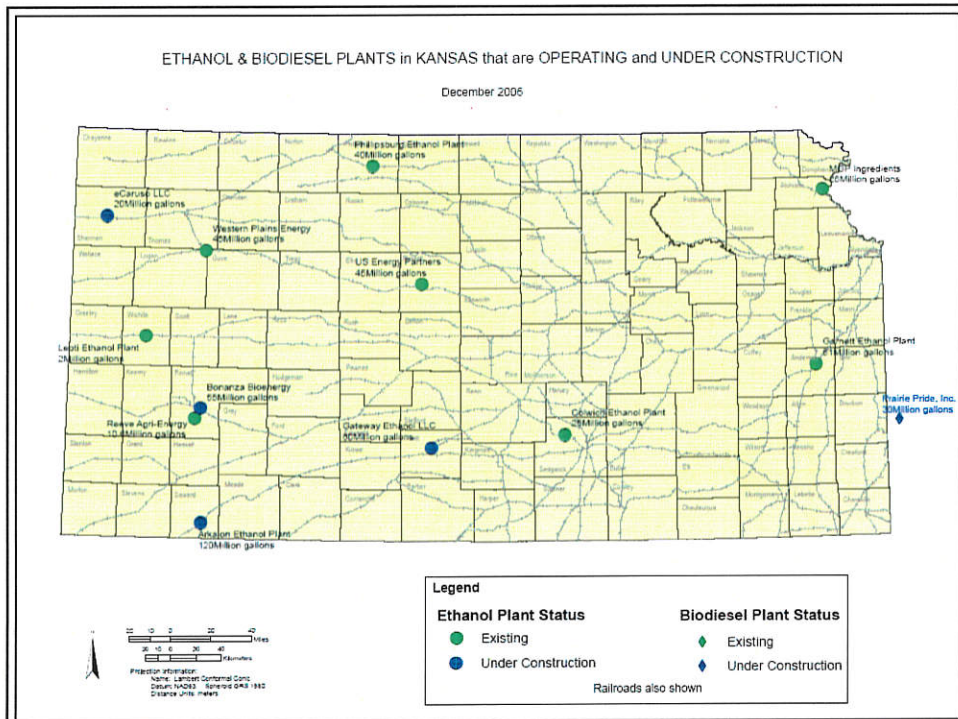
– \$22,000

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
- E-newsletter and website at 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 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
 - 4th Annual Grape Stomp (at separate venue)
 - *Cooperative effort with the Kansas Department of Agriculture*



(785) 296-3481

www.kansascommerce.com

We will be hosting a reception the evening of January 29 from 5:30-7 p.m. at the Ramada Inn. You will have an opportunity to network with other guests as well as our speakers. Please come join us.

Complete and return this form by January 23.

Registration

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____

e-mail: _____

The Kansas Biosciences Forum is sponsored by NetWork Kansas, a service of the Kansas Center for Entrepreneurship. The forum is FREE if you mail or fax your registration by January 23 to:

1845 Fairmount, Box 202
Wichita, KS 67260-0202
Phone: 877-521-8600
Fax: 316-978-7311
www.networkkansas.com



Any registrations received after the deadline will be charged \$30.

Hotel Info:

We have reserved a block of rooms at the Ramada Inn. To make room reservations, call direct and refer to KS Bioscience. Reservations must be made before January 12, 2007 to guarantee room availability and rate.

Ramada Inn

420 SE 6th Street • Topeka, KS 66607
800-432-2424 • Rate: \$71-\$81



Participants with Disabilities

If you are in need of special accommodations, submit your request at least five business days in advance of the event.

Phone (785) 296-6158, Fax (785) 368-6332

TTY: (785) 296-3487

Please allow 10 business days for a sign language interpreter.

877.521.8600

NETWORK KANSAS

1845 Fairmount, Box 202
Wichita, KS 67260-0202

877.521.8600
NetWork Kansas
www.networkkansas.com

KANSAS AGRICULTURAL BIOSCIENCES ENTREPRENEURSHIP FORUM

January 30, 2007
8 a.m. - 4:30 p.m.

Ramada Inn
Topeka, KS

1-12

2007 KANSAS AGRICULTURAL BIOSCIENCES ENTREPRENEURSHIP FORUM

31-13

Agenda:

7-8 a.m. Registration and Continental Breakfast

8 a.m. Welcome

Steve Radley, Director, NetWork Kansas

External Market Environment

8:15-8:45 a.m. Presentation
The Competitive Landscape

Carl M. Casale, Executive Vice President,
Monsanto, St. Louis, MO

8:45-9:15 a.m. Presentation
The Regulatory Landscape

Dr. Cindy J. Smith, Deputy Administrator,
APHIS Biotechnology Regulatory Services,
U.S. Department of Agriculture, Riverdale, MD

9:15-9:45 a.m. Presentation
The Capital Landscape

Dr. Roger E. Wyse, Managing Director,
Burrill & Company, San Francisco, CA

The focus of the morning session is to explore the factors driving today's agbioscience industry and the markets it serves, exploring trends across the nation and around the world.

