

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 February 7, 2008, in Room 783 of the DSOB.

All members were present except:

Representative John Grange- excused
Representative Carl Holmes- excused
Representative Tom Moxley- excused
Representative Jerry Williams- 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:

Dr. Patrick Cunningham, Chief Scientific Advisor to the Irish Government
Tracy Streeter, Director, Kansas Water Office

Others attending:

See attached list.

Informational Report on DNA Animal Testing

Dr. Cunningham, Chief Scientific Advisor to the Irish Government and Professor of Animal Genetics in Trinity College, University of Dublin, Ireland, provided detailed information on IdentiGEN's DNA TraceBack (TM) program ([Attachment 1](#)). IdentiGEN North American has offices in Lawrence, Kansas to encourage use of the program in agricultural areas in the Midwest. The program is a tool developed following the mad cow scare in England. He said the tool can be used in the worldwide agriculture community to build consumer confidence in the purity of agricultural beef. IdentiGEN was co-founded by Dr. Cunningham with the purpose of substantiating claims traceable to the point of an animal's origin.

Dr. Cunningham commented on the Rural Development Program in Ireland stating the priorities: improving competitiveness in the agriculture sector; improving the environment by support of land management; and improving the quality of life in the rural area by encouraging diversification of economic activity. He said seventy-nine percent of the agricultural area in Ireland is devoted to grass, eleven percent to rough grazing, seven percent to cereals and three percent to other crops, such as potatoes and sugar beets.

Two additional pieces of information explaining IdentiGEN in more detail are included as ([Attachments 2 and 3](#)). A biography of Dr. Cunningham is included as ([Attachment 4](#)).

The Chairman called for bill introductions. Representative Feuerborn requested a bill be drafted related to agricultural and farm trucks hauling lime; other vehicles hauling fertilizer. Representative Joshua Svaty requested a bill to clarify the issue of wine clubs. Representative Clay Aurand requested a bill regarding the deer population in Kansas. There being no objections, the bills will be introduced.

Staff Raney Gilliland briefed the Committee on **SB 89 - Republican River, dispensing of litigation funds**. He reminded the members of previous discussion during the 2007 Legislative session saying the procedure for distribution of moneys recovered from any settlement or judgment related to the Republican River. He said the first distribution of money is deposited in the State Water Litigation Fund. Five percent of the remaining moneys is given to the Republican River Compact Compliance Fund. Following this distribution, the final distribution is credited to the Republican River Water Conservation Project Fund; one-third of that amount is for projects in the Upper Republican River Basin, and two-thirds to the Lower Republican River Basin. The bill addresses specific types of appropriate water projects and clarifies the language to enforce compliance.

CONTINUATION SHEET

MINUTES OF THE House Agriculture and Natural Resources Committee at 3:30 P.M. on February 7, 2008, in Room 783 of the DSOB.

Tracy Streeter, Director, Kansas Water Office, provided information from the Attorney General regarding the distribution of funds from the Interstate Water Litigation Reserve Fund/Account (Attachments 5 and 6). In answer to a question, Mr. Streeter said that \$20.1 million was spent for legal services and consultation with a firm in New Mexico, and there is an uncommitted balance of \$17.2 million.

The Chairman called for motion on **SB 89 - Republican River, dispensing of litigation funds.** Representative Aurand made a motion to apportion any moneys received as follows: Colorado funds will be credited at two-thirds, and one-third credited to the State Water Plan; Nebraska funds will be credited two-thirds to the Lower Republican River and one-third to the Upper Republican.

Representative Svaty seconded the motion. Discussion ensued and both the motion and second was withdrawn.

Representative Aurand made a new motion concerning money from Colorado - two-thirds allocated to the Upper Republican River and one-third to the State Water Plan. Representative Powell seconded the motion.

After some discussion, Representative Powell requested a substitute motion to have both the Colorado on the Upper Republican and Nebraska on the Lower Republican be treated the same as the Kansas-Colorado Water settlement which is, two-thirds of the money for water conservation projects in the affected area, and one-third in the State Water Plan Fund.

Representative Flora made a motion to table the bill until Monday, February 11, 2008. Representative Knox seconded the motion. The motion passed.

