

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 29, 2008, in Room 783 of the DSOB.

All members were present except:

Representative Larry Powell- excused
Representative Vaughn Flora - excused
Representative Carl Holmes - excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department
Hank Avila, Kansas Legislative Research Department
Gordon Self, Revisor of Statutes
Kristen Kellems, Revisor of Statutes
Florence Deeter, Committee Assistant

Conferees appearing before the committee:

Mike Brown, Vice-Chairman, Kansas Wheat Commission
Bob Timmons, Chairman, Kansas Corn Commission
Kenlon Johannes, Administrator, Kansas Soybean Commission
Lance Russell, Chairman, Kansas Sunflower Commission, District 5

Others attending:

See attached list.

Annual Reports - Commodity Commissions

Staff Raney Gilliland briefed the Committee on the history and development of the commissions. The 1957 Legislature established the of Kansas Wheat Commission. Twenty years later saw the beginning of the grain sorghum, soybean and corn commissions. During those years the Kansas Wheat Commission operated freely as a state agency in Hutchinson, Kansas. Later, the agency located in Manhattan, Kansas, to be nearer research and the international grains program on the campus of Kansas State University.

Mr. Gilliland said that one of the most contentious issues has been the check-off program and the use of those dollars. The state charges fee funds for administrative services in the amount of twenty percent, or a maximum of \$200,000. The Kansas Wheat Commission regularly accrued the amount required, but did not feel the state provided service in kind, especially when the other agencies did not meet the requirement. He said the commissions became dissatisfied and requested a change. By request in 2000, the Legislature agreed to allow the commissions to be privatized. Mr. Gilliland said that if commissions want the assessed mil levy to be changed for first purchasers, a statutory change must come through Legislative action. In 2002 the Sunflower Commission was included and has similar purposes for market development and promotion. He said the Secretary of Agriculture is designated as the collection agency and deposits moneys in appropriate bank accounts.

Mike Brown, Vice-Chairman, Kansas Wheat Commission (KWC), and a farmer from Thomas County, said the KWC spends producers' money as follows: domestic marketing - 28%; international marketing - 42%; research - 31%; staff and facility support is 15% and is included in previous percentages (Attachment 1). Mr. Brown commented on the various areas of priority established by the KWC. He said the commission has a partnership with Kansas State University (KSU) for wheat varietal development and sequenced wheat genome. Biotechnology provides potential benefits to everyone in the marketing arena and is a top priority of the commission. Mr. Brown said the international market is extremely competitive and there is a strong demand for Hard Red Winter wheat, and Nigeria is the top market with purchases totaling of 69.2 million bushels of wheat. Mr. Brown referred to the article in *Kansas Wheat* commmerating the 50 years the Kansas Wheat Commission has been serving Kansas wheat farmers.

Mr. Brown spoke further of the newest area of commitment - working in the cellulosic ethanol industry. He said the commission is funding research at KSU for a more efficient conversion of wheat straw into cellulosic ethanol. They are working in a association with the Kansas Association of Wheat Growers to develop

CONTINUATION SHEET

MINUTES OF THE House Agriculture and Natural Resources Committee at 3:30 P.M. on January 29, 2008, in Room 783 of the DSOB.

decision-based tools for producers of wheat to remove residue from their cropland. He reported the recent creation of seed companies, producers, research scientists and technology personnel into the Kansas Wheat Alliance. It is now incorporated and fully organized with founding members.

Mr. Brown spoke of the success of a new project completed in 2007 - the *Kansas Gold* book commemorating the 50th anniversary of the commission. Each decade's historical trends are featured along with wheat recipes. He said industry partners provided some sponsorship in the production costs of the book and it is for sale in various places across the state for \$30.00.

Bob Timmons, Chairman, Kansas Corn Commission (KCC), presented an update on the 2007 projects (Attachment 2). His report includes both the 2007 financial audit and the annual report given to producers. Mr. Timmons reported that 2007 was a banner year for corn production - up fifty percent over 2006. In addition, the checkoff refund was approximately sixteen percent and 1,157 producers received refunds. Mr. Timmons indicated that livestock feed continues to be the largest market for corn. He said international markets for corn and value-added products such as beef from Kansas ultimately benefit producers. Mr. Timmons spoke of the expanding ethanol industry in Kansas, saying there are presently nine ethanol plants showing production, and five more are in the construction stage.

Kenlon Johannes, Administrator of the Kansas Soybean Commission, stated that the commission is regulated by the federal checkoff program (Attachment 3). He indicated that after the one-half of one percent of net value in a soybean sale by a producer is collected by first purchasers in Kansas, then one-half of those funds are sent to the United Soybean Board for use in national and international projects.

Mr. Johannes spoke of the diversity found in soybeans: the results of production research eases the impact on the environment providing crop protection and pest control; feed manufacturing and soybeans as food are exported to Henan Province in China; approximately 94% of all soybean meal produced in the United States is consumed by animal agriculture; and the production of soy biodiesel as an alternative to diesel fuel. Mr. Johannes commented that soy seats are used in the new Ford Mustangs.

Lance Russell, Chairman, Kansas Sunflower Commission, introduced testimony saying thirty years ago there were many acres of sunflowers (Attachment 4). Sunflowers are a unique crop in Kansas; however the check-off is less than fifty percent of the amount refunded by first purchasers. He said research funding is inadequate at best and an increase in the checkoff amount would greatly benefit producers of sunflowers. He agreed to provide members a full financial audit as well as information on current research.

An annual report was provided in written form by:

Kansas Grain Sorghum Commission, with a list of projects funded by the Commission, an independent auditor's report, and the FY 2008 budget (Attachment 5).

The Chairman requested audit reports covering the past two years from the Kansas Department of Agriculture for each of the Commissions.

The Chairman adjourned the meeting at 5:00 p.m. The next meeting is scheduled for January 30, 2008.



Leaders in the adoption of profitable innovations for wheat

**Kansas Wheat Commission Annual Report
Presented to House Committee on Agriculture and Natural Resources
Tuesday, January 29, 2008
By Mike Brown, Vice-Chairman of the Kansas Wheat Commission**

Chairman Faber and committee members, thank you for the opportunity to provide you an annual report from the Kansas Wheat Commission. My name is Mike Brown, a wheat producer from Colby, KS and Vice-Chairman of the Commission.

The Kansas Wheat Commission was established by the Kansas legislature in 1957 to represent the states' wheat producers in the areas of research, domestic marketing, international marketing, and education and communication. After 50 years, these areas of work are still needed to enhance our industry.

A 9-member producer board governs the Commission — 7 elected and 2 appointed by the sitting board. A 10 mill per bushel assessment or one penny per bushel, currently funds Commission programs & activities. State statute authorizes the collection of this assessment at the first point of sale and producers have the opportunity to request a refund.

The income of the Kansas Wheat Commission is heavily correlated to the size of the wheat crop. The 2007 crop of 288 million bushels marked the second consecutive year of below average wheat production. The 2006 crop was slightly higher at 291 million bushel. The state average has been approximately 340 million bushels. On average, the Commission collects an assessment on about 94% of the crop each year, which for FY 2007 is \$2.6 million dollars. Since our assessment is voluntary, producers do have the ability to ask for their investment back and in 2007 we returned nearly \$170,000 dollars. Our refund rate has been steady at 7% for the past 5 years. The Kansas Wheat Commission does conduct an annual audit of our financial situation.

We have provided a detailed annual report of all of our activities. This afternoon, I would like to highlight a just a few of these projects. The breakdown of how the Commission spends producer dollars is as follows: domestic marketing – 28%; international marketing – 41%; research – 31%; our mandate of education and communication is included in each of these areas. Staff and facility support for each area is included in these percentages and totals 15% of our funding.

With the adoption of a new strategic plan 2 years ago, our project focus is providing profitable innovations for wheat producers. Innovation exemplifies why wheat producers must remain engaged in research and development. We continue to partner with Kansas State University for wheat varietal development and to sequence the wheat genome. Over the past few years the International Wheat Genome Sequencing Consortium has secured over \$7 million dollars for pivotal research projects in the United States and all around the world. A sequenced wheat genome will assist scientist in understanding the wheat plant and allow for the acceleration of much needed traits to be incorporated into the commercial wheat varieties that producers plant.

