

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 30, 2008, in Room 783 of the DSOB.

All members were present except:

Representative Clay Aurand - excused
Representative Vaughn Flora - excused
Representative Doug Gatewood - excused
Representative Carl Holmes - excused
Representative Larry Powell - 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:

Joe Kejr, President, Kansas Association of Wheat Growers
Allan Fritz, Professor of Agronomy, Kansas State University
Jay Warner, Farmer, McPherson, Kansas
Jere White, Executive Director, Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association
Duane Simpson, Vice President, Kansas Grain and Feed Association and Kansas Agribusiness Retailers Association

Others attending:

See attached list.

The Chairman welcomed Duane Simpson, Vice President, Kansas Grain and Feed Association (KGFA), and Kansas Agribusiness Retailers Association (KARA). Mr. Simpson proposed a bill be introduced to reduce the amount of paperwork involved in weed and feed issues. There being no opposition, the bill will be introduced.

Joe Kejr, a farmer from Brookville, and President of the Kansas Association of Wheat Growers (KAWG), spoke to the Committee in support of **HB 2661 - increasing the wheat assessment to a level of two cents per bushel (Attachment 1)**. He said a survey conducted at the annual meeting in 2007 revealed 96 percent of producers support contributing to the wheat assessment; 21 percent support an assessment of two cents or more.

Mr. Kejr directed members to a graph chart showing the decline in wheat production from the year 1980 through 2005 (Attachment 2). Mr. Kejr explained that the majority of resources for research and development in wheat is based in the public sector. He said other grains are supported among private entities. He commented further that Kansas State University has experienced a loss of fifteen to twenty percent in both state and federal support for wheat research. He noted the decline of funds has limited the number of young people choosing to enroll in classes for scientific research and study of wheat breeding. Mr. Kejr reiterated the need for sufficient resources to accomplish the goals.

Mr. Kejr answered questions by stating:

- \$2.7 million dollars was collected in 2007, and less than \$1 million was spent domestically for promotion.
- Of the 15,000 surveys sent to members, only three percent was returned.
- With more research on varieties of wheat for planting, farmers can receive pertinent information on the best disease-free seed for planting in their cropland.
- A provision is in place for a farmer to decline paying the assessment and/or receive a refund when application is made within one year.

CONTINUATION SHEET

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

Mr. Allan Fritz, Professor of Agronomy, Kansas State University (KSU), and a wheat breeder, spoke in support of **HB 2661**, stating the change would raise the cap on the wheat value assessment to twenty mills (Attachment 3). His concerns are based on the data showing the decline in acreage of wheat production at both the state and national level. He indicated that wheat is an important commodity for Kansas and must remain a strong crop in the competitive market. Mr. Fritz stated the lack of funding from the private sector puts increasing pressure on public entities and wheat commissions to invest in wheat research and development. He said an economic study done at KSU in 2006 indicated a return of eleven dollars for each dollar invested; however, wheat is slipping far behind other crops in the biotechnology revolution.

Mr. Fritz commented on a number of critical areas in future years for wheat production. His research centers on finding solutions to various diseases in wheat, a remedy for the impact of drought and heat during the growing season, and determining the value of synthetic wheats.

In answer to questions, Mr. Fritz said:

- Publicly produced germplasms are available for cross-breeding, yet protected by the wheat code of ethics.
- Three states have research programs: Kansas State University, Washington State, and North Dakota, each testing a different genome of wheat.
- Kansas State University invests \$8 million per year in research, with the Wheat Commission providing \$700,000 to \$ 1 million of that amount.

Mr. Jay Warner, a farmer in McPherson, Kansas, spoke in support of **HB 2661** (Attachment 4), giving a history of his farming experience since 1988. He outlined the many changes from horse, to tractor, to technology. His comments on the loss of wheat acreage to other crops revealed his concern for the agricultural economy of Kansas as well as his own future success.

Jere White, Executive Director, Kansas Corn Growers Association, and Kansas Grain Sorghum Producers Association, brought testimony in support of **HB 2661** (Attachment 5). He said both organizations support Kansas Commodity Commissions along with the Kansas Agricultural Alliance, an umbrella agency with many contributing members. He requested amendments for an increase of ten mills per bushel for both grain sorghum and corn, and that no assessments be collected during the time a national checkoff program remains in effect. Mr. White included in his testimony a copy of the Kansas Corn Commission Assessment Refund Voucher for the Committee's information (Attachment 6).

Kenlon Johannes, CEO of the Kansas Soybean Association (KSA), spoke in favor of the soybean related changes indicated in **HB 2661** (Attachment 7). He indicated that KSA collects one half of one percent of the net price received by the grower of soybeans and these funds are collected by first purchasers, which is usually the grain elevator owner. He clearly stated that while the national soybean checkoff is in effect, the state does not collect any money from the sale of soybeans. Mr. Johannes said the change would benefit Kansas first purchasers by eliminating the need to alter computer programs having to change to the old bushel rate.

Duane Simpson, Chief Operating Officer and Vice President of Kansas Grain and Feed Association (KGFA), said the membership of KGFA encompasses over 900 business locations and provides ninety-eight percent of commercial grain storage in Kansas. Mr. Simpson's position also encompasses the Kansas Agribusiness Retailers Association (KARA), whose membership includes 700 agribusiness firms supporting farming needs in Kansas.

Mr. Simpson explained the two organizations are in support of **HB 2661** for different reasons (Attachment 8). KARA stands in support of wheat farmers benefiting from reduced costs for herbicide in the same manner as farmers producing corn and soybean crops. KGFA seeks the amendment to the bill which would allow each commodity commission the option of giving first purchasers, such as grain elevator operators, a position as At-Large commission member.

Mr. Simpson referred to a third association having interest in **HB 2661** - the Kansas Association of Ethanol

CONTINUATION SHEET

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

Processors (KAEP). He said checkoff dollars could go to cellulosic research and KAEP supports making cellulosic ethanol an economically viable product for Kansans.