Carl M. Casale will address the agbioscience technology Pipeline and the competitive landscape. Dr. Cindy J. Smith will address the evolving agricultural biotechnology regulatory environment and how it influences public confidence in and acceptance of new products.

Dr. Roger E. Wyse will discuss broad issues surrounding access to capital, with an emphasis on how finance influences the ability of entrepreneurs to respond to opportunities in the agbiosciences arena.

9:45-10:15 a.m. Break

10:15-11 a.m. Panel
Discussion with Presenters

Moderator: Adrian Polansky,
Secretary of Agriculture

11-12 p.m. Lunch

Guest Speaker, Michael J. Phillips, Ph.D.,
Vice President for Food and Agriculture,
Science and Regulatory Policy,
Biotechnology Industry Organization,
Washington, D.C.

Kansas Internal Assets

12:15-2 p.m. Presentations
Taking Inventory of Kansas Assets

- Thomas Thornton, President, Kansas Bioscience Authority
- Dr. Ron Trewyn, Vice Provost of Research, Kansas State University
- Tracy Taylor, President, Kansas Technology Enterprise Corporation
- Adrian Polansky, Secretary of Agriculture, Kansas Department of Agriculture
- Steve Kelly, Deputy Secretary, Kansas Department of Commerce
- Donald R. Marvin, President and CEO, IdentiGEN North America Inc.
- Dr. Sukh Bassi, VP, Chief Science Officer, MGP Ingredients Inc.

- Dave Vander Griend, President & CEO, ICM Inc.
- Scott Deeter, President & CEO, Ventria Bioscience

The afternoon session is a working session focusing on Kansas' assets in the agbiosciences, ending with a review of the Kansas Bioscience & Innovation Roadmap and a discussion of policy themes emerging from the day's discussions. Presenters are from the key State organizations that play an integral role in the advancement of agricultural biosciences and four entrepreneurial biosciences companies with current or future operations in Kansas.

2-2:15 p.m. Break

2:15-3:15 p.m. Panel Discussion
Retracing the Roadmap

Moderators:

- Angela Kreps, President, KansasBio
- Kate Hodel, Board Member, Kansas Center for Entrepreneurship

After a brief review of the Roadmap, the panel will discuss strengths and weaknesses, opportunities for improvements, and critical strategic areas for future focus.

3:15-4:15 p.m. Audience Feedback
Small Group Discussion and Policy Suggestions

Audience members will break into small groups to discuss questions regarding Kansas' current environment, implications regarding policy, and suggestions for the future.

4:15-4:30 p.m. Closing Comments

Steve Radley, Director, NetWork Kansas

Agriculture Marketing Division

The mission of the Agriculture Marketing Division is to enhance the value of agricultural products through new and existing markets and uses to provide a greater return to Kansas producers, processors and rural communities. The Division fulfills its mission by leveraging state and federal resources to capture additional revenue for agricultural producers.

KANSAS

DEPARTMENT OF COMMERCE

Agriculture Marketing

1000 S.W. Jackson St., Suite 100
Topeka, KS 66612-1354
Phone: (785) 296-3737
Fax: (785) 296-3776
TTY: (785) 296-3487
www.kansascommerce.com



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Agriculture Marketing

1000 S.W. Jackson St., Suite 100
Topeka, KS 66612-1354

300-17

KANSAS

AGRICULTURAL MARKETING



MARKETING SPECIALTY LIVESTOCK WORKSHOP

Wednesday, January 31, 2007

Junction City, Kansas
Courtyard by Marriott

KANSAS
DEPARTMENT OF COMMERCE
Agriculture Marketing

Who should attend:

Do you raise bison, meat goats, dairy goats, llamas, emu or some other type of specialty livestock? Are you looking to start a specialty livestock business or make an existing business more profitable? This one-day workshop will help you market specialty products, understand your customer and discover the possibilities that exist in the specialty livestock industry.

Agenda:

7:30 a.m...... Registration

8:15 a.m...... Welcome and Keynote Address

9:00 a.m...... Know Your Customer

It's nearly impossible to market your product without first identifying your customer. This session will help you determine your target market, locate your customers and determine selling prices.

9:45 a.m...... Break

10:15 a.m...... Where to Sell My Product

This session focuses on the various avenues for food sales, including the food service market, wholesale market, retail locations and selling direct to the consumer. What are the advantages of each, and how do you access these markets? Is there a combination of these options that will work best for you?

