

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:40 a.m. on March 13, 2007 in Room 423-S of the Capitol.

All members were present except:  
Derek Schmidt- excused

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

Conferees appearing before the Committee:  
Duane Simpson, Vice President of Government Affairs, Kansas Agribusiness Retailers Association (KARA)  
Leslie Kaufman, Executive Director, Kansas Cooperative Council  
Constantine Cotsoradis, Deputy Secretary, Kansas Department of Agriculture  
Gary Meyer, Pesticide and Fertilizer Program Manager, Kansas Department of Agriculture  
Richard Cram, Director of Policy and Research, Kansas Department of Revenue

Others attending:  
See attached list.

Chairman Taddiken opened the hearing on **HB 2487 – Regulation of ammonium nitrate dealers.**

Duane Simpson, Vice President of Government Affairs, Kansas Agribusiness Retailers Association, testified in support of **HB 2487 (Attachment 1)**. He also handed out a leaflet entitled "Fertilizer's Role in Agriculture" (**Attachment 2**). He said this bill would require dealers of ammonium nitrate to register with the Kansas Department of Agriculture and maintain records of all sales for three years. A purchaser would be required to show a state or federal driver's license or other photo ID. The retailer will record the date of purchase, quantity purchased, license number, purchaser's name, physical address and telephone number. There are approximately 22 dealers of ammonium nitrate in the state.

Mr. Simpson stood for questions.

Leslie Kaufman, Executive Director, Kansas Cooperative Council (KCC), gave remarks in support of **HB 2487 (Attachment 3)**. The KCC supports the safe, legal use of a variety of crop-benefitting compounds. They are very concerned about potential misuse of products and the ramifications on innocent parties.

Ms. Kaufman offered to stand for questions.

Constantine Cotsoradis, Deputy Secretary, Kansas Department of Agriculture, appeared in support of **HB 2487 (Attachment 4)**. He noted that the fiscal note that was prepared may need to be changed. Mr. Cotsoradis said the projected costs for program outreach will be substantially less than originally estimated because little ammonium nitrate is sold through retailers like garden centers and hardware stores. He also noted that the bill exempts registered customer fertilizer blenders from paying an ammonium nitrate distributor registration fee.

Mr. Cotsoradis stood for questions.

**Senator Francisco made a motion to strike the word "where", page 3, line, paragraph 6, and add "of the person to whom", seconded by Senator Pine. Discussion was held on the motion. Motion on the amendment carried.**

Gary Meyer, Pesticide and Fertilizer Program Manager, Kansas Department of Agriculture, answered concerns of the Committee regarding where the product is delivered.

**Senator Bruce moved to strike "that is not registered as a custom blender" on page 2, line 28, seconded by Senator Lee. Motion carried.**

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture Committee at 8:30 a.m. on March 13, 2007 in Room 423-S of the Capitol.

Senator Bruce moved that **HB 2487** be passed favorably as amended, seconded by Senator Ostmeyer. Motion carried.

Senator Ostmeyer moved, seconded by Senator Pine, to approve the minutes of the March 6, 2007 Committee Meeting. Motion carried.

Richard Cram, Director of Policy and Research, Kansas Department of Revenue, appeared in response to questions regarding **HB 2145**. The fuel supplier files a monthly return with the KDOR, paying \$.015 per barrel (50 gallon). The KDOR then splits out the revenue to the State General Fund (SGF) and what goes into the Petroleum Inspection Fee Fund (PIFF). Mr. Cram said that it costs the KDOR about \$24,300 per year for the administration of this program.

Mr. Cram stood for questions.

Edie Martin, Kansas Department of Revenue, also answered questions regarding **HB 2145**.

Chairman Taddiken thanked the Department of Revenue for the information and said that discussion of the bill would be finished at a later meeting.

The meeting adjourned at 9:26 a.m. The next meeting will be Wednesday, March 14.