Biotechnology remains a top priority for our industry and we continually educate and inform wheat buyers around the world about the potential benefits of technology to everyone in the marketing chain. We believe that the global atmosphere for transgenic wheat is changing. Our key wheat buyers identify with the advantages for the American wheat producer and they are now asking "when" not "if"

we might introduce a transgenic trait into wheat. Just imagine the impact to our state if we can incorporate a drought tolerance or Wheat Streak Mosaic Virus resistance in our wheat varieties.

Last year, we reported to you that the Commission led the effort to establish a task force of seed companies, producers, research scientists and technology providers to look into the possibility of designing a new mechanism in which wheat varieties would be released. We are happy to report that this taskforce has resulted in the establishment of the Kansas Wheat Alliance. KWA has incorporated and organized with founding members. The board has been formed and it is now drafting the compliance agreement with technology providers and seed producers to begin incorporating proprietary traits into our public genetics.

The international market for wheat continues to be extremely competitive especially with the recent spike in wheat prices. No one could have anticipated the severe price reaction that we have witnessed to the extremely tight world wheat supplies. Nor did anyone anticipate the strong international demand for Hard Red Winter wheat. Kansas hosted wheat buyers from key markets such as Nigeria, Egypt, South Africa, Kenya, Tunisia, and Iraq. Wheat quality and price are typically the buyers' main points of interest. Nigeria was once again the top market for Hard Red Winter wheat with purchases of 69.2 million bushels. Year-in and year-out, the U.S. enjoys 95% market share in Nigeria, and this is largely due to our commitment to continually improve trade relations with this large and consistent customer. Mexico, Japan, Iraq, and Taiwan are the markets that conclude the top 5 buyers of HRW wheat.

Our domestic marketing efforts have continued to focus on recognizing the value of whole grains in the diet. Much of this work is accomplished through the industry-wide organization, the Wheat Foods Council, who recently celebrated its 35th anniversary. Since 1972, the Kansas Wheat Commission has assumed leadership roles in this national organization, whose mission is to increase wheat and other grain foods consumption through nutrition information, education, research and promotional programs. The Wheat Foods Council is the only national organization that represents the entire wheat industry – producers, millers, manufacturers, bakers and nutrition educators.

One new marketing project that we completed in FY 2007 is our *Kansas Gold* book. This commemorates the 50th Anniversary of the Commission by offering a decade-by-decade review of the first half-century of the Kansas Wheat Commission. Each chapter reviews the decade's historical trends and happenings within the wheat industry and provides snapshots of Kansas wheat producers. Heritage wheat recipes are featured, recounting the diet fads and nutrition trends from each decade. *Kansas Gold* is available for sale at several retail locations across the state for \$30. Industry partners provided sponsorships to the Commission to cover 100% of the production costs of this book.

One new area that we have begun working in is the emerging industry of cellulosic ethanol. The Commission is currently funding research at Kansas State University that is looking at more effective and efficient conversion of wheat straw into cellulosic ethanol. We are also working with the Kansas Association of Wheat Growers in developing a decision tool for producers to evaluate the economics and sustainability of removing residue from their cropland to participate in this emerging market. KAWG has secured funding from the Kansas Department of Commerce and Housing and the Natural Resources Conservation Service to develop this decision-based tool.

Mr. Chairman and committee members, the Kansas Wheat Commission continues to work diligently on behalf of wheat producers in the areas of research, domestic and international market development, communication and education. This concludes my report. Thank you once again for this opportunity to visit with you today, and I'd be glad to answer any questions the committee may have.



Kansas Corn Commission Annual Report to the Kansas Legislature

**Presented by Bob Timmons, Chairman
Kansas Corn Commission
January 29, 2008**

Mr. Chairman and members of the committee, my name is Bob Timmons. My family and I farm near Fredonia, KS and I am currently serving as the Chairman of the Kansas Corn Commission (KCC). I appreciate the opportunity to appear before you today and present the corn commission's annual legislative report.

Attached with my testimony today, we have also provided you with copies of the commission's FY 2007 financial audit and the 2007 annual report to producers, which was distributed through Kansas Farmer magazine as well as at grower meetings and farm shows. This report includes a description of current projects in the areas of Production/New Use Research, Domestic Market Development, Foreign Market Development, and Promotion and Education.

The Kansas Commodity Commissions are currently in an election process by Kansas producers in the central agricultural statistics reporting districts. This year's elections will begin the third full cycle of the elections process, since the commissions were given the ability to manage themselves outside the state system. This change has worked well and now involves more Kansas growers than ever before.

Since its creation in 1977, the KCC has taken the approach of using this fiscal year's revenue to fund the next fiscal year's programs. 2007 was a banner year for corn production in Kansas. Thanks to good weather, increased acres, and improved crop genetics and farming practices, Kansas farmers harvested 518 million bushels, a record crop. Our 2007 production was up 50 percent from 2006.

During the previous fiscal year, the KCC processed refunds to 1157 producers. These refunds are typically processed and checks mailed within 2-3 working days of receipt at our office, with any rarely taking longer than five working days to complete. The FY 07 checkoff refund percentage was 16.28 percent.

The commission uses check-off funds to enhance corn demand and opportunities with our customers. Use in livestock feed remains the largest market for corn. Over 50 percent of our research funding in the current fiscal year is related to livestock. Another significant opportunity exists with growing ethanol production. The commission continues to work to increase the use of ethanol in Kansas, and has provided counsel to numerous local groups and Kansas communities pursuing ethanol plants. Exports remain an important market for corn and value added corn products like Kansas Beef. The commission funds cooperators like the U.S. Grains Council and the U.S. Meat Export Federation to gain broader access to international markets. These groups are able to use Federal matching funds, thus giving Kansas producers more bang for their bucks.

For those that question the value of promoting corn and its many uses, one needs merely to look at the tremendous increase in farm gate value, largely the result of the corn grower's efforts in ethanol. We have been good partners with many others in this success, including the State of Kansas, and we all should be proud. The ethanol industry is expanding and Kansas has seen a proportionate share of that growth. In addition to renewable fuel, our Kansas ethanol plants are producing a large amount of distillers grains which is helping feeders to offset higher grain prices. And while our livestock sector, ethanol industry, and export customers must adjust to higher corn costs, we know that the previous market prices were not sustainable for corn farmers who continue to experience huge cost of production increases through higher costs for inputs like fertilizer and fuel.

At the Kansas Corn Commission, we will continue to move forward on behalf of Kansas corn producers and we look forward to continuing these efforts in the years to come.

KANSAS CORN COMMISSION

Garnett, Kansas

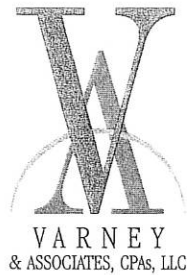
FINANCIAL STATEMENTS

WITH

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2007 and 2006

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas



October 29, 2007

Board of Directors
Kansas Corn Commission
Garnett, Kansas

Independent Auditors' Report

We have audited the accompanying statements of assets and net assets - cash basis of Kansas Corn Commission (a quasi municipal entity) as of June 30, 2007 and 2006, and the related statement of activities - cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets - cash basis of Kansas Corn Commission as of June 30, 2007 and 2006, and the changes in its net assets for the year then ended on the basis of accounting described in Note 1.

