

Approved: 2-19-08
Date

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on January 30, 2008 in Room 423-S of the Capitol.

All members were present except:
Derek Schmidt- excused

Committee staff present:
Raney Gilliland, Kansas Legislative Research Department
Emalene Correll, Kansas Legislative Research Department
Jason Thompson, Office of Revisor of Statutes
Matt Todd, Office of Revisor of Statutes
Judy Seitz, Committee Assistant

Conferees appearing before the Committee:
Carole Jordan, Division Director of Agriculture Marketing and Community Development, Kansas Department of Commerce
Sarah Larison, Domestic Marketing Specialist, Agriculture Marketing, Kansas Department of Commerce
Becki Rhoades, International Marketing Specialist, Agriculture Marketing, Kansas Department of Commerce

Others attending:
See attached list.

Erik Wisner, Policy Analyst, Kansas Department of Agriculture (KDA) , requested the introduction of a bill on behalf of the KDA dealing with food safety. In 2004 many of the food safety inspection functions were transferred from the Kansas Department of Health and Environment (KDHE) to the KDA with the passage of **SB 296** and ERO 32. Currently the KDA may be prohibited from implementing any new rules and regulations and from issuing certain types of renewals. The proposed bill would address food service establishments that are in a food processing facility. It would also allow the KDA to issue a single combined license for facilities that have both food service and retail. Another component of the bill would allow the KDA to issue certificates of free sale for food processing facilities so they could sell their products to foreign markets.

Senator Huelskamp moved the introduction of the food safety bill, seconded by Senator Pine. Motion passed.

Mr. Wisner took questions from staff.

Chairman Taddiken called on Carole Jordan, Division Director of Agriculture Marketing and Community Development, Kansas Department of Commerce, to continue their report from January 23, 2008.

Ms. Jordan reported that the Office of Rural Opportunity (ORO) opened on Monday, January 28 in Sterling (Attachment 1). The ORO was created by the 2007 Kansas Legislature to be a contact point for rural communities to develop strategic plans to attract business, workers and investment.

Sarah Larison, Domestic Marketing Specialist, Agriculture Marketing, Kansas Department of Commerce, reported on activities to promote the grape and wine industry. Sales of wine increased from \$510,00 in 2001 to \$1.5 million in 2006. A printed report of the Kansas Grape and Wine Industry Advisory Council was distributed to the Committee (Attachment 2).

Ms Larison offered to take questions.

Becki Rhoades, International Marketing Specialist, Kansas Department of Commerce reviewed the FY 2008 funding for the Economic Development Initiative Fund (EDIF) and the market development fund.

Ms. Jordan answered questions from the Committee.

The meeting adjourned.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: January 30, 2008

NAME	REPRESENTING
Carole Jordan	KDOC
Erik Wisner	KDA
Becki Rhoades	KS Dept. of Commerce
Sarah Lanison	KDOC
Joe Montegun	DOA
Katelyn Utgen	KBIA
Dana Peterson	KAWGT
Gabrielle Huckaby	Sen Dennis Pyle
SEAN MILER	CAPITOL STRATEGISTS
Shandra Braden	GBBA
JEFF CONWAY	KDOC _{ommerce}

Testimony to the Senate Agriculture Committee

by

Kansas Department of Commerce Agriculture Marketing Program Staff

January 30, 2008

Chairman Taddiken and members of the committee:

- Introductions—Carole Jordan, director, agriculture marketing and community development, Kansas Department of Commerce
- First Office of Rural Opportunity Opens—Carole Jordan
- Attachment—News Release on Office of Rural Opportunity/map of regions
- Grape and Wine Promotional Activities—Sarah Larison
- Explanation of Program Funding—Becki Rhoades
- Attachment—2008 funding for ag marketing programs
- Attachment—Organization charts for agriculture marketing and community development
- Kansas Rural Business Development Tax Credit Regional Foundations

The Kansas Economic Growth Act of 2004 established regional foundations for the purpose of assisting rural areas in job creation/retention, business support services, regional leadership development and technology improvements. Regional foundations provide equal access to their services in all counties within the designated region.