Mr. Simpson responded to questions from members, saying there is resistance for genetically modified grains in the world market. He said the seed companies are working in agreement with the bio-technology industry organizations to refrain from marketing any bio-tech grain until the markets have done a regulatory approval process. Mr. Simpson further responded saying some large companies are negotiating internationally in the sale of bio-tech grains.

The Chair closed the hearing on **HB 2661**.

The following provided written testimony:

- Adrian Polansky, Secretary of Agriculture, Kansas Department of Agriculture (Attachment 9).
- Dr. Fred Cholick, Dean and Director, College of Agriculture, Kansas State University (Attachment 10).
- Betty Kandt, Spokesperson, Kansas Wheat Commission (Attachment 11).
- Keith Dierberg, President, Home Baking Association (Attachment 12).
- Deborah K. Berges, Counselor, Wellness Committee, Kansas State University (Attachment 13).
- DeeAnn Roths, Spokesperson, Kansas Wheat Commission (Attachment 14).
- Cheryl A Zumbrunn, President, Harvest Lark Company, Chapman, Kansas (Attachment 15).

The meeting adjourned at 4:35 p.m. The next meeting is scheduled for January 31, 2008, at 3:30 p.m.



Leaders in the adoption of profitable innovations for wheat

**Testimony on HB No. 2661
Presented to House Committee on Agriculture and Natural Resources
Wednesday, January 30, 2008
by Joe Kejr, President of the Kansas Association of Wheat Growers**

Chairman Faber, and members of the committee, I am Joe Kejr, a farmer from Brookville and President of the Kansas Association of Wheat Growers (KAWG). I am here today in support HB 2661 which makes a vital change to the authorizing legislation for the Kansas Wheat Commission (KWC). This change raises the cap on the wheat assessment to 20 mills or 2 cents per bushel.

You may recall that we discussed this change last year. After the bill was tabled in this committee, you asked us to seek producer input about this change. We have spent the past year doing just that. Through the spring county plot tours and our Annual Meeting resolutions process, wheat producers have voiced support of raising the cap to 2 cents. Response at the county plot tours resulted in many heads nodding, positive comments and just a few producers making sure that the assessment would remain refundable. Our Annual Meeting resolutions process confirmed the board decision of last winter. Furthermore, our survey of 15,000 wheat producers in August showed the following findings:

- 94% of producers currently support contributing to the wheat assessment; 6% do not. This is comparable to the percentage of dollars refunded each year.
- 40% of the survey respondents support an increase of the assessment. While this is not a majority, it is a very positive response for a voluntary investment program.
- 21% support an assessment of 2 cents or more.

Additionally, one-on-one contact with producers through the fall and as recent as the Cover Your Acres Conference last week in Oberlin indicates that support for an assessment increase is growing and many producers have told us 2 cents is not enough for what the industry needs to invest.

The change in legislation simply sets the cap at 2 cents. If the legislative authority is approved, all Kansas wheat producers will again be fully informed and have ample opportunity to provide input on the need for such an increase, before any decision is made by the Commissioners to collect a higher amount.

Three dire challenges for our industry are research, biotechnology, and domestic promotion. Nearly all of the resources for R&D in wheat are being invested by public entities. This is a stark contrast to other grains such as corn and soybeans where the private sector pays the bill. As you know, sources of public funds are declining at a staggering rate. Since 2001, Kansas State University has experienced a loss of 15 - 20% in state and federal support, just in wheat research. For the past few years, wheat producers have been asked to fill in this gap. This struggle for funding is making it harder and harder to keep young, aspiring scientists interested in wheat. We are losing our resources drastically. Success with wheat R&D depends on sufficient resources.

It is estimated that the cost of running the wheat-breeding program at Kansas State University is nearly \$8 million. A recent study conducted at K-State reported that this investment returns an economic value of \$89 million to Kansas. Additionally, through this summer's survey, wheat producers continue to put research investments as their #1 priority for wheat assessment dollars.

In addition to traditional wheat breeding methods, biotechnology holds great promise. Advances have been made in areas such as herbicide tolerance; insect and disease resistance and drought tolerance just to name a few. While there are many biotech activities currently occurring around the world, our wheat industry has only tapped the surface of what needs to be done. Our strategic plan addresses this challenge and outlines steps to "gain ground" for wheat. Again, success depends on sufficient resources.

We would like to expand our activities in the area of domestic promotion and consumer education. It is astounding the number of Americans that are unaware that our nation's safe and affordable food supply begins at the farm. Comparatively to other domestic commodity promotion programs, our wheat industry spends much less than dairy, beef, soybeans and even catfish on collective promotion efforts. While the wheat industry collects and spends less than \$1 million each year on promotion, Dairy spends \$200 million; Beef - \$25 million; and Pork - \$28 million. It is certainly true that our wheat industry promotional efforts do a lot with a little, but there is more to do to build consumer acceptance and demand.

Over the past 20 years, wheat acres and production are trending downward. In order to stand by our commitments to bring wheat into the 21st Century and increase the profitability of Kansas wheat producers, we must stick to the plan we have developed. This means dependable investments for research and development and promotion even in lean harvest years. This means implementing a campaign for urban wheat consumers around the world. This means commercializing new products from wheat. Setting the mill levy authority to 2 cents allows wheat producers to maintain the necessary funding by raising the assessment above 1 penny per bushel if needed. For your reference, current collected assessments in surrounding states are: 2 cents in Texas and Colorado, 1.5 cents in Oklahoma, North and South Dakota and 1.25 cents in Nebraska.

It is noteworthy to mention that it has been 26 years since the wheat assessment authority was changed. In 1982 the authority was raised from 0.3 cents to 1 penny. In 1988, after an intensive process of producer input, the Kansas Wheat Commission voted to raise the levy to 0.7 cents. Then 8 years later, in 1996, the levy was raised to the current level of 1 penny. Think just for a moment about the many changes that have occurred at home and around the world during this time. Our wheat industry must change as well. We are here today because we want to make a statutory change that will result in extraordinary change for the Kansas wheat producer, a change for the future.