Certified Public Accountants

KANSAS CORN COMMISSION
 Garnett, Kansas
STATEMENTS OF ASSETS AND NET ASSETS - CASH BASIS
 June 30,

	2007	2006
ASSETS		
Current Assets		
Cash		
Money Market	\$ 42,498	\$ 96,762
High Performance Savings	1,188,583	1,059,844
Overnight Repo Agreement	-	-
CD's	500,000	600,000
	\$ 1,731,081	\$ 1,756,606
TOTAL ASSETS	\$ 1,731,081	\$ 1,756,606
NET ASSETS		
Net Assets	\$ 1,731,081	\$ 1,756,606
	\$ 1,731,081	\$ 1,756,606
TOTAL NET ASSETS	\$ 1,731,081	\$ 1,756,606

Financial Statements

KANSAS CORN COMMISSION
 Garnett, Kansas
STATEMENTS OF ACTIVITIES - CASH BASIS
 For the Years Ended June 30,

Financial Statements

	2007	2006
CHANGES IN NET ASSETS		
REVENUE		
Check-off collections	\$ 1,709,905	\$ 1,970,705
Refunds	(278,269)	(363,359)
Net	\$ 1,431,636	\$ 1,607,346
Interest income	62,604	42,405
Total Revenue	\$ 1,494,240	\$ 1,649,751
 EXPENSES		
Administrative		
Communications	\$ 39,021	\$ 38,996
KCGA - Administration	74,000	74,000
In-state travel	5,889	3,557
Out-of-state travel	43,039	38,869
Office	2,462	2,552
Meetings	7,146	4,761
Hospitality	2,611	5,320
Grants	15,300	8,900
Program		
KCGA	372,000	332,000
KS Department of Agriculture	8,655	11,094
KSU - Research	43,515	60,775
KSU - International Grains	50,000	50,000
National Corn Growers Association	340,000	312,000
Ethanol Expansion	27,877	54,177
Other contracts	122,250	124,450
US Grains Council	366,000	300,000
US Meat Export Federation	-	-
Total Expenses	\$ 1,519,765	\$ 1,421,451
 INCREASE (DECREASE) IN NET ASSETS	\$ (25,525)	\$ 228,300
 NET ASSETS - JULY 1	1,756,606	1,528,306
 NET ASSETS - JUNE 30	\$ 1,731,081	\$ 1,756,606

The accompanying notes are an integral part of these financial statements.
 See Certified Public Accountants' Report.

KANSAS CORN COMMISSION
Garnett, Kansas
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

Notes To Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization

The Kansas Corn Commission is organized as an instrumentality of the state to conduct a campaign of corn promotion and market development through research, education, and information.

Method of Accounting

The financial statements are prepared using the cash basis of accounting, which differs from generally accepted accounting principles in that revenues are recorded when received rather than when earned and expenses are recorded when paid rather than when the obligation is incurred.

Income Taxes

The Commission is a quasi municipal entity that is not subject to income tax and, accordingly, no provision has been made for income taxes.

Pension Plan

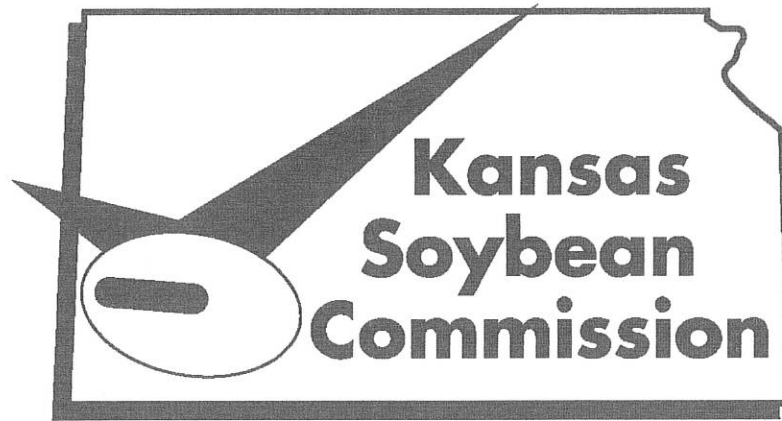
There is no formal pension plan.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: Deposits and Investments

The Commission's deposits were secured by FDIC insurance and pledged securities.



*The Soybean Checkoff...
It Works For Everyone!*

Report to the Kansas Legislature

January 29, 2008

Kansas Soybean Commission
January 29, 2008
Report to the Kansas Legislature

Chairman Faber and members of the Kansas House Agriculture & Natural Resources Committee, my name is Kenlon Johannes; I am the Administrator of the Kansas Soybean Commission.

The Soybean Commission, unlike the Corn, Wheat, Grain Sorghum and Sunflower Commissions, is part of a federal checkoff program. The Kansas Soybean Commission has been designated as the Qualified State Soybean Board for the state of Kansas by the United Soybean Board (USB), the national checkoff board authorized by the United States Department of Agriculture under federal legislation approved by Congress. The Soybean Commission collects one-half of one percent of the net value of a soybean sale of a producer collected by the first purchasers in the state of Kansas. We then send one-half of the funds we collect to the USB for national and international projects. Nine soybean farmers volunteer their time to serve on the Soybean Commission.

The materials we included in the handouts provide some detail on the programs and projects we are funding in FY2008.

The number one funding priority of the Soybean Commission is research, primarily production research. We look at breeding, production, and environmental programs that focus on the most economical and efficient cropping systems with minimal impact on the environment, including best management practices, crop protection and pest management.

Our research program also funds a limited amount of new uses research. Developing environmentally friendly products from soybean derivatives helps our farmers and the environment.

Our state's international market development effort, separate from USB's extensive program, is done through the International Grains Program at Kansas State University. Projects such as promoting Kansas-grown soybeans overseas or hosting trade teams to expand the foreign markets for value-added products are within this program area. This year we have been working with the Kansas Department of Commerce, Ag Marketing Division to sell containerized Kansas soybeans to a food and feed manufacturing company in our state's sister state, Henan Province in China

Our consumer education program includes promoting the acceptance of new uses for soybeans such as biodiesel, and educating the public on the ease of preparing healthful foods with soy. The consumer information category is also responsible for our school education programs. Since 94% of all soybean meal produced in the US is consumed by animal agriculture we have been working closely with those commodity organizations, especially pork producers, to educate Kansans on the importance of Animal Ag to the Kansas and US economy.

Our producer communication program deals with the dissemination of information to producers and industry. Weekly radio farm reports, newsletters, and attendance at farm shows and district meetings are all included in this category. We strive to get the latest most relevant information to our producers.

Our administration budget includes the cost of collections, audits, elections, and other board expenses. The Soybean Commission has an outside, accredited accounting firm audit its financial records each year. This ensures checkoff dollars are being spent according to acceptable efficient business practices. We are also periodically audited by the USB for compliance to the national checkoff.

As stated earlier, one-half of the soybean checkoff collection goes to the United Soybean Board. This 64 member, farmer run board, allocates our national share along with those of 25 other soybean producing states. The Kansas Soybean Commission has three representatives on USB. USB funds international market development, production and utilization research, consumer information programs, including assisting the National Biodiesel Board in its efforts to commercialize biodiesel, and producer communication projects.

We are pleased to give you this brief synopsis of our program. Additional information and details on programs and specific projects are available at your request.

Thank you.

Kenlon Johannes
Topeka, Kansas

Kansas Soybean Commission Office
2930 SW Wanamaker Drive
Topeka, KS 66614-4116
785-271-1040

Kansas Soybean Commission FY2008 Marketing Plan

The mission of the Kansas Soybean Commission is improving the profitability of Kansas's soybean producers. The Commissioners have identified the following priorities to work toward that mission:

1. Breeding/Production/Environmental Programs focusing on the most economical/efficient cropping systems with minimal impact on the environment including best management practices and crop protection/pest management; replacement of existing controls/seed treatments.
2. Animal/Human Nutrition studies that will increase the utilization of soybeans in the livestock feeding industry and new and innovative uses of soybeans as vital components in human nutrition.
3. Value-Added Projects developing and commercializing competitive industrial uses for soybeans including private entity cooperation.
4. Marketing Extension Program including extensive educational training of soybean pricing, crop disappearance/market share, crop insurance options, yield protection, farm program considerations and options in marketing available to Kansas soybean producers.
5. International market development with a focus on utilizing Kansas's soybeans.

In addition the Soybean Commission through its own work and through a contract with the Kansas Soybean Association promotes the nutritional benefits of using soybean products to consumers and because of its benefits to the environment, energy security and the farm economy, promotes the use of soy biodiesel as an alternative to diesel fuel. It also informs Kansas' soybean producers of their activities through producer communications efforts and participates in Industry Relations programs both state and nationally.