# KANSAS AGRIBUSINESS RETAILERS ASSOCIATION

*SAFE AND ABUNDANT FOOD THROUGH SOUND SCIENCE*

**Statement in Support of House Bill 2487  
Senate Agriculture Committee  
Senator Mark Taddiken, Chair  
March 13, 2007**

Thank you Mr. Chairman and Members of the Committee my name is Duane Simpson; I am Vice President of Government Affairs for the Kansas Agribusiness Retailers Association. KARA is a volunteer organization that represents over 700 agribusiness firms that are primarily retail facilities that supply fertilizers, crop protection chemicals, seed, petroleum products and agronomic expertise to Kansas farmers. KARA's membership base also includes ag-chemical and equipment manufacturing firms, distribution firms and various other businesses associated with the retail crop production industry. On behalf of these members I appear in support of HB 2487.

This bill requires retail dealers of Ammonium Nitrate (AN) to register with the Kansas Department of Agriculture and then to maintain records of all AN sales for 3 years. Specifically, a purchaser will be required to show a state or federal driver's license or other photo ID approved by the Secretary of KDA. The retailer will record the date of purchase, quantity purchased, license number, purchaser's name, physical address, and telephone number. If the person taking delivery of the AN is someone other than the end-user, then the same information will need to be recorded for both the person taking delivery and the end-user.

Ammonium Nitrate is one of the most cost effective and efficient ways for producers to deliver nitrogen to their crops. In Kansas, AN is mostly used for grassland where other fertilizers become cost prohibitive to use. Very few retailers handle AN anymore. Our best estimate puts the actual number under 25 retailers, but we're not certain because we do not have to register dealers. "Big Box" retail stores such as Wal-Mart, Lowe's and Home Depot do not carry AN, it is only sold by fertilizer dealers to producers.

Since AN was used in the Oklahoma City bombing and in subsequent terrorist attacks around the world, fertilizer retailers have voluntarily placed restrictions on the sale of AN. Many retailers simply stopped carrying it, while the rest of the industry implemented the "America's Security Begins With You" campaign. This national campaign called on retailers to begin voluntarily doing the very things we are asking you to put into statute.

Unfortunately, no television sweeps week is complete without some television news station attempting to prove that voluntary enforcement is not sufficient. These sensational stories have prompted legislation in other states and in Congress that would make this valuable product virtually impossible to sell as a fertilizer. Our national affiliate, The Fertilizer Institute (TFI) has supported legislation in Congress that would ask state departments of agriculture to regulate AN in the manner proscribed in HB 2487. That legislation has repeatedly stalled in Congress.

Our industry is afraid that another terrorist attack with AN will lead to legislation far more restrictive than what we have proposed. We believe that preemptive legislation that protects the product and the public is the best solution. If there is another terrorist attack, cooler heads are not likely to prevail. The public often asks legislators to be proactive and solve problems before they happen. It is rare to find an issue where that is a possibility. This is one of those issues and I urge the committee to support HB 2487. I will stand for questions at the appropriate time.

*Senate Agriculture Committee  
3-13-07  
Attachment 1*



# FERTILIZER'S ROLE in AGRICULTURE



The Fertilizer Institute  
Nourish. Replenish. Grow.

## Fertilizer is critical *for the production of* food, feed, fuel & fiber.

**F**ertilizer major crop nutrients are nitrogen, phosphorus and potash – all naturally occurring elements in the environment – which are “fed” to plants and crops for healthy and abundant food production. Crops need nutrients to grow and be productive – just like humans.

The world's population is 6.5 billion and growing. Using fertilizers in an agronomically and environmentally sensitive way is critical for our planet's increasing need for food, feed, fuel and fiber.

More than 34 million acres have been taken out of production in the United States due to the Conservation Reserve Program and more U.S. farmland continues to be lost every day to urban sprawl and development. Once this land is developed, it is unlikely it will ever be “green space” again. Commercial fertilizers are a key tool in assisting U.S. farmers to be more economically and environmentally efficient and more productive.