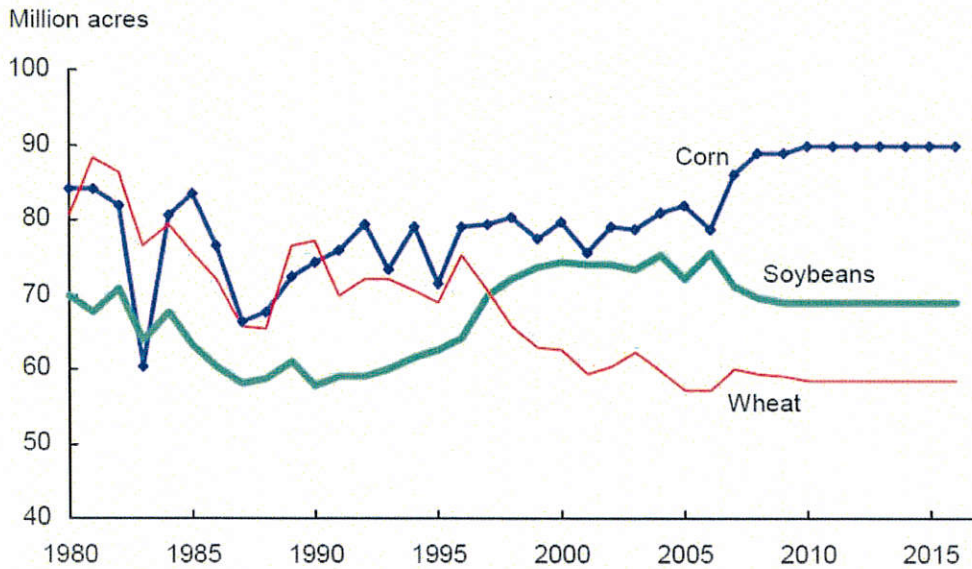
These are challenging, yet exciting times for the Kansas wheat industry. Producers on the committee realize the opportunities we have with record prices for our crop. Beyond the price, there is also tremendous opportunity to make advancements in research and development and domestic and international markets for Kansas wheat.

The recommended change to the authorizing legislation for the Kansas commodity commissions WILL be lasting and WILL ensure Kansas producers maintain our title as breadbasket of the nation and the world. Thank you for the opportunity to speak in support of HB 2661. I would be happy to stand for any questions at the appropriate time.



Losing Ground to Competing Crops

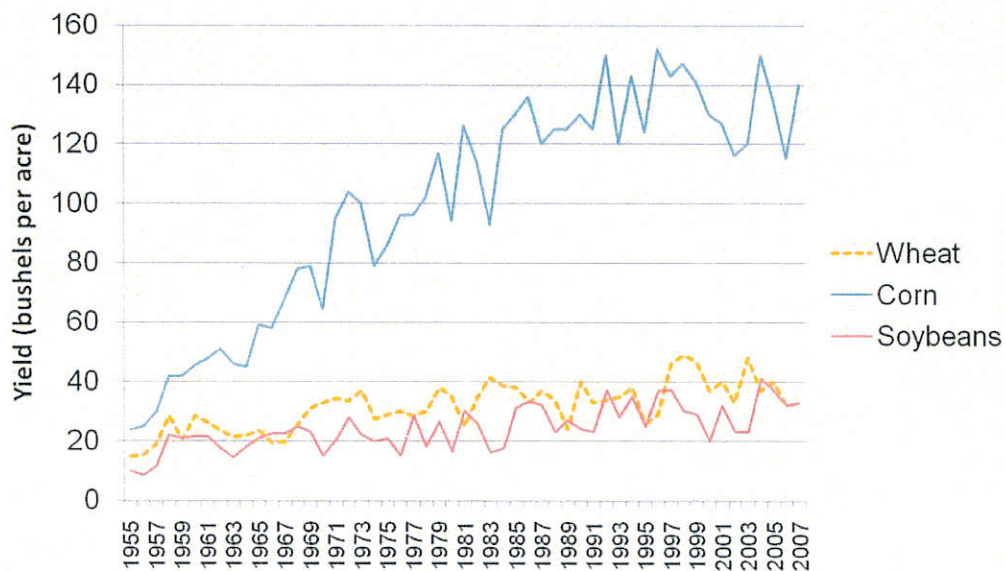
Planted area: Corn, wheat, and soybeans



Source: USDA Baseline Projections, February 2007



Wheat yields haven't kept up with corn yields



Source: USDA / NASS



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Testimony on HB # 2661
Presented to House Agriculture and Natural Resources Committee
Wednesday, January 30, 2008
By Allan Fritz, Professor of Agronomy, Kansas State University

Chairman Faber and members of the committee, I am Allan Fritz, wheat breeder in the Department of Agronomy at Kansas State University in Manhattan. I am here today to support HB 2661, which is a change to the authorizing legislation for the Kansas Wheat Commission that would raise the cap on the wheat value assessment to 20 mils.

As a wheat researcher, I have a deep and growing concern for the future of wheat in Kansas and the US. In recent years there has been a decline in acreage on a state and national level. I am concerned that wheat is losing ground in competition with other crops, a development I believe is not healthy for Kansas. Wheat is obviously a staple of the Kansas economy and a crop in which we have a competitive production advantage, both domestically and globally. The future of Kansas is brighter if wheat remains a strong, economically competitive crop. Among the challenges faced by the wheat industry is a relative lack of investment in wheat research.

