

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 16, 2008, in Room 783 of the DSOB.

All members were present.

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department
Emalene Correll, Kansas Legislative Research Department
Ryan Hoffman, Kansas Legislative Research Department
Gordon Self, Revisor of Statutes
Kristen Kellems, Revisor of Statutes
Florence Deeter, Committee Assistant

Conferees appearing before the committee:

Constantine Cotsoradis, Deputy Secretary, Kansas Department of Agriculture
Representative Tom Sloan, District 45
Norm Jennings, Chairman, Kansas Grape and Wine Industry Advisory Council

Others attending:

Representative Ann Mah, District 53

Chairman Faber called the meeting to order and welcomed members and guests.

Constantine Cotsoradis, Deputy Secretary of the Kansas Department of Agriculture, requested introduction of a bill to ameliorate the budget of the petroleum inspection fee fund. The State General Fund receives the first \$250,000 of fees collected. Mr. Cotsoradis requested the amount be reduced to \$100,000, which will adequately cover expenses based on the data of the past year. There being no objection from the committee, the bill will be introduced.

Representative Sloan, District 45, requested the introduction of a resolution delineating a partnership with the United States Congress and the State of Kansas in extending the operation and sustaining of certain water reservoirs in Kansas. In addition, Representative Sloan requested a bill be introduced to impose certain fees and surcharges for managing and sustaining the state's use of water from reservoirs by the Corps of Engineers to facilitate barge usage on the Missouri River. There being no objections, both the resolution and bill will be introduced.

Carole Jordan, Director, Kansas Department of Agriculture Rural and Legislative Affairs, introduced Norm Jennings, Chairman of the Kansas Grape and Wine Industry Advisory Council, is a winemaker and the owner of Smoky Hill Winery near Salina. The council is a statutory body; Secretary Polansky was instrumental in initiating the council. Members on the council met beginning in 2004, to advise Mr. Polansky on marketing, regulatory, research and legislative issues.

Mr. Jennings gave some historical background on wine production in Kansas ([Attachment 1](#)). The 1904 Annual Report of the State Board of Agriculture recorded a production of 86,000 gallons of wine valued at \$64,000. At present, there are thirteen wineries licensed to sell Kansas wines, and many hold national and international awards for their products. Sales in the wine industry in 2000 totaled \$510,000 and grew to \$1.5 million by 2006, revealing a 294 percent increase in production.

Mr. Jennings indicated the council's partnership with the Departments of Agriculture and Commerce is proving successful in the promotion of wine products made available at various events in Kansas. He answered questions from members by stating:

- An owner can only sell personally owned wines in a sales room; other wines cannot be introduced for sale.
- Wilson, Kansas, is the largest selling outlet of wines in the state.
- Grapes need a four to five year growth for mature vines and production.
- Cost of establishing a wine farm varies from \$5,000 to \$7,000, excluding the procuring of land and

CONTINUATION SHEET

MINUTES OF THE House Agriculture and Natural Resources Committee at 3:30 P.M. on January 16, 2008 in Room 783 of the DSOB.

- Cost of establishing a wine farm varies from \$5,000 to \$7,000, excluding the procuring of land and labor; profit per acre is about \$4,500.
- The need for grapes is increasing exponentially, allowing for the possibility of many more vineyard owners to supply wine producers.
- Irrigation levels at Smoky Hill Winery are low - 10 gallons per minute with a total of 240 hours of irrigation on 10 acres of grapes.
- Harvesting of grapes at the proper time is a challenge because of the limited amount of time for acquiring the best produce. Some charitable organizations provide harvesters as an opportunity to raise funds. Mechanical harvesting will become the norm as the industry continues to grow.
- Vineyards and wineries contract with each other to establish the dollar amount of the sale of grapes and fruit.
- Shipment of wines to individuals within the state has benefitted the wine industry.

The Chairman invited Representative Mah to speak on a bill setting the limits on boating noise. Older boats cannot meet the existing inspection levels. A more boater friendly bill is being introduced and signatures are requested in her office, seventh floor of the Docking State Office Building, or in Representative Faber's office, 161-W in the Capitol.