### NITROGEN (N)

*is a primary building block for all organisms. It is essential to making proteins, helps keep plants green and is a critical component of soil structure.*

COMES FROM THE AIR



### PHOSPHORUS (P)

*is found in every living cell. Phosphorus is a component of DNA and it also plays vital roles in capturing light during photosynthesis, helping with seed germination, and helping plants use water efficiently. Plants also use phosphorus to help fight external stress and prevent disease.*

COMES FROM ANCIENT SEA LIFE



### POTASSIUM (K)

*is essential to the workings of every living cell. It plays an important role in plant's water utilization and also helps regulate the rate of photosynthesis. Other aspects of plant health influenced by potassium include the growth of strong stalks, protection from extreme temperatures, and the ability to fight stress and pests such as weeds and insects.*

COMES FROM EVAPORATED OCEANS

Senate Agriculture Committee  
3-13-07  
Attachment 2.



TFI AND KARA SUPPORT USING THE RIGHT FERTILIZER PRODUCT AND APPLYING IT AT THE RIGHT RATE, RIGHT TIME AND RIGHT PLACE.

TFI AND KARA SUPPORT EXPANDING THE FARM BILL'S ENERGY TITLE AND INCREASING THE PRODUCTION AND USE OF BIOFUELS. TFI AND KARA ALSO SUPPORT INCREASING RENEWABLE ENERGY RESEARCH PROGRAMS.

TFI AND KARA SUPPORT MAINTAINING THE FEDERAL FARM PROGRAM BUDGET AND POLICIES THAT PROMOTE A HEALTHY AND VIBRANT RURAL ECONOMY.

# Every farm and field is different.

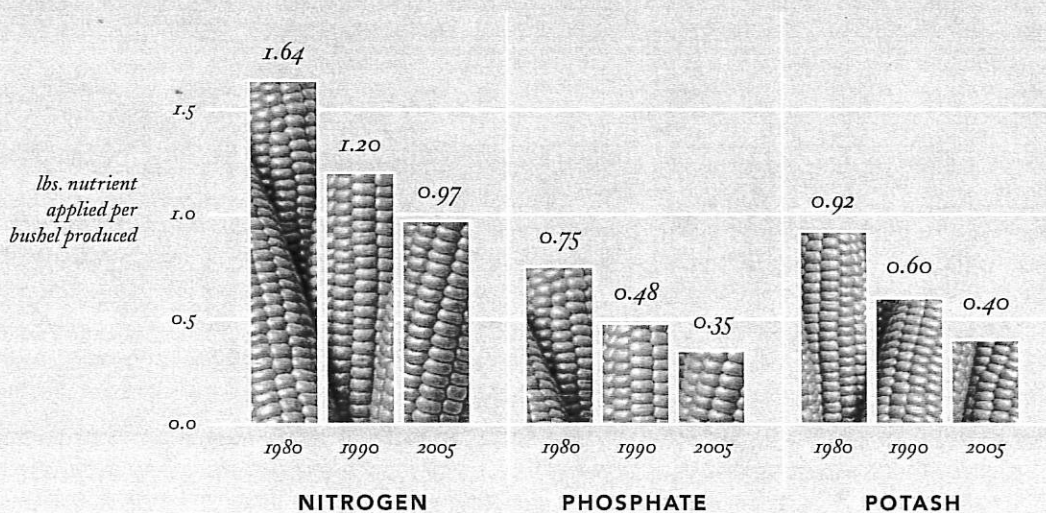
THAT IS WHY TFI AND KARA SUPPORT THE USE OF SITE SPECIFIC BEST MANAGEMENT PRACTICES REGARDING FERTILIZER APPLICATION.

**TFI and KARA** strongly support using the right product and applying it at the right rate, right time and right place. In addition, TFI supports efforts to use advanced fertilizer technologies, including enhanced efficiency fertilizers such as slow release and controlled release fertilizers and urease inhibitors.