Wheat is a crop where a majority of the commercial cultivars are released by public institutions. Public wheat cultivars accounted for 78% of the wheat production in the US from 2001 to 2003 (<http://maswheat.ucdavis.edu/cap2005/PublicVarieties.htm>). One of the challenges is that there is a relatively small investment in wheat research by the private sector. One way of looking at that is to compare the number of scientist years invested in crop variety/hybrid development. The 2001 National Plant Breeding Survey revealed that there are 144 public plant breeders working on cultivar/hybrid development across all crops compared to 673 in the private sector. Fifty-four of the public breeders were working on wheat. The numbers by crop were not available for the private sector, but clearly the majority of the private breeders are working on corn and soybean. In addition, the majority of the private biotechnology investment is targeted to those crops. This relative lack of investment by the private sector in wheat increases the pressure on public institutions and wheat commissions to invest in wheat research. The problem is further exacerbated by decreases in state and federal funding directed to wheat research, resulting in greater reliance on organizations like the Kansas Wheat Commission to provide funding for research activities.

Kansas State University
Agricultural Experiment
Station and Cooperative
Extension Service

*“Knowledge
is the light of the world.”*

While the Kansas Wheat Commission supports a number of programs and activities that benefit the entire wheat industry, including promotion and consumer education, I want to spend the rest of my time focused on the value of the Commission's past investment in research and the opportunities that lie ahead in this arena. The Commission-supported wheat breeding programs at K-State have consistently delivered the most widely grown varieties in the state. Much of that success is based on Commission investments in research in breeding, genomics, germplasm enhancement, plant pathology, entomology and end-use quality. These efforts have accrued benefit beyond the K-State breeding programs. An excellent example is the Wheat Genomic and Genetic Resources Center that has enjoyed the Commission's past support. Germplasm released by the WGGRC has appeared in the parentage of K-State varieties like Overley and Fuller. It has also contributed to varieties like Thunderbolt (AgriPro), Fannin (AgriPro), PostRock (AgriPro), TAM 112 (Texas A&M) and Bullet (Oklahoma State). A 2006 economic study at Kansas State University showed that the investment in wheat research at K-State provides a return of eleven dollars for each dollar invested. The support of the Kansas Wheat Commission is a large part of that success story.

In recent years, we have begun to focus on difficult, but critical, problems. One example is the development of durable resistance to key diseases such as leaf, stripe and stem rusts. Another important, but difficult, challenge is improving tolerance to heat and drought. We have identified some key sources of tolerance to these two major stresses and have begun to develop a better understanding of the tolerance mechanisms and how to integrate these traits into adapted wheat varieties. We are currently attempting to develop a project with CIMMYT to study the value of synthetic wheats, which utilize wild relatives of wheat for genetic improvement, with a focus on tolerance to drought. The ability to develop these projects is reliant upon Wheat Commission support.

Similar stories apply to other wheat production and industry issues like resistance to Hessian fly and aphids, adaptation to no till systems, resistance to key viral diseases, improved pre-harvest sprout tolerance of white wheats, improving the healthfulness of wheat food products, understanding the basis of end use quality and providing consistent end-use quality as a tool for maintaining or increasing export, identifying non-traditional uses for wheat products, identifying the appropriate role of wheat for biofuels and a host of other issues that impact the economic future of our state.

Wheat is lagging far behind other crops in the biotechnology revolution. It is in this arena where the lack of private investment in wheat has the greatest impact. Adequate solutions in this area will require creativity and it is clear that investment on the part of organizations such as the Kansas Wheat Commission is central to making up ground in this critical arena.

In my view, the Kansas Wheat Commission has been a good steward of its resources, using them for the betterment of all Kansans. The wheat industry in Kansas is dependent on the ability of the Commission to meet key research needs, leading me to support increasing the cap to 20 mills. Thank you for allowing me to speak on behalf of HB 2661. I would be happy to stand for any questions at the appropriate time.



I am Jay Warner. Farming has been my only source of income since I started farming with my father-in-law, Wally Howell, in 1988. He started farming with his father-in-law, Dayton Yoder, in 1956. One can trace this land back a couple more generations through J. J. Yoder and J. D. Yoder in the 1870's.

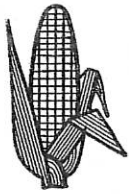
During this century and a quarter of history, many things about agriculture have remained the same. Families are still the primary business units. Farmers often work long, hard hours in the face of extreme weather risks. Grain prices go up, and they go down. And, markets do not guarantee every farmer will make a profit.

The most obvious changes happened in the early 1900's when horses gave way to ever more complex tractors, some of which can now steer themselves. The changes in the last half century, while not as dramatic are none the less significant. My grandfather-in-law, Dayton Yoder, was very active in forming the Kansas Association of Wheat Growers to lobby about wheat issues. He also supported the creation of the Kansas Wheat Commission to conduct a campaign of grain commodity promotion and market development through research, education and information. Without foreknowledge of our terminology, he knew that agriculture would remain a vital part of industrial society and well as the information age.

It takes money to do this research and promotion. A self-imposed grain assessment has provided these funds. Yet, loss of acreage to other crops and yield trends that have not kept up with inflation has eaten into the Kansas Wheat Commission's ability to do the work that farmers like myself need.

I am asking that you support HB 2661 in raising the cap from the current 10 mills to 20 mills per bushel. My future as a wheat farmer depends on it.

Jay Warner
1075 8th Ave
McPherson KS 67460
620-241-6791
620-242-6314 cell
jayamy@dtnspeed.net



Kansas Corn Growers Association
Kansas Grain Sorghum Producers Association



TESTIMONY

TO: House Agriculture and Natural Resources Committee
FROM: Jere White, Executive Director
DATE: January 30, 2008
SUBJECT: H.B. 2661

The Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association appear before this committee today to stand in support of H.B. 2661. Our two organizations are supportive of all Kansas Commodity Commissions and their missions. Members of this committee might recall our opposition to a similar bill last year. This year, we are able to come forward with well understood changes being proposed, including several amendments being offered today. This bill, and the amendments that have been vetted out among the parties represents discussion and interaction, between entities and producers alike, that have occurred over the past 12 months. Our goal was to come back to this committee with agreement in hand, and we do so today. The support of the Kansas Agricultural Alliance, of which we are all members, is indicative of our success in reaching agreement on these issues.