The Commission directly funds the following programs to reach their mission:

1. Kansas State University research and outreach:
 - Management Options for Stem Borer
 - Soybean Aphid Management
 - Genetic Engineering of the Soybean
 - Germplasm Development of the Soybean
 - Soybean Marketing Research and Education Support
 - Soybean Export Trade Enhancement Program
 - Manganese Nutrition for Soybean Production
 - Potassium Deficiency Studies
 - Latex Adhesives from Soybean Meal
 - Feeding Glycerin to Cattle
 - Bio-Energy from Soybean Hulls
 - Extension Outreach and Applied Research
 - Feeding Soybean Oil and Meal to Pork
2. Pittsburg State University research on:
 - Seed Treatment of Soil Born Diseases

3. North Central Soybean Research Program
4. Hydrogen from Glycerin for use in Hydrogen Engine
5. Greenbush and Ag in the Classroom School Education Programs
6. FFA program support
7. FACS grant program
8. Consumer Awareness Media Program
9. Biodiesel Advertising
 - Kansas State Football Network
 - Others to be determined
10. National Biodiesel Board, Membership and State Regulatory Project
11. USB Funded BBC Program
12. Producer Radio and Print Outreach
 - WIBW radio
 - KRVN radio
 - KKOW radio
 - KFEQ radio
 - KFRM radio
 - Soynotes* newsletter
 - Straight Rows* newsletter advertising
 - Farm Talk* magazine
 - Others to be determined
13. Kansas Soybean Expo
14. No-till education including No-till On the Plains organization
15. Field Days, Farm/ Trade Shows, Crop Tours
16. Kansas State University International Grains Program
17. WISHH Program
18. USSEC Latin American, Chinese and Taiwanese Trade Teams
20. Collection, meeting, administration and audit procedures
21. Program and administrative work by the Kansas Soybean Association
(Attached projects including budgets for contracted and direct spending)

FY2008 Kansas Soybean Commissioners

Districts I-II-III	Kurt Maurath 420 Elm Avenue Oakley, KS 67748 (785) 672-3750	District IV	Steve Clanton 721 Kiowa Minneapolis, KS 67467 (785) 392-2527
District V	Harold G. Kraus 977 Chetolah Gold Rd. Hays, KS 67601 (785) 625-6488	District VI	Jerry Wyse 8403 Mayfield Rd. Haven, KS 67543-8093 (620) 465-2245
District VII	Jim Zwonitzer (Secretary) 10789 Cheyenne Road Horton, KS 66439 (785) 872-3165	District VIII	Robert Haselwood 2130 SE 61 st Street Berryton, KS 66409 (785) 862-1048
District IX	Ron Westervelt (Vice-Chairman) 4851 NW Bethlehem Road Columbus, KS 66725 (620) 674-3301	At-Large	Ron Ohlde (Chairman) 1579 4th Road Palmer, KS 66962 (785) 692-4322
At-Large	Jerry Jeschke (Treasurer) 1584 Willow Road Robinson, KS 66532 (785) 765-3623	United Soybean Board Representatives:	John Wray, Ottawa Robert Haselwood, Berryton Bill Wiley, Lyndon

Kenlon Johannes, Administrator
Kansas Soybean Commission
2930 SW Wanamaker Drive #1
Topeka, KS 66614-4116
Phone: 785-271-1040
Fax: 785-271-1302
Email: johannes@kansassoybeans.org

Kansas Soybean Commission						
November 30-December 1, 2006 Meeting						
FY2008 Proposal Actions						
revised December 1, 2006						
					Amount	Amount
Title	Investigator				Requested	Funded
#1 Germplasm Improvement	Schapaugh				\$228,882	\$220,000
#2 Soybean Aphid	Reese				\$43,931	\$30,000
#3 Soil Borne Diseases	Brooker				\$35,700	\$35,700
#4 Stem Borer	Bushman				\$34,064	\$30,000
#5 Genetic Engineering	Trick				\$57,001	\$50,000
#6 Manganese Nutrition	Gordon				\$7,800	\$7,800
#7 NCSRP	Wright				\$80,000	\$50,000
#8 Variable Rate Application	Wolf	dropped				\$0
#9 Potassium Deficiency	Mengel				\$7,500	\$7,500
#10 Screening Heat Tolerance	Prasad				\$15,000	\$0
#11 Glyphosate Stewardship	Peterson				\$7,550	\$0
#12 IGP	Howard				\$50,000	\$50,000
#13 Trade Enhancement	Woolverton				\$11,225	\$11,225
#14 USSEC Latin Am Tech	Babb				\$20,000	\$10,000
#15 USSEC Aquaculture	Babb				\$20,000	\$0
#16 USSEC China	Babb				\$20,000	\$10,000
#17 USSEC Taiwan	Babb				\$20,000	\$20,000
#18 AIB Scholarships	O'Donnell				\$7,700	\$0
#19 Glycerin Fuel	Ayres				\$48,000	\$42,000
#20 Adhesives from Meal	Sun				\$46,332	\$24,000
#21 Extruded Protein	Shi				\$37,433	\$0
#22 Feeding Glycerol	Drouillard				\$52,000	\$50,000
#23 SBO & Meal on Pork	Goodband				\$50,460	\$24,576
#24 Hulls for Bioenergy	Alavi				\$34,215	\$34,215
#25 No-Till on the Plains	Lindley				\$15,000	\$10,000
#26 Ag in the Classroom	Oplinger				\$25,000	\$15,000
#27 Greenbush	Grasso				\$20,000	\$20,000
#28 Marketing Research	Schurle				\$7,740	\$5,000
#29 Ext. Applied Research	Roozeboom				\$6,800	\$5,000
#30 KSC/KSA State Programs					\$657,100	\$637,100
					\$1,666,433	\$1,399,116

**Kansas Soybean Commission
FY 2008 State Projects Budget**

Approved 12-01-2006

KSA Number	Project name	Project costs			KSC Number
		KSA Contract	KSC Direct	Total	
111	International Market Development*	\$1,000	\$8,000	\$9,000	1000's
211	Research Program	\$2,000	\$1,000	\$3,000	2000's
311	Consumer Edible Implementation	\$800	\$1,250	\$2,050	3300
321	Consumer Trade Shows (Edible)	\$100	\$500	\$600	3010
323	Collateral Material	\$2,500	\$11,000	\$13,500	3020
326	Youth Education Program	\$5,000	\$12,000	\$17,000	3140-50-60
327	Consumer Awareness Media Program	\$0	\$18,000	\$18,000	3211
328	FACS Program	\$1,000	\$5,000	\$6,000	3170
351	Biodiesel Development*	\$15,000	\$34,500	\$49,500	3500's
355	Biodiesel Consumer Advertising	\$0	\$7,500	\$7,500	3501
361	Industrial Market Development	\$500	\$3,000	\$3,500	3600-3
411	Public Relations	\$8,000	\$500	\$8,500	4200
421	First Purchaser Relations	\$2,000	\$5,000	\$7,000	41-42-4400
431	Economic Development	\$2,000	\$500	\$2,500	4200
441	National State Regional Coordination	\$8,000	\$4,000	\$12,000	4300
442	BBC Project Management	\$0	\$0	\$0	3500's
511	Producer Programs Implementation	\$1,000	\$2,500	\$3,500	5100
521	Soy Notes	\$0	\$11,000	\$11,000	5200
531	Field Days & Crop Tours	\$3,500	\$4,000	\$7,500	5300
535	Yield Contest	\$250	\$3,000	\$3,250	5350
541	Leadership Development	\$10,000	\$3,500	\$13,500	5400
551	Expo	\$3,500	\$15,000	\$18,500	5500
561	Farm Trade Shows	\$3,500	\$11,000	\$14,500	5300
571	Producer Media Outreach	\$0	\$32,000	\$32,000	5600
611	Checkoff Administration	\$2,500	\$49,000	\$51,500	6000's
821	Staff and Overhead	\$358,000 X 90%	\$322,200	\$0	\$322,200
Totals		\$394,350	\$242,750	\$637,100	
	*Includes WISHH & NBB funding				\$637,100
	\$6,000 & \$15,000				

Soybean Checkoff Research Database: Projects Being Funded on October 1, 2007

Kansas Soybean Commission

Development of Soybean Host Plant Resistance and Other Management Options for the Soybean Stem Borer; *Lawrent Buschman, C. Michael Smith, Phillip E. Sloderbeck, William Schapaugh and Harold Trick (Entomology, Agronomy and Plant Pathology Departments, Southwest Area Extension Office, SW Research/Extension Center, KSU Extension Offices, Kansas State University); (\$30,000).*

The researchers will: 1) continue screening soybean germplasm accessions for resistance to soybean stem borer; 2) evaluate the yield response of different soybean varieties to soybean stem borer feeding systemic insecticides; 3) conduct a survey of the occurrence of soybean stem borer across the High Plains and Midwest to determine if the problem is widespread enough to encourage registration of insecticides against this pest; and 4) expand web pages and other educational materials associated with soybean insect pests.