U.S. Department of Agriculture data shows that U.S. farmers are using fertilizer nutrients with the greatest efficiency in history. Between 1980 and 2005,

U.S. corn production increased by a whopping 74 percent. Meanwhile, farmers' use of nitrogen on corn over this period increased only 3 percent, while use of phosphate and potash fell 20 and 24 percent, respectively. Nutrients removed by crops need to be replaced to maintain soil fertility. The North American fertilizer industry has a long history of partnering with its farmer customers and the more than 13,000 Certified Crop Advisers (CCAs) to ensure maximum crop productivity, while protecting water quality, soil quality and the environment.

## We are growing more with less.



SOURCE: COMPUTED BY THE FERTILIZER INSTITUTE FROM DATA REPORTED BY USDA

TFI AND KARA SUPPORT EXPANDING THE FARM BILL'S ENERGY TITLE SUPPORTING

# biofuels & renewable energy research & incentive programs.

**A**ccording to USDA congressional testimony, USDA forecasts the total use of corn in 2007 will require the production of 85.6 million acres. There are only a limited number of acres available to transfer to corn acres. The additional corn acres will have to come from already-planted wheat, soybean or cotton acres or land that has been set aside for the Conservation Reserve Program (CRP). Using recent USDA fertilizer application rate data, each additional million acres of planted corn would require 66-thousand nutrient tons of nitrogen, 23-thousand nutrient tons of phosphate and 27-thousand nutrient tons of potash.

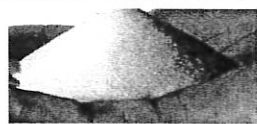
With the new demand for crops such as corn, it is even more important for U.S. farmers to maximize production on an ever-decreasing land base. Fertilizers applied in an agronomically sound way are critical in achieving maximum crop production, while at the same time reducing nutrient runoff potential and improving water quality.

The corn crop nourished by fertilizer ends up not only in the food on our plates but — after processing into other products — also in the fuel tanks of our vehicles, in soft drinks and even in windshield wiper fluid.

*“The increase in corn production used for ethanol has set in motion an expectation of a substantial adjustment in U.S. field crop production for 2007. As more corn moves to more ethanol plants, corn prices have risen signaling the market’s need for more corn acreage and production.”*

DR. KEITH COLLINS | USDA CHIEF ECONOMIST

## BEST MANAGEMENT PRACTICES (BMPs)



### RIGHT PRODUCT MATCH FERTILIZER TYPE TO CROP NEEDS

- Select appropriate fertilizer and on-farm nutrient sources for the cropping system.
- Soil testing
- N, P, K secondary and micronutrient
- Enhanced efficiency fertilizers
- Nutrient management planning



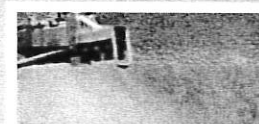
### RIGHT TIME MATCH NUTRIENTS AVAILABLE WHEN CROPS NEED THEM

- Application timing
- Controlled release technologies
- Inhibitors
- Fertilizer product choice



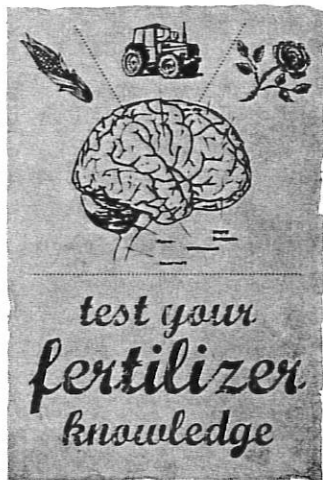
### RIGHT PLACE KEEP NUTRIENTS WHERE CROPS CAN USE THEM

- Application method
- Incorporation of fertilizer
- Buffer strips
- Conservation tillage
- Cover cropping



### RIGHT RATE MATCH AMOUNT OF FERTILIZER TO CROP NEEDS

- Soil testing
- Yield goal analysis
- Crop removal balance
- Nutrient management planning
- Plant tissue analysis
- Record keeping
- Variable rate technology
- Site-specific management



**1 WHAT ARE THE TOP THREE FERTILIZER-UTILIZING U.S. CROPS?**

Corn, wheat and soybeans.