I bring three amendments this afternoon and ask for your support. These are requested by the respective commodity:

28 Sec. 2. K.S.A. 2007 Supp. 2-3007 is hereby amended to read as fol-
29 lows: 2-3007. (a) There is hereby levied an assessment upon grain sor-
30 ghum marketed through commercial channels in the state of Kansas. The
31 grain sorghum commission shall set the assessment at a rate of not more
32 than ~~five-ten~~ mills per bushel. There is hereby levied an assessment upon
33 corn marketed through commercial channels in the state of Kansas. The
34 corn commission shall set the assessment at a rate of not more than ~~five ten~~
35 mills per bushel.

New subsection e

(e) No assessments for grain sorghum shall be collected pursuant to subsection (a) while a national checkoff program for grain sorghum remains in effect. Collection of assessments pursuant to subsection (a) shall be reinstated upon the withdrawal of a national checkoff program for grain sorghum.

In addition, I would also suggest that the implementation date be upon publication in the Kansas Register, as it is possible a national sorghum checkoff could be implemented prior to July 1, 2008.

Thank you.

**Kansas Corn Commission
Assessment Refund Voucher**

Instructions

- Voucher with original signatures must be submitted - copies of signatures will not be accepted.
- Date of sale, bushels, assessment amount and either settlement or check number must be included for each settlement.
- Voucher must be submitted within one year of date of sale
- One purchaser and one producer per voucher.

Please do not include corn settlement sheets.

TO BE COMPLETED BY PURCHASER (Elevator, FSA Office, Feed Yard, Other)	
Buyer Name _____	First Purchaser No. _____
Address _____ City, State, Zip _____	
~~ Please list each settlement separately ~~	
1) Date of Sale _____ (If this is an FSA Loan, date of sale is disbursement date.)	
Settlement or Check No. _____ Bushels _____ Assessment Amt. _____	
2) Date of Sale _____	
Settlement or Check No. _____ Bushels _____ Assessment Amt. _____	
3) Date of Sale _____	
Settlement or Check No. _____ Bushels _____ Assessment Amt. _____	
~~ Attach sheets as necessary for additional settlements ~~	
<p>Section 2-3001 Definitions: (d) "sale" means and includes any pledge or mortgage of corn, grain sorghum, soybeans or wheat, after harvest, to any person, public or private.</p> <p>This is a true statement of corn purchased on which corn assessment was collected and paid to the Kansas Department of Agriculture.</p>	
By: _____ Authorized Signature	

TO BE COMPLETED BY SELLER (Please print)	
Seller Name _____	SSN: _____
Address _____	County _____
City, State, Zip _____	Telephone _____
<p>I do hereby certify that this voucher is correct and remains unpaid, and that the amount(s) claimed herein have not been previously refunded and are actually due according to law.</p> <p>In accordance with Section 2-3077 of an Act concerning agriculture; relating to grain commodity commissions, it is requested that a refund of the amount of the assessment(s) deducted be made to me.</p>	
_____ Signature of Seller	

HS Ag & Nat'l. Resources
1-30-08
Attachment 6

Forward to: Kansas Corn Commission, PO Box 446, Garnett, K

**Kansas Soybean Association
January 30, 2008
Testimony on HB 2661**

Chairman Faber and members of the Kansas House Agriculture & Natural Resources Committee, my name is Kenlon Johannes; I am the CEO of the Kansas Soybean Association (KSA). **I am here to speak in favor of the soybean related section changes indicated in HB 2661.**

The soybean checkoff in Kansas, unlike the Wheat, Corn, Grain Sorghum and Sunflower Commissions, is part of a national soybean checkoff program (public law 101-624). 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 soybean checkoff board authorized by the United States Department of Agriculture under federal legislation approved by Congress and as enacted by the Kansas legislature. (K.S.A. 2-3011)

Under the national soybean checkoff legislation, the Kansas Soybean Commission collects one-half (0.5) of one (1) percent of the net price received by the grower. These funds are collected by first purchasers in the state of Kansas. The Soybean Commission is required to send one-half of the funds collected to USB to fund national and international research and market development projects.

While the national soybean checkoff is in effect, the state soybean checkoff is not collected. (K.S.A. 2-3007 [d]) While we do not see a change in the status of the national checkoff, KSA felt that if the state checkoff laws were going to be modified, **we would like to have our state soybean checkoff rate changed from a maximum of 20 mills (2 cents) per bushel to the current federal rate of one-half (0.5) of one (1) percent of the net market price.**

We went through quite a learning curve/ education process with first purchasers in 1991 when the checkoff rate changed from the per bushel rate to a per cent of value rate. **If the state soybean checkoff rate is changed to one-half (0.5) of one (1) percent of the net market price, should the national soybean checkoff be suspended or repealed, Kansas first purchasers would not have to alter their computer programs to go back to the old per bushel rate.** This would save time, expense (collection forms would remain the same), and confusion. In this instance, all the funds collected would remain in control of Kansas soybean producers through the Soybean Commission. We have consulted with the Soybean Commission and they support this rate change provision.

Thank you,

Kenlon Johannes
Kansas Soybean Association Office
2930 SW Wanamaker Drive
Topeka, KS 66614-4116
785-271-1030

Kansas Grain & Feed Association
Kansas Agribusiness Retailers Association

**Joint Statement in Support of House Bill 2661
House Agriculture and Natural Resources Committee**

**John Faber, Chair
January 30, 2008**

Thank you Mr. Chairman and members of the Committee; I am Duane Simpson, Chief Operating Officer and Vice President for the Kansas Grain and Feed Association (KGFA) and the Kansas Agribusiness Retailers Association (KARA).