Soybean Variety and Germplasm Improvement; *William Schapaugh, Timothy Todd, Harold Trick and Jim Long (Agronomy and Plant Pathology Departments, Kansas State University and Southeast Research Center, Kansas State University); (\$220,000).*

The soybean breeding project will develop high yielding, multiple pest resistant varieties for full-season and double crop production, including varieties resistant to Roundup (RR) and sulfonyleurea (STS) herbicides; special purpose varieties for use in food, feed or industrial products; germplasm with specific disease and insect resistance, and lines with improved oil quality. The researchers will improve selection efficiency in breeding for soybean cyst nematode (SCN) and other traits. They will also continue to improve charcoal rot and SCN management recommendations.

Enhancement of Soybean through Genetic Engineering; *Harold Trick, William Schapaugh and Tim Todd (Departments of Plant Pathology and Agronomy, Kansas State University); (\$50,000).*

This project will continue to produce and evaluate genetically engineered soybeans for increased fungal resistance. Use gene silencing (RNAi) to enhance Soybean Cyst Nematode (SCN) resistance in transgenic soybean. Produce phenylalanine-free corn protein in transgenic soybean to produce a nutraceutical (value added) trait that may open new markets for Kansas' soybeans.

Integrated Pest Management of the Soybean Aphid in Kansas; *John C. Reese, C. Michael Smith, William T. Schapaugh Jr., Phillip E. Sloderbeck and Jeff Whitworth (Departments of Entomology, Agronomy and Extension, Kansas State University); (\$30,000).*

The project will: 1) screen germplasm accessions, especially public lines currently part of the K-State soybean breeding program, for sources of resistance to the soybean aphid; 2) conduct experiments to identify the category or categories of resistance in selected lines; 3) determine in more detail the behavioral components of resistance of selected lines using the electrical penetration graph or EPG; 4) identify molecular markers linked to aphid resistance genes in soybeans, in order to accurately map these genes and 5) improve the understanding of soybean aphid biology, over wintering potential, and impact on yield and use this information to update educational efforts.

Evaluation of Modified Plant Compounds For Seed Treatment Protection Against Soil Borne Diseases of Soybeans; *Nancy Brooker (Department of Biology, Pittsburg State University); (\$35,700).*

The objective of this study is to evaluate several chemically modified plant products as seed treatments against several important root rot and root infecting fungal diseases. Previous years studies with new modified plant compounds have produced positive results. These compounds will be assessed in growth chambers and greenhouses to insure no phytotoxic effects are present and determine which compounds would be of greatest interest for future field testing. In addition, we are interested in elucidating these new compounds' mechanism of action, expanding their targeted antifungal range and enhancing these compounds' antifungal activity and thus their commercial appeal.

Grain Marketing Research and Education in Support of Kansas Soybean Producers; *Brian Schurle and James Mintert (Department of Ag Economics, Kansas State University); (\$5,000).*

This project involves developing a comprehensive grain and oilseed marketing education program for Kansas crop producers by: 1) maintaining a full-time position dedicated exclusively to grain and oilseed marketing research and extension; 2) conduct grain and oilseed price outlook price and marketing extension program and 3) conduct research on current marketing issues facing the Kansas grain and oilseed industries.

Biodiesel Glycerin Based Hydrogen Production for Electrical Generation from a Hydrogen Internal Combustion Engine; *William Ayres (Renewable Solutions, LLC); (\$42,000).*

The objective of this project is to test hydrogen from glycerin from biodiesel production for hydrogen gas powered internal combustion engines by: 1) producing hydrogen using a high temperature fuel reformer to convert crude glycerin into a combustible gas stream which contains hydrogen; 2) operating an engine generator on the crude glycerin gas and 3) installing and operating an engine on crude glycerin hydrogen rich gas in a biodiesel production facility.

Manganese Nutrition of Glyphosate-Resistant and Conventional Soybean; *Barney Gordon, Stu Duncan, and Nathan Nelson (Department of Agronomy & Northeast Area Extension Office, Kansas State University); (\$7,800)*

The objectives will be to determine if glyphosate-resistant soybeans respond differently to applied manganese than conventional soybeans and if so to develop yield fertilization strategies that will prevent or correct deficiencies leading to improved yield for Kansas Soybean Producers and to determine critical levels of tissue and soil manganese in order to better predict situations in which manganese response can be expected.

Correction of Potassium Deficiency in No-till and Strip-till Soybean Production; *David B. Mengel (Department of Agronomy, Kansas State University); (\$7,500)*

The objectives of this study are to: 1) determine if the observed K deficiencies seen in soybeans under no-till and strip-till in the region are impacting soybeans; 2) if deficiencies seen are reducing yields, determine if they can be corrected through the additions of starter fertilizer where the soil test level is above the critical level; 3) determine if broadcast applications of K or combinations of band and broadcast applications will correct the observed deficiencies when soil test levels are below the current critical level and 4) if the problem cannot be corrected with current practices, determine if deep banding under the row and/or building soil test levels will correct the problem.

Soy Latex Like Adhesives for Glass and Ceramic Consumer Products Labeling; *Xiuzhi Susan Sun (Department of Grain Science & Industry, Kansas State University); (\$49,740)*

The objective is to develop a viable technology that can increase new uses of soybean meal by developing latex like adhesives from soybean meal for labeling applications. Initial applications will include glass and ceramic based consumer products analyzing tackiness, curing conditions, adhesion performance, removal characteristics, processing cost and process transferability.

Value Added Uses for Soy-based Biodiesel Byproducts in Feedlot Cattle; *Jim Drouillard, (Department of Animal Sciences & Industry, Kansas State University); (\$50,000)*

The objectives are: 1) improve the value of soy-based biodiesel byproducts by identifying value-added uses in feedlot cattle production; 2) further define the ability of glycerol to enhance digestion in cattle; 3) determine dietary levels of glycerol that optimize feedlot cattle performance; 4) determine if feeding glycerol can improve carcass quality in feedlot cattle and 5) determine if glycerol can be used as a grain conditioning aid in commercial feedlots to reduce energy expended during grain processing.

Effects of Corn, Grain Sorghum, and Soybean Oil and Meal on Pork Quality; *Robert Goodband, Joel DeRouchey, Jim Nelssen, and Mike Tokach (Department of Animal Sciences, Kansas State University); (\$24,576)*

The objective of this project is to determine the effects of corn, corn distiller's dried grains with solubles, grain sorghum, extruded-expelled soybean meal, and soy oil on the growth performance and fatty acid composition of pork, resulting in the ability to recommend management strategies to pork producers allowing them to use products with vegetable oils and still meet the pork processors requirements for firmness (iodine value) of the pork fat.

Investigation of Soybean Hull as a Value-added Feedstock for Bioenergy and Biomaterials; *Sajid Alavi, Buddhi Lamsal, Ron Madl, and Jon Faubion (Department of Grain Science and Industry, Kansas State University); (\$34,215)*

The objectives are to investigate: 1) and compare the efficacy of three mechanical processes, namely, sized-reduction, extrusion and one proprietary milling technology, as pretreatment methods for soybean hull to enable complex sugar recovery from lignocellulosic materials; 2) the feasibility of complex sugar recovery from mechanically pre-treated soybean hull by action of a combination of cellulosic enzymes and 3) the chemical composition, including phenolics, of the soybean hulls and evaluate the antioxidant capacity of the hull extracts for varieties predominately grown in Kansas.

Extension and Applied Research for Kansas Soybean Producers; *Kraig Roozeboom (Department of Agronomy, Kansas State University); (\$5,000)*

The objectives are to: 1) effectively educate producers, crop advisors, and other agri-business professionals about the latest developments in best management practices for soybean production and soybean cropping systems; 2) find research-based answers to specific soybean production and soybean cropping system questions as they arise and 3) maintain and expand personal soybean production and educational expertise.