The Chairman announced that next week's agenda will include an update on the Conservation Reserve Enhancement Program. The Chairman requested that members peruse the 2008 Legislative Report. In addition, staff will bring an update on the disposition of litigation moneys concerning the Republican River.

The Chairman adjourned the meeting at 4:35 p.m. The next meeting is scheduled for Thursday, January 17, 2008, at 3:30 p.m.

**Report of the Kansas Grape and Wine Industry Advisory Council
to
The House Agriculture and Natural Resources Committees**

**By Norm Jennings
Chairman
Kansas Grape and Wine Industry Advisory Council**

January 16, 2008

Good afternoon, Chairman Faber and members of the committee. I am Norm Jennings, owner and winemaker from Smoky Hill Winery near Salina. I am glad to be here today to report on progress made by our young industry and some issues for the future.

The council is a statutory body (K.S.A. 74-552-74-553) that was not active until this administration, when Secretary of Agriculture Adrian Polansky named council members to advise him on marketing, regulatory, research and legislative issues. The group began meeting in the summer of 2004.

It developed this mission statement: "The Kansas Grape and Wine Industry Advisory Council provides support to grow the grape and wine industry through legislative initiatives, research, education and marketing to stimulate tourism and value-added, sustainable, environmentally responsible agriculture."

By statute, the council is made up of representatives from the college of agriculture at Kansas State University, the commercial grape growing industry, the licensed farm winery industry, the liquor industry, the tourism industry and a member of the public with experience in marketing.

I think you all know that grapes and wine were prime agricultural crops in our early statehood. Missouri and Kansas were leading states in grape and wine production, and wine competitions were a part of our fairs and expositions. The 1904 Annual Report of the State Board of Agriculture said the state produced 86,000 gallons of wine valued at \$64,000.

Kansas' own particular liquor laws preceded even national prohibition, and the industry died out until the Legislature passed a law allowing farm wineries in the mid-1980s.

Today we have a vibrant, growing industry that makes both grape and fruit-based wine. This adds value to the state's agriculture, it contributes jobs and tax dollars, and enriches the agritourism industry. We are proud of what we have accomplished and optimistic about the future. Thirteen wineries are licensed to sell Kansas wine, and those winemakers hold many national and international awards for their products.

The 2006 Kansas Horticultural Survey from the Department of Agriculture's statistical service noted that there were 320 acres of grapes in 2006 compared to 147 acres in 2000. Sales have grown from \$510,000 in 2000 to \$1.5 million in value in 2006. That's a 294 percent increase in six years. Like the rest of the horticulture and turf industries, fruit, berry and grape production continues to grow and contribute to our state's economy.

We have been working doggedly to remove barriers to success for grape and wine producers. In recent years, we supported legislation to remove limits on the size of farm wineries; to allow Kansas farm wineries to ship directly to out-of-state customers; to allow wine to be served at the Kansas State Fair in Hutchinson; to allow the use of tamperproof wine doggie bags at restaurants; to allow more outlets for wineries; and to allow wineries to hold caterers' licenses. A new viticulture training program is beginning at Highland Community College.

We have applied for grants to help us learn more about bird control and varieties of grapes that are well-suited for Kansas. We also are looking for opportunities to capitalize on state features to create wine tourism and viticulture areas.

In addition to successful legislative initiatives, we have partnered with the Departments of Agriculture and Commerce to promote our product through events at the Kansas State Fair and other locations. Fairgoers eagerly look forward to the annual grape stomp and wine judging on opening day, and this last September they were able to sample the winning wines at a wine garden selling Kansas-made wine and beer.

There are still challenges to meet. We continue to work with the state and our neighbors to reduce instances of pesticide damage to our crops. Last year's late freeze affected fruit and grape production across most of the state. We are working with the Department of Revenue to develop and enforce equitable regulations and reporting requirements for the state's farm wineries.

Our industry is a growing and important part of agriculture, agribusiness and tourism in Kansas. We thank you for your support in the past and for asking us to visit with you today.

I will be happy to answer questions.