KGFA is a voluntary state association with a membership encompassing the entire spectrum of the grain receiving, storage, processing and shipping industry in the state of Kansas. KGFA's membership includes approximately 900 Kansas business locations and represents 98% of the commercially licensed grain storage in the state.

KARA's 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. On behalf of these organizations, I am testifying in support of HB 2661.

The membership of these organizations support this bill for different reasons. I'll begin with KARA. KARA has long opposed legislation that would question the political viability of biotech wheat. We believe that wheat farmers should benefit from the reduced input costs associated with herbicide resistant wheat and increased yields from other biotech qualities just like corn and soybean farmers benefit today.

Unfortunately, the politics of biotech wheat in Kansas and other states has led most private research to abandon wheat. The Kansas Wheat Commission's desire to use some of the proceeds from the increased check-off to fund biotech research will not only lead to advances from that research, it might have the eventual effect of bringing the private sector back to wheat research.

KGFA, on the other hand, supports this bill for a different reason entirely. Our members have long been the dues collector for the commodity commissions. Ever since the first check-off came into existence, our members have provided the service, free of charge, to the state and the various commodity commissions. We do it because we believe that the improved marketing performed by the commissions makes it easier for our members to actually sell the grain they have purchased from the farmers. It is a partnership that is working, and it is one that can be improved. In Wisconsin for example, first purchasers have a seat on the commodity commissions. U.S. Wheat also has a position for first purchasers. We believe that this is a good policy that should be done in Kansas as well. While grain elevators are the primary first purchasers, we are not the only ones. Flour and feed mills, feedlots, ethanol and biodiesel plants all qualify as first purchasers. KGFA believes that each of the commodity commissions should have the opportunity to appoint a commissioner who is a first purchaser. I would urge this committee to favorably consider an amendment that would give each commodity commission the option of



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having a first purchaser as an At-Large member. Current law prohibits non-producers from being commissioners. We believe that commissions would be well served by first-purchasers' expertise in marketing their products, and our members stand ready and willing to serve if given the opportunity.

I would also like to note that we represent a third association with an interest in this bill. The Kansas Association of Ethanol Processors (KAEP) represents the ethanol plants in the state. Although the bill does not explicitly say that the new check-off dollars would go to cellulosic research, it was noted during the Wheat Commission's report that one of their goals would include such research. KAEP supports funding research to make cellulosic ethanol economically viable and to the extent this bill will help that cause, KAEP supports it.

Thank you for the opportunity to address the committee on this bill. I urge the committee to support HB 2661 with the proposed amendment. I will stand for questions at the appropriate time.

**Written Testimony on HB 2661— Price Adjustment for Wheat Commodity
to
the House Agriculture and Natural Resources Committee**

**by Adrian Polansky
Secretary of Agriculture
Kansas Department of Agriculture**

January 30, 2008

Good morning Chairman Faber and members of the committee. I am giving this written testimony in support of increased funding for wheat research, education, and domestic and international market development.

In addition to serving as secretary of agriculture, I am a lifelong farmer, the current chairman of the National Association of State Departments of Agriculture biotechnology task force and a member of the USDA Advisory Committee on Biotechnology and 21st Century Agriculture. Clearly I am very aware of the benefits and opportunities offered by agricultural biotechnology, and I am especially interested in efforts to increase funding for research into biotechnology advances in wheat.

Decreases in public funding at research universities like KSU, and the reluctance of private corporations to fund biotechnology efforts involving wheat, has caused wheat to lag behind other grains in taking advantage of advances in crop science. Increased funding in biotechnology research is needed to create drought-tolerant varieties, to add fusarium resistance to eliminate toxins, to address plant disease and herbicide resistance, and to find ways to make wheat tolerable by the 1 percent of our population who suffer from celiac disease, an autoimmune disorder triggered by gluten found in wheat, rye and barley.

In addition to supporting additional funding for wheat biotechnology research, I also support increased funding for research into wheat's potential as a biomass source in the emerging cellulosic ethanol industry. Kansas has an excellent opportunity to capitalize on the cellulosic ethanol industry with the groundbreaking of the nation's first large-scale cellulosic plant in Hugoton. However, increased funding is needed to evaluate new technologies like those that use genetic modification to increase cellulosic biomass. Also needed are studies that document how growers can benefit from innovations in harvesting equipment and what level of crop residue should be left in the field to ensure soil conservation.

I believe my department's involvement in collecting checkoff funds on behalf of the grain commodity commissions precludes me from commenting on changes to the assessment paid by producers who sell wheat in Kansas. That being said, I believe it is important that all options be explored to increase funding for wheat research, education, and domestic and international market development. I really do believe that the future is in our fields, and we must ensure that Kansas farmers are able to gain and maintain a market advantage in the crops they produce.



Testimony on HB # 2661

House Committee on Agriculture and Natural Resources

Wednesday, January 30, 2008

Dean of the College of Agriculture
Director of K-State Research and
Extension

113 Waters Hall
Manhattan, KS 66506-4008
785-532-6147
Fax: 785-532-6563
<http://www.oznet.ksu.edu>

Dear Chairman Faber and committee members,

I would like to provide testimony regarding the value of the Kansas Wheat assessment as it relates to HB 2661 which authorizes the Kansas Wheat Commission to collect up to 20 mills for the Kansas wheat assessment.

As Dean of the College of Agriculture and Director of the K-State Research and Extension, ex-officio member of the Kansas Wheat Commission and a wheat breeder, I would like to share how important the investment of producer funds is to wheat research.

Our wheat research programs include basic research, long-term breeding programs to end-use quality, value-added research and the development of cultivars resistant to biotic and abiotic stresses. These programs are funded by public and private funding. The sources of public funds are declining at a staggering rate. Since 2001, Kansas State University has experienced a loss of 15 - 20% in state and federal support of wheat research. The Kansas Wheat Commission contributes about three-quarters of a million dollars into our research efforts at K-State. We estimate the total cost of running the wheat-breeding program at Kansas State University at nearly \$8 million, which includes producer, state and federal dollars. A recent study conducted at Kansas State University reported that this program returns an economic value of \$89 million to Kansas. Wheat producers and all Kansans see a great return on their investments in these programs.