North Central Soybean Research Program; *(\$50,000).*



SPECIFICATION FOR BIODIESEL (B100) – ASTM D6751-07b

March 2007

Biodiesel is defined as the mono alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, for use in compression-ignition (diesel) engines. This specification is for pure (100%) biodiesel prior to use or blending with diesel fuel. #

Property	ASTM Method	Limits	Units
Calcium & Magnesium, combined	EN 14538	5 max	ppm (ug/g)
Flash Point (closed cup)	D 93	93 min.	Degrees C
Alcohol Control (One of the following must be met)			
1. Methanol Content	EN14110	0.2 Max	% volume
2. Flash Point	D93	130 Min	Degrees C
Water & Sediment	D 2709	0.05 max.	% vol.
Kinematic Viscosity, 40 C	D 445	1.9 - 6.0	mm ² /sec.
Sulfated Ash	D 874	0.02 max.	% mass
Sulfur			
S 15 Grade	D 5453	0.0015 max. (15)	% mass (ppm)
S 500 Grade	D 5453	0.05 max. (500)	% mass (ppm)
Copper Strip Corrosion	D 130	No. 3 max.	
Cetane	D 613	47 min.	
Cloud Point	D 2500	Report	Degrees C
Carbon Residue 100% sample	D 4530*	0.05 max.	% mass
Acid Number	D 664	0.50 max.	mg KOH/g
Free Glycerin	D 6584	0.020 max.	% mass
Total Glycerin	D 6584	0.240 max.	% mass
Phosphorus Content	D 4951	0.001 max.	% mass
Distillation, T90 AET	D 1160	360 max.	Degrees C
Sodium/Potassium, combined	EN 14538	5 max	ppm
Oxidation Stability	EN 14112	3 min	hours
Workmanship	Free of undissolved water, sediment, & suspended matter		
BOLD = BQ-9000 Critical Specification Testing Once Production Process Under Control			

* The carbon residue shall be run on the 100% sample.



SPECIFICATION FOR BIODIESEL (B100) – ASTM D6751-07b

- # A considerable amount of experience exists in the US with a 20% blend of biodiesel with 80% diesel fuel (B20). Although biodiesel (B100) can be used, blends of over 20% biodiesel with diesel fuel should be evaluated on a case-by-case basis until further experience is available.

revised 12-01-2007

Kansas Biodiesel Fuel Usage Survey Results

Blend	2004 Survey B100 Equivalent		2005 Survey B100 Equivalent	
	July 1, 2003 thru June 30, 2004		July 1, 2004 thru June 30, 2005	
	Totals in Gallons			
B2	5,926,305	118,526	3,921,861	78,437
B5	141,248	7,562	2,109,619	105,481
B10			100,000	10,000
B20			18,000	3600
B50				
B100		110,005	378,524	378,524
Total B100		236,093		576,042
Number of surveys returned out of		55 137	50 175	

Kansas Soybean Commission
2930 SW Wanamaker Drive
Topeka, KS 66614
785-271-1040

Kansas Biodiesel Fuel Usage Survey Results

Blend	2006 Survey	B100 Equivalent	2007 Survey*	B100 Equivalent
	July 1, 2005 thru June 30, 2006		July 1, 2006 thru June 30, 2007	
	Totals in Gallons			
B2	3,616,039	72,337	3,019,480	60,390
B5	3,661,836	183,092	2,097,300	104,865
B10	2,750,000	275,000	344,400	34,440
B20	24,000	4,800	215,167	43,033
B50			50,893	25,447
B100	295,900	295,000	213,164	213,164
Total B100		830,229		481,339
Number of surveys returned out of	49 170		26 170	

*2007 represents a drop from 2006, but it represents 23 less surveys returned.
Those that returned survey, all but 2 showed increased growth in sales and blend levels.

Kansas Sunflower Commission 2007 Annual Report

Organization

The Kansas Sunflower Commission is organized as an instrumentality of the state to conduct a campaign of sunflower promotion and market development through research, education and information. The commission receives an assessment that is levied on sunflowers marketed through commercial channels in the state of Kansas. Currently, the rate of assessment is \$0.03 per hundred weight. The grower may obtain a refund of the assessment upon proper submission of documentation within one year of sale as long as the refund requested is \$5 or more. The commission operates on a fiscal year from September 1 – August 31.

Commissioners

District I

Jeff Deeds
1416 Arcade
Goodland, KS 67735
Ph: 785-899-7230

District II

Duane Frasier (Vice-Chair)
1015 Rd 22
Sharon Springs, KS 67758
Ph: 785-852-4837

District III

Jerry Bolding
14135 E Meeker Rd
Garden City, KS 67846

At Large

John Golden
1010 W 10th
Goodland, KS 67735
Ph: 785-899-7128

Executive Director

Gail Hermesch
1138 K Rd
Centralia, KS 66415
Ph: 785-336-1616

District V

Lance Russell (Chairman)
474 240th Ave
Hays, KS 67601
Ph: 785-628-2159

District VI

Keith McNickle
235 NW 15th Ave
Stafford, KS 67578
Ph: 620-234-6183

District VII, VIII, IX

Randy Small
Neodesha, KS 66757
Ph: 620-325-5242

At Large

Gary Schellhorn (Secretary)
521 Skiddy West Road
Junction City, KS 66441
Ph: 785-349-2926

USDA Annual Report

USDA released its annual crop production report on January 12, 2007. Kansas yields were sharply down from last year's record high yields due to drought conditions. Kansas remained third in the nation in sunflower production. Totals reported for the state of Kansas were as follows:

	<u>2005</u>	<u>2006</u>	<u>% of 2005</u>
Planted Acres (1000 acres)	300	150	50%
Harvested Acres (1000 acres)	289	139	48%
Yield/Acre (Lbs/Acre)	1,564	1,209	77%
Production (1000 Lbs)	452,100	168,060	37%

2007

Updated 1/11/08 - Source: USDA Jan.11, 2008

		Yields LBS/A.	Acres PLANTED	Acres HARVESTED	Production 1000 LBS
Kansas					
	Oil	1,450	155,000	145,000	210,250
	Non-Oil	1,500	17,000	16,000	24,000
	Total	1,455	172,000	161,000	234,250
Minnesota					
	Oil	1,850	90,000	88,000	140,800
	Non-oil	1,600	41,000	39,000	50,700
	Total	1,508	131,000	127,000	191,500
North Dakota					
	Oil	1,440	910,000	895,000	1,288,800
	Non-Oil	1,270	165,000	160,000	203,200
	Total	1,414	1,075,000	1,055,000	1,492,000
South Dakota					
	Oil	1,560	395,000	389,000	606,840
	Non-oil	1,050	20,000	20,000	34,000
	Total	1,567	415,000	409,000	640,840
Texas					
	Oil	1,700	16,000	13,000	22,100
	Non-oil	1,300	25,000	24,000	31,200
	Total	1,441	41,000	37,000	53,300
Nebraska					
	Oil	1,240	35,000	33,000	40,920
	Non-oil	1,400	14,000	13,000	18,850
	Total	1,299	49,000	46,000	59,770
Colorado					
	Oil	1,100	105,000	100,000	115,000
	Non-oil	1,450	14,000	13,000	20,800
	Total	1,202	119,000	113,000	135,800
Other					
	Oil	1,338	58,000	54,000	72,260
	Non-oil	1,109	8,000	7,500	8,835
	Total	1,319	66,000	61,500	81,095
United States-USDA					
	Oil	1,454	1,764,000	1,717,000	2,496,970
	Non-oil	1,339	304,000	292,500	391,585
	Total	1,437	2,068,000	2,009,500	2,888,555

Income-Exp 06-07

Banking Summary

9/1/2006 through 8/31/2007

Category Description	9/1/2006-	8/31/2007
INCOME		
Assessment	66,065.58	
TOTAL INCOME	66,065.58	
EXPENSES		
Uncategorized	0.00	
Bank Charge	0.68	
Business Expense-Audit	1,200.00	
Computer-Web Design	564.56	
Dues-NSA	68,000.00	
Dues-State Fair	250.00	
Mileage	4,228.05	
Misc		
Website	250.00	
TOTAL Misc	250.00	
Office Supplies	1,474.51	
Other Expense		
Other Other Expense	647.75	
TOTAL Other Expense	647.75	
Refund	3,592.99	
Research-Grants	10,130.00	
Salary	24,000.00	
Vacation		
Lodging	75.31	
TOTAL Vacation	75.31	
TOTAL EXPENSES	114,413.85	
TRANSFERS		
FROM Kansas Sunflower Commission		100,000.00
TO CD-Commerce Bank	-100,000.00	
TOTAL TRANSFERS	0.00	
OVERALL TOTAL	-48,348.27	

Funded K-State Research

Crop-Weed Competition \$5,130

A crop-weed competition and interaction between Imazamox and soil nitrogen on palmer amaranth control in sunflowers. KSC thought this weed has become a serious problem in the state of Kansas and it should be looked into. The cost to control this weed in sunflower production is becoming a real concern. KSC talked about being committed to the project for at least two years or maybe more. The first year will take \$5,130 to finance the project.