11:00 a.m...... Agritourism

Many specialty livestock operations could easily become agritourism operations, a conversion can supplement traditional income and help business grow. What does it take to open your facility to the public, and do you have a marketable agritourism operation?

11:45 a.m...... Complementary Products

There's more to livestock operations than just meat. Have you considered the complementary items that come from the animal that consumers want to buy? In addition, non-animal items that fit the same buyers' interests can add cash to the operation without increased production.

12:30 p.m...... Lunch

1:30 p.m...... Regulatory Issues

Mike Pierce with the Kansas Department of Agriculture will discuss the basics of processing, labeling and what it takes to sell your products.

2:30 p.m...... Ethnic Markets

The specialty livestock business is the perfect way to reach a specialty consumer. Many of these products fit into the growing ethnic food market. Learn how to reach these customers and know the products they want.

3:15 p.m...... Break

3:45 p.m...... Collaboration

A little cooperation can sometimes go a long way. This session looks at ways to cross-market various businesses in the community. The session also addresses the idea of contract-growing as a way to get started or expand.

4:30 p.m...... Financing

What kind of financing is available from commercial lenders for specialty livestock operations? What programs are available from the state? What does it take to make this business successful?

5:30 p.m...... Adjourn

Advanced Registration:

Name: _____

Company name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____

e-mail: _____

*I am attending as:

- An emu producer A meat goat producer
 A bison producer A dairy goat producer
 A llama producer An elk producer
 Other _____

For more information about the workshop, please contact Becki Rhoades at (785) 296-3737 or brhoades@kansascommerce.com

Advanced registration is required. Registrations will not be accepted at the door.

**Deadline is January 15, 2007.
Cost is \$45 per person. Lunch included.**

Mail registration along with payment to:
Kansas Department of Commerce
Agriculture Marketing
1000 S.W. Jackson St., Suite 100
Topeka, KS 66612-1354

A block of rooms has been reserved for conference participants at the:

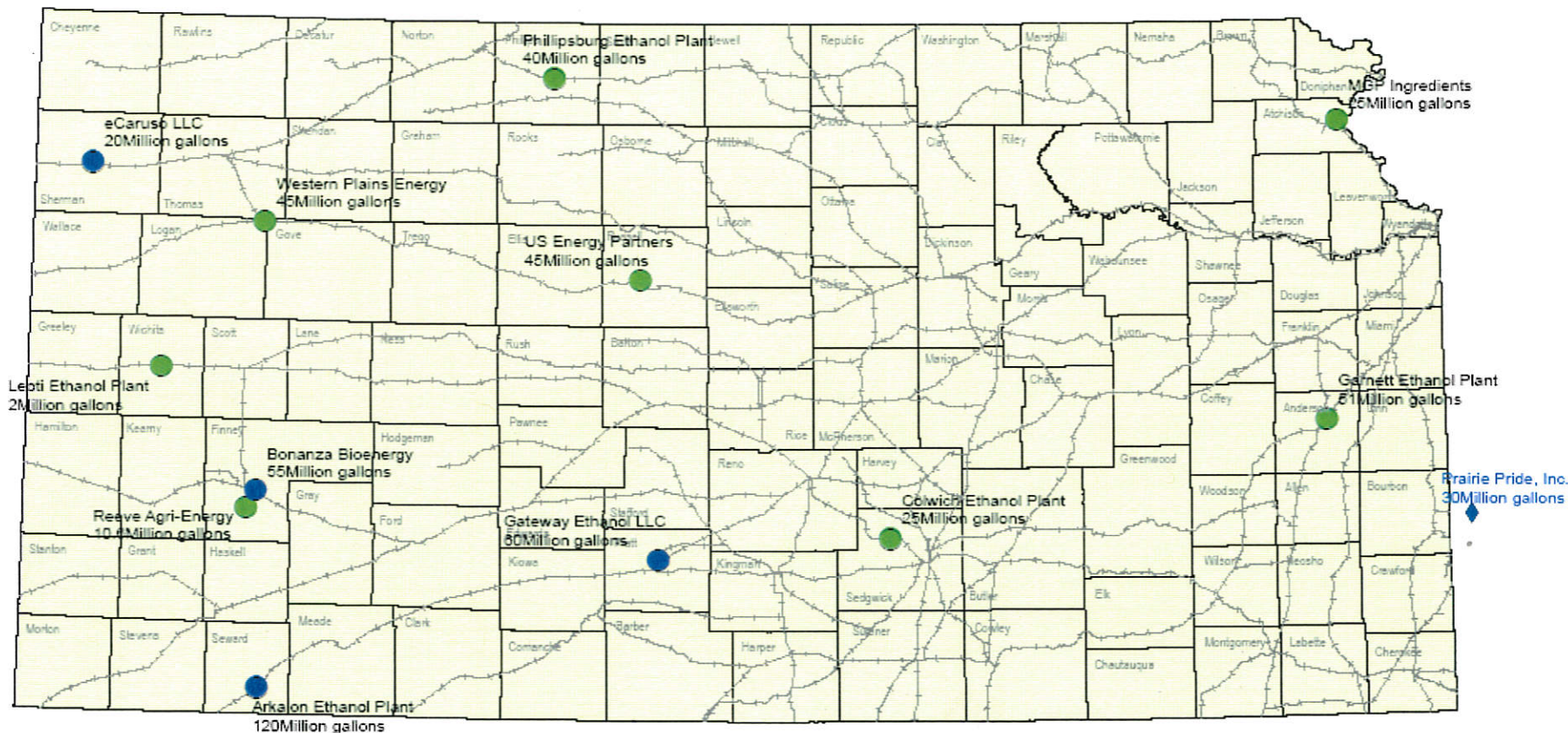
**Courtyard by Marriott Junction City
310 Hammons Drive • Junction City, KS
(785) 210-1500**