The Chairman made announcements regarding Committee meetings scheduled for next week. The meeting was adjourned at 4:50 p.m. The next meeting is scheduled for Monday, February 11, 2008, at 3:30 p.m.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 7, 2008

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| Pat Lehman | GMD-4 |
| WAYNE BOSSERT | GMD4 COLBY |
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HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 7, 2008

| NAME | REPRESENTING |
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| George Teagarden | KAHD |
| Dwain Simpson | KGFA |
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Testimony by Dr. Patrick Cunningham, Chief Scientific Adviser to the Irish Government and Professor at Trinity College, Dublin.

Dr. Cunningham is also co-founder and Chairman of IdentiGEN Ltd., which includes IdentiGEN North American, based in Lawrence, Kansas.

Kansas House Agriculture and Natural Resources Committee
February 7, 2008

“International Technology Transfer Helps Create New Opportunities for Rural Communities”

The days of producing commodity agricultural products are over. The future for farmers around the world lies in adding value through improved product quality and reliability, and in communicating this to the grocery consumer through trustworthy consumer labeling.

This is a real change in focus for the agriculture community. They are used to producing products, delivering them to the packer or processor, and not thinking much about the end user.

But, by becoming more sophisticated about the marketplace and connecting with the end-consumer, farmers and ranchers are finding increased economic opportunity.

We believe that IdentiGEN's DNA TraceBack® program, which was originally developed following the mad cow scare in England, is a tool that the worldwide agriculture community can use to build a brand that has integrity and that inspires consumer confidence.

In Europe, our technology helped to restore trust in the beef industry, which had basically evaporated in a matter of days. Now, Irish grocers place the DNA TraceBack® seal directly on meat packages to substantiate claims, such as, traceable to 'animal of origin'.

Grocers also did outreach with consumers in television commercials, print advertisements and in-store signage that educated the consumer about TraceBack® – a technology that proved it was safe to eat beef again.

IdentiGEN's DNA TraceBack® seal is just one example of how information can be added to a food product to give it greater value to the consumer, and to create greater economic opportunities for rural people.

On this note, I thought you might like to hear more about what's happening in rural communities in Ireland, many of which are embracing new opportunities, partly as a result of an economic development program – formally known as Rural Development Programme, Ireland.

The program for Ireland sets three main priorities:

- Improving the competitiveness of the agriculture sector.
- Improving the environment and the countryside by support for land management.
- Improving the quality of life in rural areas and encouraging diversification of economic activity.

The first two priorities are directed primarily at the agricultural sector. But, realizing that agriculture is not the only contributor to rural development, there are also initiatives to improve the lives of the 40 percent of the Irish population that consider themselves rural dwellers, with no real connection to farming.

Ireland Statistics

Ireland's total land area encompasses approximately 6.9 million hectares, of which 4.3 million hectares, or 62 per cent, are used for agriculture and approximately 710,000 hectares for forestry - about 10 per cent of total land.

Seventy nine per cent of agricultural area is devoted to grass, 11 per cent to rough grazing, 7 per cent to cereals and 3 per cent to other crops (potatoes, sugar beet etc).

Looking to the future

For the agri-food sector, Ireland's overall objective is to develop a competitive, consumer-focused sector that contributes to a vibrant rural economy.

IdentiGEN's technology has been a big part of this effort, especially in Irish agriculture's focus on the requirements of the consumer at every stage of the value chain, to ensure the highest standards of food safety.

Other goals of the program include:

- Continue, and accelerate, the process of structural change at farm and processor level to achieve the most competitive structures possible.
- Ensure that the knowledge base and technical skills of the sector are developed to place it in a world-leading position. *IdentiGEN fits in here, too.*
- Match the above capabilities with an entrepreneurial focus on exploiting market opportunities.

Ireland's vision for the agriculture sector is based on a well-founded belief that the sector can compete with the best in the world when that objective is pursued with sufficient focus, determination and skill. IdentiGEN is proud to be involved in making this vision a reality.

IdentiGEN

For Immediate Release

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IdentiGEN's DNA TraceBack® Receives USDA Process Verified Program Approval

World's First DNA-based Meat Traceability System Introduced in U.S.

LAWRENCE, Kan., U.S., and DUBLIN, Ireland, Nov. 5, 2007 – IdentiGEN's DNA TraceBack® system, a proprietary meat identification and traceability system based on DNA analysis, has been approved by the United States Department of Agriculture's (USDA) Agricultural Marketing Service as a Process Verified Program (PVP). The DNA TraceBack system enables retailers, meat producers, meat processors and food-service outlets to respond to the growing consumer demand, both domestically and in export markets, for more information about where and how their meat is produced.