**2 HOW MUCH FERTILIZER DOES IT TAKE TO PRODUCE A BUSHEL OF CORN?**

Depending on the type of cropping system used, typically 1.5 to 2 pounds of fertilizer nutrients.

**3 HOW MUCH FERTILIZER DOES IT TAKE TO PRODUCE A BUSHEL OF WHEAT?**

Depending on the type of cropping system used, typically 2.5 to 3.5 pounds of fertilizer nutrients.

**4 HOW MUCH FERTILIZER DOES IT TAKE TO PRODUCE A BUSHEL OF SOYBEANS?**

Depending on the type of cropping system used, typically 1.0 to 1.5 pounds of fertilizer nutrients.

**5 WHY IS FERTILIZER IMPORTANT TO AGRICULTURE PRODUCTION?**

Humans, animals and plants rely on a safe, healthy supply of food and nutrients like nitrogen (N), phosphorus (P) and potassium (K) for proper growth and development. Fertilizer is the 'food' that plants – from corn and wheat to pumpkins and apples – need to produce a healthy and bountiful crop. All crops require nutrients in one form or another.

**6 DO YOU ANTICIPATE MORE ACRES OF CORN WILL BE PLANTED IN 2007?**

In 2006, 78.3 million acres of corn were planted in the United States. The U.S. Department of Agriculture (USDA) predicts that 25 percent of that corn crop will be converted into ethanol in 2007. For the first time, corn used in ethanol is estimated to exceed the amount of corn the United States exports. At the same time, the U.S. livestock industry is concerned about rising feed prices and reduced profitability, which are resulting from a limited corn crop. Increased acreages of corn will have to be planted in the United States in upcoming years in order to meet the demands of the rapidly expanding renewable fuels industry.

**7 WHAT ARE THE TOP THREE FERTILIZER-CONSUMING COUNTRIES IN THE WORLD?**

China, India and the United States.

**8 WHAT IS THE WORLD DEMAND FOR FERTILIZER?**

As a world market commodity, supply and demand factors around the world impact the price U.S. farmers pay for fertilizer. World fertilizer demand increased by 13 percent or nearly 18 million nutrient tons from fiscal year 2001 (July 2000-June 2001) to fiscal year 2005. This increase in demand is close to total nutrient use in the United States, which stood at 22.1 million nutrient tons during fiscal year 2005. Over this four year period, world nitrogen demand grew by 10 percent, phosphate demand grew by 13 percent and potash demand grew by nearly 18 percent.



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KARA IS A VOLUNTEER ORGANIZATION WHOSE MEMBERSHIP INCLUDES OVER 700 AGRIBUSINESS FIRMS THAT ARE PRIMARILY RETAIL FACILITIES THAT SUPPLY FERTILIZERS, CROP PROTECTION CHEMICALS, SEED, PETROLEUM PRODUCTS AND AGRONOMIC EXPERTISE TO KANSAS FARMERS. KARA'S MEMBERSHIP BASE ALSO INCLUDES AG-CHEMICAL AND EQUIPMENT MANUFACTURING FIRMS, DISTRIBUTION FIRMS AND VARIOUS OTHER BUSINESSES ASSOCIATED WITH THE RETAIL CROP PRODUCTION INDUSTRY. KARA IS COMMITTED TO PROFESSIONAL DEVELOPMENT AND BUSINESS VIABILITY FOR THE PLANT NUTRIENT AND CROP PROTECTION RETAIL INDUSTRY.