for the rate of \$81 a night. Please reference the Kansas Department of Commerce when reserving your room.

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

December 2006

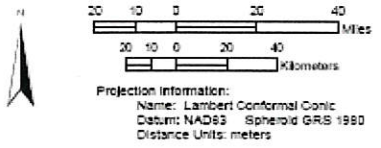
91-1



Legend

Ethanol Plant Status		Biodiesel Plant Status	
●	Existing	◆	Existing
●	Under Construction	◆	Under Construction

Railroads also shown



KANSAS WINES

The fertile fields of Kansas continue to emerge as one of the most exciting wine-producing regions in the country. Kansas currently is home to 14 wineries, which combine to produce more than 50,000 gallons of wine and host thousands of visitors each year. Using locally grown grapes, berries, and other fruits, these Kansas winemakers produce a wide variety of delicious favorites, including some you won't find anywhere else. Kansas vintners have received more than 300 international awards for their wines in recent years, often drawing comparisons to the celebrated wines of California's Napa Valley and the Finger Lakes region in New York.

**KANSAS**
as big as
you think™

TOAST THE UNEXPECTED

www.winesofkansas.com

WINERIES OF KANSAS

Campbell Vineyard & Winery

Holton KS
(785) 872-3176

Davenport Orchard, Vineyard & Winery

Eudora KS
(785) 542-2278
www.davenportwinery.com

Slough Creek Vineyard & Winery

Oskaloosa KS
(785) 863-3439
www.sloughcreekvineyard.com

Smoky Hill Vineyard & Winery

Salina KS
(785) 825-2515
www.kansaswine.com

Dozier Vineyard & Winery

Ellinwood KS
(620) 564-0195
www.dozier-winery.com

Heimhof Winery & Gift Shop

Leavenworth KS
(913) 351-3467
www.heimhofwines.com

Somerset Ridge Vineyard & Winery

Paola KS
(913) 451-2600
www.somersetridge.com

Storey Vineyards/ Windswept Winery

Udall KS
(620) 782-3952
www.windsweptwinery.com

Holy-field Vineyard & Winery

Basehor KS
(913) 724-9463
www.holyfieldwinery.com

Jefferson Hill Farm and Winery

McLouth KS
(913) 796-6822

Wyldewood Cellars Winery & Gift Shop

Mulvane KS
(316) 554-9463
www.wyldewoodcellars.com

Graue Vineyards/Middle Creek Winery

Louisburg KS
(913) 377-4689

Kugler's Vineyard

Lawrence KS
(785) 843-8516

Pome on the Range Orchards & Winery

Williamsburg KS
(785) 746-5492
www.pomeontherange.com

OTHER RELATED LINKS:

Kansas Department of Commerce
www.kansascommerce.com

Kansas Travel & Tourism
www.TravelKS.com

Kansas Department of Agriculture
www.ksda.com

Kansas Agritourism
www.kansasagritourism.org

KANSAS SHIPPING LAWS

- Kansas farm wineries can ship directly to out-of-state customers who have purchased wine in the winery.

- Kansas farm wineries can sell to out-of-state customers through the mail or online and ship to liquor stores in the customer's state. Some states allow for direct shipping to consumers through mail or Internet orders.

- Kansas consumers can have out-of-state wine shipped to them through Kansas liquor stores if those wines are not available in the stores.

- Wine can be served at the Kansas State Fair in Hutchinson.

- Tamperproof wine doggie bags will be available at restaurants.



Photos by Keith Riggs