IdentiGEN is a leading global provider of DNA-based identification and verification solutions for enhancing food safety and building consumer confidence in the food and agriculture industries. DNA TraceBack utilizes DNA identification technology -- in a manner akin to that used for forensic investigations -- to identify and trace the source of meat products through the entire supply chain.

The DNA TraceBack system uses IdentiGEN's proprietary ID-GENerator™ technology to create large numbers of unique DNA profiles at a cost of pennies per pound. Its implementation requires few modifications to current handling and processing procedures for fresh beef and pork.

“Considering that DNA TraceBack is just being introduced in the North American market, designation as a PVP is a significant milestone for IdentiGEN,” said Donald R. Marvin, president and CEO of IdentiGEN North America. “This vote of confidence from the USDA in our DNA TraceBack system will help gain acceptance of the program among grocery retailers, and ultimately, consumers.”

IdentiGEN's DNA TraceBack system was approved as a PVP after an extensive review and on-site audit of IdentiGEN's documented quality-management system by USDA auditors. PVP designation signifies that the USDA has verified IdentiGEN's DNA TraceBack system as a consistently reliable program in which meat processors, meat producers, retailers and consumers can have confidence.

The USDA Process Verified Program is based on the International Organization for Standardization's ISO 9000 series standards for documented quality management systems. There are currently 36 approved USDA Process Verified Programs. Additional information can be found at <http://processverified.usda.gov/>.

Though its process has been adopted by leading international grocery retailers, including Tesco and Superquinn in Ireland, IdentiGEN is a relative newcomer to the North American scene. Last May, IdentiGEN established its North American headquarters and high-technology laboratory for DNA analysis in Lawrence, Kan.

"We intend to make IdentiGEN a global company of consequence, and the USDA approval of our DNA TraceBack system marks a significant accomplishment towards this goal," said Patrick Cunningham, Ph.D., chairman of IdentiGEN Ltd.

IdentiGEN was founded in 1996 by a group of geneticists from Ireland's Trinity College, who developed a unique system that utilizes DNA analysis to support marketing of branded meat, verify country of origin and validate marketing claims and product attributes. DNA TraceBack can also be a major competitive positioning and risk-management tool for retailers, because it supports seamless and fast traceability in the event of a product recall.

About IdentiGEN

IdentiGEN Ltd., with its North American subsidiary IdentiGEN, Inc., is a privately-held venture-backed company, and a leading provider of DNA-based solutions to the agriculture and food industries. The company was founded as a spin-out from the Institute of Genetics, Trinity College, where the company's core area of expertise -- genetic identification -- was developed and is now being deployed in a variety of ways to enhance consumer confidence in the safety and quality of food products. Through IdentiGEN's DNA-based TraceBack® system, retailers, meat processors, producers and local governments, for the first time, have the tools to unequivocally trace the identity of meat back to its source. IdentiGEN is also a major provider of BSE (or "mad cow disease") and GMO (or genetically-modified organism) testing services in Europe. Additional information about IdentiGEN can be found at <http://www.identigen.com>.

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IdentiGEN

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IDENTIGEN OPENS NORTH AMERICAN LABORATORY FOR WORLD'S FIRST DNA-BASED MEAT TRACEABILITY SYSTEM

--IdentiGEN's DNA TraceBack™ Enables Identification and Verification of the Source of Beef and Pork from Farm to Consumer--

-- DNA Analysis for TraceBack System Now Being Transitioned to the New, High-Tech Kansas Facility--

Lawrence, KS– May 30, 2007 – IdentiGEN, a leading provider of DNA-based solutions to the agriculture and food industries, today announced the official opening of its North American laboratories and facilities in Kansas in the heart of America's meat industry. The new, state-of-the-art labs will initially focus on DNA analysis for the global TraceBack™ program, IdentiGEN's proprietary meat traceability system. The Kansas facility will also be the launching point for commercialization of DNA TraceBack in North America.

"Comprehensive meat identification programs like IdentiGEN's DNA traceability system are important to our food exports, to our domestic food production and to help assure consumers of food quality and safety," said Kansas Secretary of Agriculture Adrian Polansky, who will attend the official opening. "Kansas is a business-friendly state with more than \$9 billion in annual agricultural sales. We also are a leader in red meat production, so we believe it was a natural choice for IdentiGEN to locate its North American laboratories here. We welcome them and wish them success in their efforts to support our cattle and hog industries."