The Fertilizer Institute

Nourish, Replenish, Grow

820 First Street, N.E., Suite 430 | Washington, D.C. 20002 | TEL (202) 962-0490 | FAX (202) 962-0577 | [www.tfi.org](http://www.tfi.org)

TFI SERVES TO PROMOTE AND PROTECT THE FERTILIZER INDUSTRY, REPRESENTING THE PUBLIC POLICY, COMMUNICATION AND STATISTICAL NEEDS OF PRODUCERS, IMPORTERS, WHOLESALERS AND RETAILERS OF FERTILIZER, AS WELL AS THOSE COMPANIES THAT PROVIDE VITAL SERVICES TO THE FERTILIZER INDUSTRY.





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## Senate Committee on Agriculture

March 13, 2007

Topeka, Kansas

### **HB 2487 – Placing additional safeguards on the distribution on ammonium nitrate.**

Thank you, Chairman Taddiken and members of the Senate Agriculture Committee for the opportunity to comment today in support of HB 2487.

I am Leslie Kaufman and I serve the Kansas Cooperative Council as Executive Director. The Kansas Cooperative Council represents all forms of cooperative businesses across the state -- agricultural, utility, credit, financial and consumer cooperatives. Approximately half of our membership is involved in agriculture/farm supply and marketing. Many of these cooperatives are directly involved in the sale and/or distribution of ammonium nitrate.

I know that others appearing today will provide greater detail on how this bill will operate, as well as describing voluntary measure our agricultural chemical industry has adopted to place safeguards on the handling of ammonium nitrate. We join with them in applauding these voluntary efforts agribusiness has taken to mitigate the risks of potential misuse of this product.

The Kansas Cooperative Council supports the safe, legal use of a variety of crop-benefiting compounds. We are very concerned about potential misuse of products and the ramifications that has on innocent parties, including those appropriately utilizing a product.

Ammonium nitrate is an important material for delivering beneficial nitrogen in an efficient and cost effective manner. Our farm supply outlets and their member producer-owners want to help ensure this product remains commercially available. As such, we support HB 2487. Our industry's voluntary practices will be further enhanced under this proposal.

Thank you for allowing us to comment on HB 2487. We encourage you to look favorably on the bill. Thank you.

*Senate Agriculture Committee  
3-13-07  
Attachment 3*

**Testimony on HB 2487  
to  
Senate Agriculture Committee**

**by  
Constantine Cotsoradis  
Deputy Secretary  
Kansas Department of Agriculture**

**March 13, 2007**

Good morning, Mr. Chairman and members of the committee. I am Constantine Cotsoradis, deputy secretary of agriculture, and I am here to testify in support of House Bill 2487.

Ammonium nitrate has long been used by Kansas farmers and others as an effective commercial fertilizer. However, the Oklahoma City bombing was a tragic reminder that it also can be used to create explosives. Tracking its distribution and sale has generated interest from law enforcement and the Department of Homeland Security.

HB 2487 would require any person operating a business engaged in selling or distributing ammonium nitrate to register with the Kansas Department of Agriculture and to keep records regarding its sale. Ammonium nitrate purchasers, among other things, would have to show photo identification when making purchases. Department of Agriculture staff will periodically review records during other routine inspections to ensure that the record keeping requirements are met.

I would like to expand on our fiscal impact statement. When we prepared it, we had little information regarding the types of businesses that might be distributing ammonium nitrate. We have since been advised that little, if any, small packages of ammonium nitrate are sold through retailers like garden centers and hardware stores. Therefore, we may be dealing with as few as 50 to 60 registrants. If this proves true, our projected costs for program outreach will be substantially less than originally estimated. We also need to point out that the bill exempts registered custom fertilizer blenders from paying an ammonium nitrate distributor registration fee. That exemption could impact other ammonium nitrate dealers not registered as blenders.

Thank you for the opportunity to appear before you today. I will stand for questions at the appropriate time.

*Senate Agriculture Committee  
3-13-07  
Attachment 4*