IPM Sunflower Project \$5,000

A supplemental funding in support of a multidisciplinary research project to explore an integrated approach to simultaneous mitigation of weeds and insect pest in oil seed sunflowers. This is the second and final year of this project. The commissioners commented that they would like to see the results of this project when it is completed. The amount requested for the project was \$5,000.

Kansas State Fair

AgriLand Booth – commissioners and executive director sponsored one day.

Working with State Fair Board to promote the use of vendors using Sunflower Oil at 2008 Kansas State Fair.

Kids Ag Day – Hays, KS

Approximately 250 children and teachers attended the Sunflower booth.

Washington DC - 2006

Commission, John Golden attended

National Sunflower Association Meeting

Commissioner, Lance Russell attended

NSA Research Committee

Gary Schellhorn, KS commission has taken a seat representing Kansas.

Sunflower Grower Meetings – Kansas

Seneca, Salina; commission members and exec. Director spoke to growers on how the assessments are used.

Sunflower Promotion Position

Promoter of sunflowers in the high plains region. The NSA and the high plains sunflower chapter would help finance the person. The amount the NSA would provide is about \$14,000 and the high plains chapter is about \$30,000. The KSC would become the third party to finance the position. The money to help finance this person by KSC would be about 24,000 to 30,000.

The KSC commented of what this person would do and who would this person answer to. One idea was originally suggested that the person would answer to a board comprised of KSC, high plains chapter, and industry. This board would be five members and Larry K. of NSA as ex-official member. The KSA board thought it would better to have the person serve a dual role as a promoter and as an executive director of KSA. This would give this person to serve a public board. The high plains chapter and industry can be form as a subcommittee under KSA. Lance will talk to them about this idea.

Mill Levy Increase

Voted 1/10/08 to request increase from .03 to .06 per cwt.

Web Site

Added refund form, prices, district map information and links to NSA & KDA.



October 8, 2007

To the Commissioners
Kansas Grain Sorghum Commission
Paola, Kansas

Independent Auditors' Report

We have audited the accompanying statements of financial position of Kansas Grain Sorghum Commission (a quasi municipal entity) as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas Grain Sorghum Commission as of June 30, 2007 and 2006, and the changes in its net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants

Certified Public Accountants' Report

KANSAS GRAIN SORGHUM COMMISSION
 Paola, Kansas
 STATEMENTS OF FINANCIAL POSITION
 June 30,

	2007	2006
ASSETS		
Current Assets		
Cash in checking	\$ 354,633	\$ 427,468
TOTAL ASSETS	\$ 354,633	\$ 427,468
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,923	\$ 1,831
Net Assets	352,710	425,637
TOTAL LIABILITIES AND NET ASSETS	\$ 354,633	\$ 427,468

Financial Statements

KANSAS GRAIN SORGHUM COMMISSION
 Paola, Kansas
STATEMENTS OF ACTIVITIES
 For the Years Ended June 30,

	2007	2006
CHANGES IN NET ASSETS		
REVENUE		
Check-off collections	\$ 590,700	\$ 844,159
Interest income	15,603	11,354
Total Revenues	\$ 606,303	\$ 855,513
 EXPENSES		
Refunds of check-off collections	\$ 26,155	\$ 32,896
Programs Investment		
Foreign Market Development	31,000	31,000
KGSPA	91,000	96,500
KSU Research	156,700	151,083
NGSP	225,000	205,000
KSU Sorghum Improvement Center	25,000	25,000
Production Research	-	150,000
Promotion	2,800	2,750
Special Projects	1,400	4,050
Administrative Expenses		
Administration	87,340	84,712
Commissioner travel	19,105	31,863
Contractor travel	8,365	14,846
Legal and accounting fees	2,900	2,900
Meeting expense	539	510
Postage and delivery	896	1,297
Bank fees	1,030	647
Total Expenses	\$ 679,230	\$ 835,054
 INCREASE (DECREASE) IN NET ASSETS	\$ (72,927)	\$ 20,459
 NET ASSETS - BEGINNING OF YEAR	425,637	405,178
 NET ASSETS - END OF YEAR	\$ 352,710	\$ 425,637

Financial Statements

**Grain Commodity Commissions Election Update
to
the House Agriculture and Natural Resources Committee**

Kansas Department of Agriculture

January 29, 2008

This year, growers in the central third of Kansas are preparing to elect commodity commission representatives. Candidates are campaigning for seats on the state's five commodity commissions: corn, grain sorghum, soybeans, sunflowers and wheat. The districts affected by this year's election are:

District four includes Clay, Cloud, Jewell, Mitchell, Osborne, Ottawa, Phillips, Republic, Rooks, Smith and Washington counties.

District five includes Barton, Dickinson, Ellis, Ellsworth, Lincoln, McPherson, Marion, Rice, Rush, Russell and Saline counties.

District six includes Barber, Comanche, Edwards, Harper, Harvey, Kingman, Kiowa, Pawnee, Pratt, Reno, Sedgwick, Stafford and Sumner counties.

Candidates for the Kansas Corn Commission

District four – Mike Brzon, who grows corn, soybeans, sorghum and wheat in Republic County.

District five – Terry Vinduska, who grows corn, grain sorghum, soybeans, wheat and alfalfa in Marion County.

District six – Kent Moore, who grows corn, wheat and soybeans in Pratt County.

Candidates for the Kansas Grain Sorghum Commission

District four – William Greving, who grows corn, sorghum, wheat and hay in Phillips County.

District five – Clayton Short, who grows corn, sorghum, wheat and soybeans in Saline County.

District six – Dennis Siefkes, who grows corn, grain sorghum, soybeans and wheat in Stafford County.

District six – Jay Zimmerman, who grows grain sorghum and wheat in Sumner County.

Candidates for the Kansas Soybean Commission

District four – Steve Clanton, who grows corn, grain sorghum, soybeans, sunflowers and wheat in Ottawa County.

District five – Harold Kraus, who grows corn, grain sorghum, soybeans and wheat in Ellis County.

District six – Jerry Wyse, who grows wheat, corn, grain sorghum and soybeans in Reno County.

Candidates for the Kansas Sunflower Commission

There are no candidates running for commission positions in Districts 4, 5 or 6.

Candidates for the Kansas Wheat Commission

District four – Steve Clanton, who grows corn, grain sorghum, soybeans, sunflowers and wheat in Ottawa County.

District five – Dean Stoskopf, who grows wheat, grain sorghum and alfalfa in Barton County.

District six – Scott Van Allen, who grows sorghum and wheat in Sumner County.

Voting Process

Registered voters receive an official ballot in January. Voters have until March 1 to send their ballot to the Kansas Department of Agriculture. After votes are cast, an official counting day takes place in March. The names of candidates-elect are announced after the counting day, and winners take office April 1. Elected commissioners serve three-year terms.

The secretary of agriculture or his designee is the final arbiter in any disputes that arise out of the election procedure. In the event of a tie between two candidates for the same commodity commission seat, an occurrence of chance will be used to determine the winner of that seat.

Vacant Seat

When a seat on a given commodity commission becomes vacant, it is the responsibility of that commission to appoint a new member to fill the vacancy.

Who Can Participate?