DNA TraceBack is the only system that assures both quality and safety of beef and pork by guaranteeing the source of meat products throughout the entire chain of production--from the animal of origin up through the producer, meat packer, food retailer and right to the consumer's plate. It utilizes DNA identification similar to the use of DNA for high-tech forensic investigations in humans. For TraceBack a tiny meat sample is taken from each animal at the time of slaughter and the DNA is profiled. At the retailer, a second sample is systematically taken from cuts of meat. Both sets of samples can then be compared to verify the origin of the meat and its production history. The TraceBack system is practical and cost effective, requiring few changes in current handling or processing procedures, and it has been successfully commercialized in Ireland and other countries in Europe since 2000.

"The ability of our DNA TraceBack system to identify the exact source of meat products and trace them through the entire supply chain provides important potential benefits for consumers, while it also enables processors and retailers to ensure the precise identity of the products they

deliver,” said Donald R. Marvin, president and chief executive officer of IdentiGEN in North America. “Moreover, given the science behind our system and its innate simplicity, we can achieve these results at a price point that makes TraceBack feasible and affordable.”

In Europe, consumers have already demonstrated their preference for TraceBack-guaranteed and branded beef and pork. In Ireland where IdentiGEN was started, TraceBack verifies the origin of the beef sold by leading supermarket chains including Tesco, the third largest retailer in the world and the largest in Ireland. Tesco has launched an advertising campaign featuring the DNA TraceBack logo saying it allows Tesco to “independently guarantee... the quality and safety of the Tesco Irish beef sold to customers.”

“The opening of our North American operations sets a new stage of growth for the company and opens new possibilities for the industry,” said Patrick Cunningham, Ph.D., chairman of IdentiGEN and chief science advisor to the government of Ireland. “Consumers have demonstrated a willingness to pay a premium for guaranteed quality and safety, and we are uniquely positioned to provide that assurance at an affordable price point.”

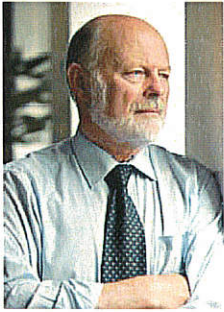
With its North American facility now fully on-line, DNA analysis from IdentiGEN’s worldwide TraceBack customers is being transitioned to the company’s state-of-the art laboratories in Lawrence, Kansas. This facility is also the launching point for the commercialization of the DNA TraceBack system in the United States and Canada.

An open house and ribbon cutting ceremony, along with a demonstration of TraceBack’s capabilities is scheduled for 11:30 am, Wednesday, May 30th in Lawrence, Kansas. Interested members of the media are invited to attend.