This struggle for funding is making it harder and harder to keep young, aspiring scientists interested in wheat research. We have struggled to maintain our applied scientists while many other wheat research centers have not been able to keep them. At K-state we have the ability to quickly and effectively apply the research from our laboratories in our Kansas fields. This gives us a competitive advantage and a strength that we need to be able to capitalize on for Kansas producers.

Kansas State University
Agricultural Experiment
Station and Cooperative
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K-State Research and
Extension is an equal
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for Life"*

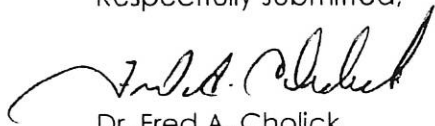
One specific example of the decline in funding is with the Wheat Genetic and Genomic Resources Center (WGGRC). WGGRC is a pioneering center without walls serving the wheat research community to ensure the free availability of germplasm, genetic and genomic resources, and knowledge for sustainable and profitable wheat crop production (<http://www.ksu.edu/wgrc>). WGGRC is advancing this research mission by developing and distributing the genetic and genomic resource to the entire wheat research community. Kansas wheat producers have invested in the WGGRC for many years.

I myself used to be actively involved with wheat breeding in South Dakota. I can testify that without support from the wheat commission today's wheat research programs in the USA would be successful. This is a stark contrast to other grains such as corn and soybeans where the private sector makes major research and development investments. The annual genetic gain in wheat yield is far less than other crops. This is mainly because genomics and biotechnology research in wheat has lagged behind other crops. This lack of investment poses a serious threat to profitable wheat crop production and imperils the economies of Great Plains states where the environment is most conducive to wheat production.

Wheat is the world's most widely grown crop and most important grain for human nutrition. As the major exporter of wheat grain, the USA must be competitive in world markets. Wheat as a crop also must compete with other crops. In the state of Kansas we are seeing producers choose crops with higher yield gains and more biotechnology tools. To compete with these other crops and for future advances in wheat breeding for high yield and value added uses of wheat plant and grain, there is an urgent need for a broad germplasm base, new genetic technologies and knowledge of wheat genome sequence. This need is underscored by the drought and freeze events that dramatically lowered wheat yields in the Great Plains in 2006 and 2007, respectively. Crop losses due to heat, drought and related stresses are expected to increase as the climate changes making the investment by the wheat producers in research and development more critical today than ever.

Kansas wheat producers were leaders in the 1950's when they came to the state legislature to form the Kansas Wheat Commission. Kansas continues to be the leader in wheat production because of the investments of producer dollars into research. They are coming to you this year to be able to increase those investments in strengthening the wheat industry in Kansas.

Respectfully submitted,



Dr. Fred A. Cholick
Dean and Director, College of Agriculture
K-State Research & Extension

Dear Legislatures,

I am writing in regard to the necessary legislative changes to the Kansas Grain Commodity Commission law in the 2008 legislative session. The Kansas Wheat Growers is seeking an increase in the wheat assessment authority from 10 mills per bushel to 20 mills per bushel. The Kansas Wheat Commission plans to use any increase for additional investment in research, biotechnology, and consumer education.

Having taught Family and Consumer Science at Fort Riley Jr.High/Middle School for 26 years, I stressed the importance of good nutrition and eating a balanced diet. As for wheat foods, we prepared a variety of quick breads, yeast breads, pasta's, pretzels and casseroles in many ways. Our curriculum also focused on whole grain flour, teaching students the importance of whole grains and how to use them. Field Trips to the Wheat Commission were made each semester where students received information and hands-on experiences working with bread doughs. The educational resources are invaluable and students would not have gained wheat knowledge or been able to make, bake and take breads home and to the community without the information from the Wheat Commission. I was most appreciative to the Domestic Marketing Specialist.

In 2004, I joined the Kansas Wheat Commissions Spokesperson program. Why? I believe consumer education is important. Complex carbohydrates are very important for all people over 2 years of age. The American diet is sorely lacking in whole grains, which have been found to play key roles in overall health and disease prevention. More research and educational materials are needed to reach various audiences. I have given demonstration and programs in schools, 4-H groups, adult organizations and library groups. Last year, I presented wheat information to 612 fourth grade students and 31 teachers attending the Ag. Day Pizza Party at the National Agriculture Hall of Fame. Students were challenged as they learned about Wheat and Whole Grains. Resources and recipes are necessary for this type learning.

50 years ago, Governor George Docking signed the Kansas Wheat Act and appointed commissioners to the Kansas Wheat Commission. In 2007, 50 years later, the Kansas Wheat Growers and Commission continue to be a leader in promotion of Kansas' most important commodity, WHEAT. Being a spokesperson, at the Kansas State Fair this year, I helped disseminate information to several thousands of producers and consumers on profitable innovations of wheat.

I am supporting the campaign for development, education and publicity of wheat. To support this endeavor, I would encourage the legislature to join forces with the Kansas Association of Wheat Growers as leaders in the adoption of profitable innovations for WHEAT.

Sincerely,

Betty Kandt
Spokesperson, Kansas Wheat Commission



To Whom It May Concern:

Regarding: Kansas Wheat Assessment

January 18, 2008

As a Non-Profit Agency, the Home Baking Association, supports any initiative that adds flexibility to a commission or agency in these times. This letter of support is neither advocating for or against the increase from 1 cent to 2 cents per bushel, but rather for granting the flexibility to adjust revenue if members elect to do so.

The Home Baking Association works with Kansas Wheat to provide educational baking resources for 865,000 youth educators reaching 12 million youth in over 10 million households. As a member of the Home Baking Association, Kansas Wheat, provides outcomes-based multi-skill building, and fun year-around baking activities in classrooms, after-school programs, clubs, camps, faith-groups and families nationwide.