Regional foundations for the southwest, south central, southeast, northeast, northwest, north central and east central regions have received authorized tax credits to raise capital for rural economic development.

There also are more than 20 community foundations in the state that work as tax-exempt public charities to manage charitable funds to help their towns and regions.

- Attachment—List of regional foundations and contact information

AGRICULTURE MARKETING

1000 S.W. Jackson St., Suite 100; Topeka, KS 66612-1354 • (785) 296-3737 • Fax: (785) 296-3776

TTY: (785) 296-3487 • E-mail: agprod@kansascommerce.com

*Senate Agriculture
Committee
1-30-08
Attachment 1*

1000 S.W. Jackson St., Suite 100
Topeka, KS 66612-1354
KansasCommerce.com

January 28, 2008
Contact: Joe Monaco (785) 231-7763

EMBARGOED UNTIL 1:30 P.M.

Kansas Department of Commerce unveils Office of Rural Opportunity *New entity to focus on rural community development*

Kansas Department of Commerce Secretary David Kerr today unveiled the Office of Rural Opportunity, a new entity designed to spur rural community development in Kansas, at a ribbon-cutting ceremony at Sterling College.

The Secretary was joined by officials from Sterling College, which has volunteered office space, faculty assistance and other resources to the new entity. Also in attendance were representatives from the Kansas Small Business Development Center, Kansas Department of Agriculture and Network Kansas, all of which will partner with the Office of Rural Opportunity to provide comprehensive assistance to rural Kansas communities.

“This is a big step toward better supporting community development in rural Kansas,” said Secretary Kerr. “Rural Kansas faces a unique set of challenges, and the Office of Rural Opportunity will help us address those challenges and keep our communities strong. As a native of a small Kansas community, I’m personally invested in the revitalization of rural Kansas and will continue to make it a Department of Commerce priority.”

Created by the 2007 Kansas Legislature, the Office of Rural Opportunity is designed to be a contact point for rural communities to develop strategic plans to attract businesses, workers and investment. The Office will be aligned with longstanding community and economic development programs within the Department of Commerce and its partner organizations to create a synergistic, streamlined approach to rural improvement.

The ORO is currently operating solely out of Sterling College but will soon include offices at Colby Community College, Neosho County Community College and a soon-to-be-determined location in southwest Kansas, with a regional representative assigned to each location. The colleges have all volunteered office space and other resources to the new entity, which has kept start-up costs to a minimum.

“We’re beyond grateful to Sterling College and the community colleges that are donating facilities and resources to the Office of Rural Opportunity,” Secretary Kerr said. “It’s a win-win for everyone.”