About IdentiGEN

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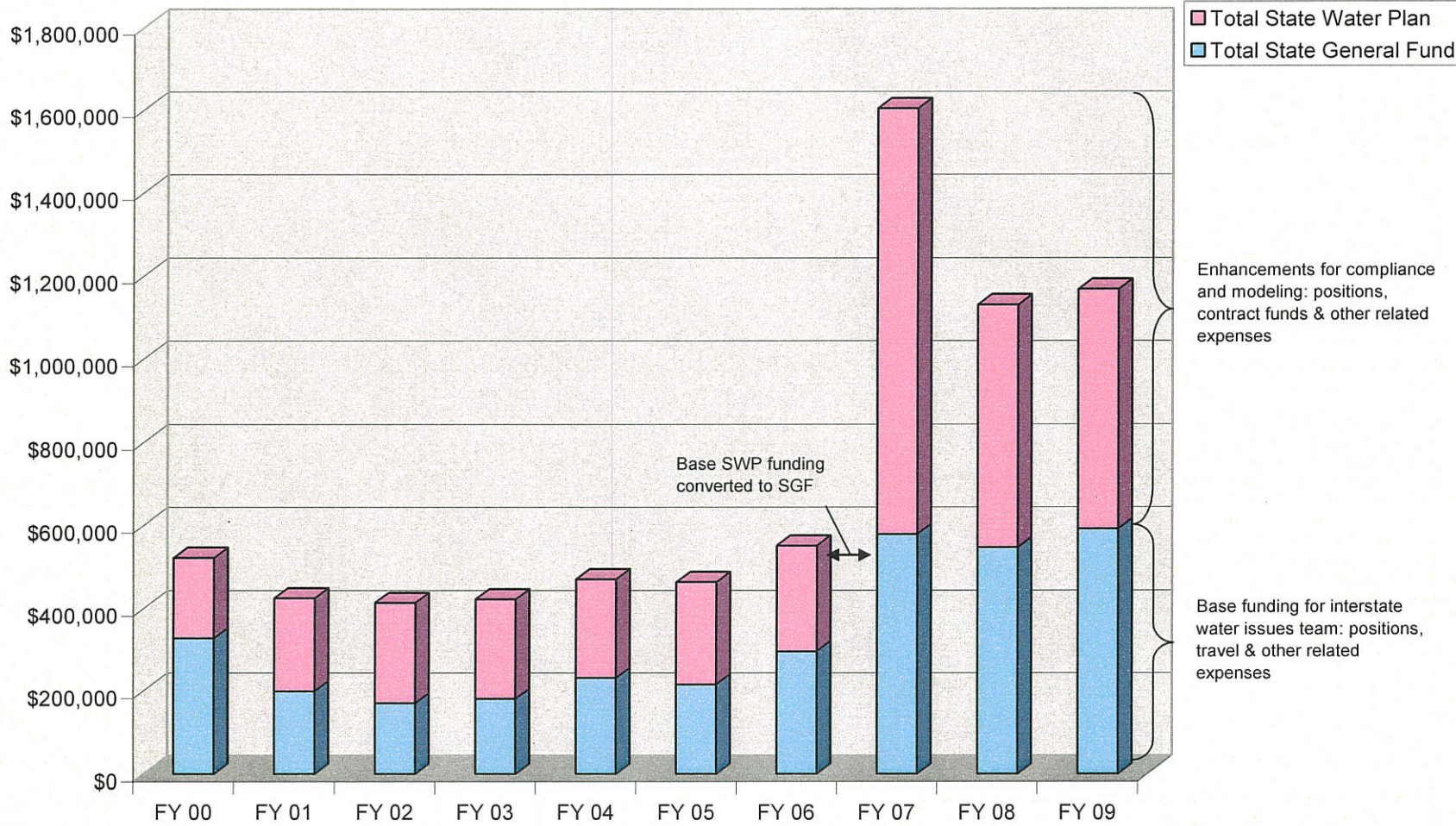
Prof. Patrick Cunningham



Patrick Cunningham is Chief Scientific Adviser to the Irish Government and Professor of Animal Genetics in Trinity College, University of Dublin. He was formerly Deputy Director (Research) in the Irish National Agriculture and Food Research Institute (1980 - 1988), visiting Professor at the Economic Development Institute, World Bank (1988) and Director of the Animal Production and Health Division, Food & Agriculture Organisation of the UN, Rome (1990 - 93). He has published extensively on the genetics of domesticated animals. He is co-founder and Chairman of the biotechnology company Identigen. He has been President of the European and World Associations of Animal Production, and served on the European Life Sciences Group which advised Commissioner Busquin.

Website: www.chiefscientificadviser.ie

Kansas Department of Agriculture / Division of Water Resources Interstate Compact Compliance & Enforcement Budgetary History



2/6/08

Interstate Water Litigation Reserve Fund/Account Attorney General Office

- 2005 Legislative Session; HB2482 Appropriated \$20,173,363 from the Interstate Water Litigation **Fund** in the Attorney General's Office to the Interstate Water Reserve Litigation **Account** of the State General Fund in accordance with K.S.A. 82a-1801 et seq.
- May 24, 2005, Attorney General expended \$722,107.59 from the Interstate Water Litigation Fund for Attorney Fees and Experts (comprised of 16 vouchers)
- 2006 Legislative Session; SB480 Appropriated \$560,000 from the Interstate Water Litigation Reserve Account (w/in SGF) to the Attorney General for Fiscal Year 2007 for Interstate Water Rights.
- 2007 Legislative Session; SB357 Appropriated \$1,560,000 from the Interstate Water Litigation Reserve Account (w/in SGF) to the Attorney General for Fiscal Year 2008.
- Interstate Water Litigation Reserve Account (w/in SGF) contains an uncommitted balance of \$17,246,501.41
- February 1, 2008, Attorney General's Office has an Encumbered balance of \$1,816,453.38 within their Interstate Water Litigation Reserve Fund.