Kansas Wheat and the Home Baking Association currently have national programs planned with 4-H, Camp Fire USA, Boys and Girls Clubs, FCCLA/Family, Career, Community Leaders of America and family consumer science educators across the country for the FY08 program.

Therefore, the Home Baking Association supports the endeavor for Kansas Wheat to enhance its program to meet the challenges of the future.

Respectfully,

Keith Dierberg, President
Home Baking Association
2931 SW Gainsboro Road
Topeka, KS 66614

January 17, 2008
20755 Hwy 16
Onaga, Kansas 66521

To Whom It May Concern:

Regarding: Kansas Wheat Assessment

This letter is being written to show support for the proposed change to the Kansas wheat assessment by raising the cap from 1 penny to 2 pennies per bushel. This legislative authority would assure that wheat producers meet the challenges of the future and their vision as "leaders in the adoption of profitable innovations for wheat." The additional investment would fund wheat producers' priorities including research and biotechnology, cellulosic ethanol, and consumer education.

Over the past several years I have taught Nutrition for Highland Community College/ Wamego campus. As part of the curriculum, the Kansas Wheat Commission provided speakers to the class on the versatility of wheat and other grain products. Each semester this particular class was always listed as one of the highlights of the class. Students often commented this was the first time they heard about whole grain products and how to prepare them. The Kansas Wheat Commission provided a wealth of educational materials, of which recipes were always included.

Currently, I am the counselor at an elementary school and on the Wellness Committee which is mandated by the State of Kansas for every school system. When we discuss the improvement of diet in our students and staff, we always come back to the fact that more whole grain products need to be included in the menus. The potential educational opportunities for the Kansas Wheat Commission in schools is wide open. With students becoming more knowledgeable of wheat, there will be an increase in the purchases of wheat products, thus helping the wheat farmers in the long run.

Therefore, I support this endeavor to raise the assessment authority from the current 10 mills (1 cent) to 20 mills (2 cents). With approved legislative authority, Kansas Wheat will be able to enhance the competitiveness of wheat by facilitating the development and adoption of innovation for wheat producers and meet the challenges of the future.

Respectfully,



Deborah K. Berges

To Whom It May Concern:

Regarding: Kansas Wheat Assessment

January 18, 2008

I support the proposed change to the Kansas wheat assessment by raising the *cap* from 1 penny to 2 pennies per bushel. This legislative authority would assure that wheat producers meet the challenges of the future and their vision as "leaders in the adoption of profitable innovations for wheat." This additional investment would fund wheat producers' priorities including research and biotechnology, cellulosic ethanol and consumer education.

As a producer, this additional funding will help us maintain our position as a world leader in production and innovation in the wheat industry.

As a Spokesperson for the Wheat Commission, I clearly see the need for consumer education materials to teach our rapidly growing urban population the value of wheat not only as a food source, but also a renewable commodity for use in the making of many kinds of consumer products.

The general population needs the accurate nutritional materials provided by our industry to assist them in planning healthy diets for their families. These marketing materials help inform a society that is farther and farther away from the farm about the value of wheat to our civilization.

Therefore, I support this endeavor to raise the assessment authority from the current 10 mills (1 cent) to 20 mills (2 cents). With approved legislative authority, Kansas Wheat will be able to enhance the competitiveness of wheat by facilitating the development and adoption of innovation for wheat producers and meet the challenges of the future.

Respectfully,

DeeAnn Roths

6621 N. Greenwich Rd

Wichita, KS 67226



January 18, 2008

Regarding: Kansas Wheat Assessment

To Whom It May Concern:

Harvest Lark Company supports the proposed change to the Kansas wheat assessment by raising the *cap* from 1 penny to 2 pennies per bushel. This legislative authority would assure that wheat producers meet the challenges of the future and their vision as "leaders in the adoption of profitable innovations for wheat." This additional investment would fund wheat producers' priorities including research and biotechnology, cellulosic ethanol and consumer education.

Harvest Lark Company has had the privilege of working with the Kansas Wheat Commission in the past. We produced 20,000 cereal bars, made from Kansas Wheat, on behalf of the wheat farmers from our state, represented by the Kansas Wheat Commission, sending bars to sustain relief efforts in hurricane Katrina areas. This worthwhile project was one our state's farmers could take pride in.

On another occasion our company produced 25,000 bars for a statewide Harvest Campaign that placed delicious, nutritious, whole grain wheat bars back into the hands of the harvest crews and farmers of Kansas. This Kansas Wheat Commission project helped our company establish connections with communities in Kansas, as well as promote healthy wheat snacks made from Kansas grain farms.

In the future, we hope to see the Kansas Association of Wheat Growers and the Kansas Wheat Commission continue areas of research in the food industry, as well as consumer education. Research is very important to small food manufacturers who have limited resources for funding private research. Research enables manufacturers to create and promote new products with improved consumer health benefits. Healthy food and consumer education will continue to be of great importance as our nation struggles with healthy food habits. Kansas wheat producers, as leaders, must be prepared to offer knowledge about wheat to consumers. We look to these important associations for this type of research and education.

Harvest Lark Company, 3014 Quail Road, Chapman, KS 67431
T 785.210.1112 F 785.210.1113 harvestlark.com

HS Ag & Nat'l. Resources
1-30-08
Attachment 15

Therefore, Harvest Lark Company supports this endeavor to raise the assessment authority from the current 10 mills (1 cent) to 20 mills (2 cents). With approved legislative authority, Kansas Wheat will be able to enhance the competitiveness of wheat by facilitating the development and adoption of innovation for wheat producers and meet the challenges of the future.

Respectfully,

Cheryl A. Zumbrunn

Cheryl A. Zumbrunn, President
Harvest Lark Company
Chapman, KS 67431