Any grower who appropriately registers to vote may vote in an election for any commissioner representing the commodity commission for which the grower registers and the district where the grower maintains an official residence. Anyone who is a resident of Kansas, has reached age 18 before the election and has been actively engaged in growing corn, grain sorghum, soybeans, sunflowers or wheat within the preceding three years qualifies as a grower.



KANSAS GRAIN SORGHUM COMMISSION

2008 ANNUAL REPORT

YIELDS OF 2007 BRING INVESTMENT RESULTS For the KANSAS GRAIN SORGHUM COMMISSION

The final state yield for the 2.65 million acres of Kansas cropland was 80 bushels per acre. That mark tied the previous yield record which was set in 1998. The average tied the record largely from yields that were improved in huge areas of Kansas, which helped offset some of the areas that received erratic weather this summer. Kansas' total yield of 212 million bushels was first nationally leading Texas' 161.7 million bushels and accounting for 42 % of the US total production of 505 million bushels.

On the US side, the sorghum yield of 74.2 bushels per acre broke the 1994 national record by a bushel and a half according to the National Agriculture Statistics Service (NASS). The Kansas Commission takes pride in the total industry results as it invests check-off dollars heavily into production research and breeding on a National level.

"We have been consistent production leaders," Jeff Casten, KGSC Chairman from Quenemo said. "And have led the way for our grower funded programs in Kansas and other states as a key to improving our crop and profitability."

A change was originally anticipated to negatively impact the price of sorghum in 2007, however, favorable and consistent prices reversed that speculation. The expiration of certain North American Free Trade Association (NAFTA) provisions resulted in corn having full and open access to the Mexican export market as of January 1, 2008. However, current domestic and international demand for sorghum has fortified markets to the extent that the expiration of NAFTA provisions favoring grain sorghum have had little short term effect on sorghum prices. Foreign and domestic market development priorities for the check-off continue to yield results.

Sorghum producers in 2007 also benefited from more tools and options for weed and grass herbicide management. Registrations for MiloPro 4L are new for the upcoming growing season and Poncho seed treatment is now more readily available after being available on sorghum just last year.

In 2001 the Commission began a new research push to build a better system for sorghum research. Kansas State University (KSU) formed the Center for Sorghum Improvement and has brought in some of the brightest and energetic team members available in US agronomy. Now capitalizing on the sorghum genome sequencing, Commission sponsored research in genetics, crop physiology, and production through the team at the Center has the future in focus. A KSU research project could give sorghum farmers non-GMO weed control in a few years.

"We are moving the herbicide resistant gene from a wild relative of sorghum to the sorghum plant," Kassim Al-Khatib, KSU weed scientist said.

Reports from KSU have this product proceeding with the EPA IR4 registration of Nicosulfuron and Rimsulfuron for use on ALS tolerant sorghum. In last year's report, KGSC had injected 150,000 dollars of grower check-off into the National Grain Sorghum Producers Foundation for cooperative research into a unique trait that provides for tolerance to a herbicide that can control grasses such as shattercane and grassy sandbur. This research has found a marketing partner and is moving toward grower fields by possibly 2011.

With these successes, not only have the harvested acres increased, but research dollars from other sources are coming into the industry research. Helping multiply the effect of the Kansas producers' check-off are such programs like, KSU's Targeted Excellence Grant, given this summer to the sorghum translational genomics program for a four year total of one million dollars. The market promotion, education, and research given to the National Sorghum Producers have helped secure almost 2.5 million dollars a year for research through USDA-ARS nationally. With the future in mind, even forage sorghum research is being stepped up on the national level as possible answers for the cellulosic biofuel equation to the US fuel demand.

KGSC Funded Projects – FY 2008

The Kansas Grain Sorghum Commission allocated check-off funds in the areas of research, foreign market development, domestic market development, promotion, and education.

Below is a listing of projects funded by the Kansas Grain Sorghum Commission for FY 2008.
July 1, 2007 through June 30, 2008

Research Funding

Development and Utilization of Sorghum as a Feedstock for Biofuel Production	
KSU-Principal Investigator Donghai Wang	\$30,000
Enhancing Sorghum Yield and Profitability through Nitrogen Management	
KSU-Principal Investigator David Mengel	18,000
Improving Drought Tolerance in Sorghum through Association Mapping	
KSU-Principal Investigator Jianming Yu	30,000
Screening Sorghum Germplasm for Drought and Heat Tolerance	
KSU-Principal Investigator P.Vara Prasad	23,000
Evaluation of Strip-Tillage for Grain Sorghum in Kansas	
KSU-Principal Investigator Keith Janssen	6,300
Extension and Applied Research Programs for Kansas Grain Sorghum Production	
KSU-Principal Investigator Kraig Roozeboom	5,200
Improving Understanding of the Mechanisms of Grain Sorghum Drought Tolerance	
KSU-Principal Investigator Scott Staggenborg	8,500
Management Systems for Grain Sorghum Production under Dryland and Limited Irrigation Conditions	
KSU-Principal Investigator Barney Gordon	6,500
Breeding Grain Sorghum for Improved Dryland Production	
KSU-Principal Investigator Mitch Tuinstra	73,000
Improving Crop Management Decisions with Soil Moisture Monitoring	
KSU-Principal Investigator Danny Rogers	3,600
Residual Production Research for ALS Herbicide Tolerant Grain Sorghum	
IR-4 Headquarters-Principal Investigator Jerry Baron	10,000
KSU Center for Sorghum Improvement	25,000
National Sorghum Producers	
Research Funding	75,000
Market Development, Promotion, and Education Funding	
US Grains Council	31,000
National Sorghum Producers	150,000
Funded Projects	
Total	495,100

FY 2008 Budget

July 1, 2007 through June 30, 2008

KANSAS GRAIN SORGHUM COMMISSION

INCOME

Estimated Net Assessments	\$ 667,000
Allowance for Refunds	-30,000

Net Income	\$ 637,000

EXPENSES

Programs:	
KSU Research	\$ 204,100
Center for Sorghum Improvement	25,000
National Sorghum Producers	225,000
USGC	31,000
Administration & Overhead	139,700
IR4 Headquarters- Residue Research	10,000
Special Projects	5,000
Advertising & Media	3,000

Total Expenses	\$ 642,800

PROJECTED INCOME/DEFICIT **- 5,800**

BEGINNING CARRY-OVER 7/01/2007 **\$ 352,710**

PROJECTED CARRY-OVER 6/30/2008 **\$ 346,910**



Kansas Grain Sorghum Commission Frequently Asked Questions

What does the Commission do?

The Kansas Grain Sorghum Commission was established in 1977. The Commission determines how the refundable half-cent per bushel grain sorghum assessment is spent. Check-off funds are collected through the Kansas Department of Agriculture. Refunds are processed through the KGSC office.

The areas of investment are:

- Production and New Use research
- Domestic Market Development
- Foreign Market Development
- Promotion and Education

Who serves on the commission?

Nine growers make up the Kansas Grain Sorghum Commission. These growers represent each of the nine crop reporting districts in the state of Kansas.

Are commissioners elected or appointed?

Thanks to legislation passed in 2000, designed to give growers more input into their commission representation, growers began to elect commissioners in 2002. 2008 marks the seventh round of elections, in which growers will select commissioners for the north central, central, and south central districts.

Who handles the commission business?

The administrator of the Kansas Grain Sorghum Commission is Kevin Lickteig. The address is PO Box 243 in Paola KS 66071. The toll-free phone number is 866-4KSMILO (866-457-6456)

KANSAS GRAIN SORGHUM COMMISSION

District 1 NW Richard Calliham
Colby
785-462-2459

District 2 WC Greg Graff, Vice-Chair
Marienthal
620-379-4677

District 3 SW Boyd Funk
Garden City
620-521-2463

District 4 NC Bill Greving, Sec/Treasurer
Prairie View
785-973-2224

District 5 C Clayton Short
Assaria
785-667-3833

District 6 SC Jay Zimmerman
South Haven
620-326-7338

District 7 NE Kurt Staggenborg
Marysville
785-562-3275

District 8 EC Jeff Casten, Chairman
Quenemo
785-759-3520

District 9 SE Gary Kilgore
Chanute
620-431-0636

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