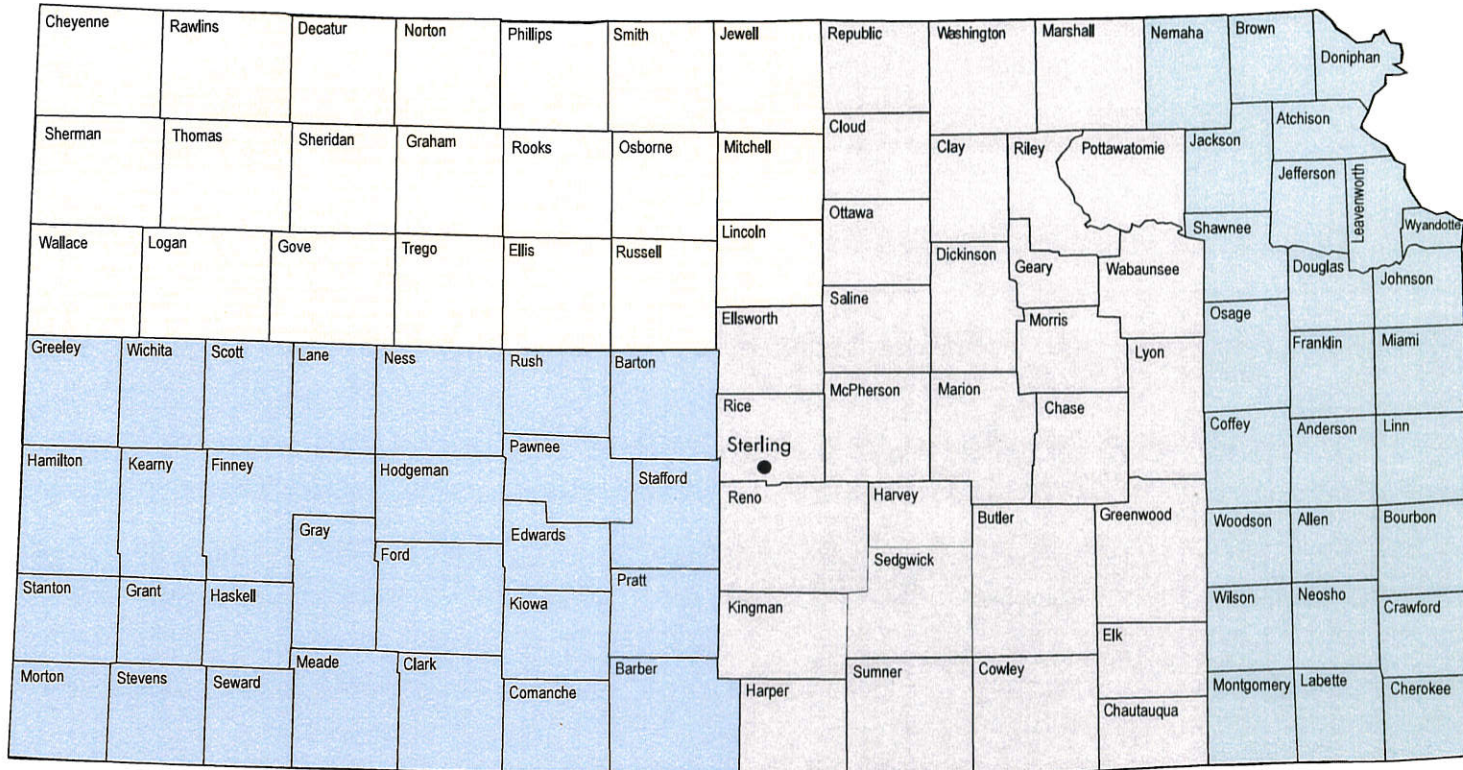
So far, only the Office’s Sterling site – which will also be called the Central Region location – has been staffed. Renee Lippincott was announced as the Central Region representative in November.

The creation of an Office of Rural Opportunity was suggested by Governor Kathleen Sebelius’ Rural Life Task Force in 2006. The Governor endorsed the plan as part of her 2007 Rural Initiative, which also included enhancements to the Kansas Main Street Program and Kansas Small Business Development Center and funding to create the Small Community Improvement Program and the Community Capacity Building Grant. Legislators approved the proposals during the 2007 session.

###

Office of Rural Opportunity Regions

1-3



- Northwest Kansas
- Central Kansas
- Eastern Kansas
- Southwest Kansas



Renee L. Lippincott
Office of Rural Opportunity Representative
Kansas Department of Commerce
125 W. Cooper Ave.
Sterling, KS 67579
(620) 204-0855
KansasCommerce.com



FY 2008 Ag Funding

Ag EDIF Allocation

Agriculture Value Added Center	\$300,000
Capital Outlay	\$5,500
Commodities	\$16,400
Contractual Services	\$131,995
Salaries	\$380,326
State Special Grants	\$96,880
<i>Subtotal</i>	<i>\$931,101</i>

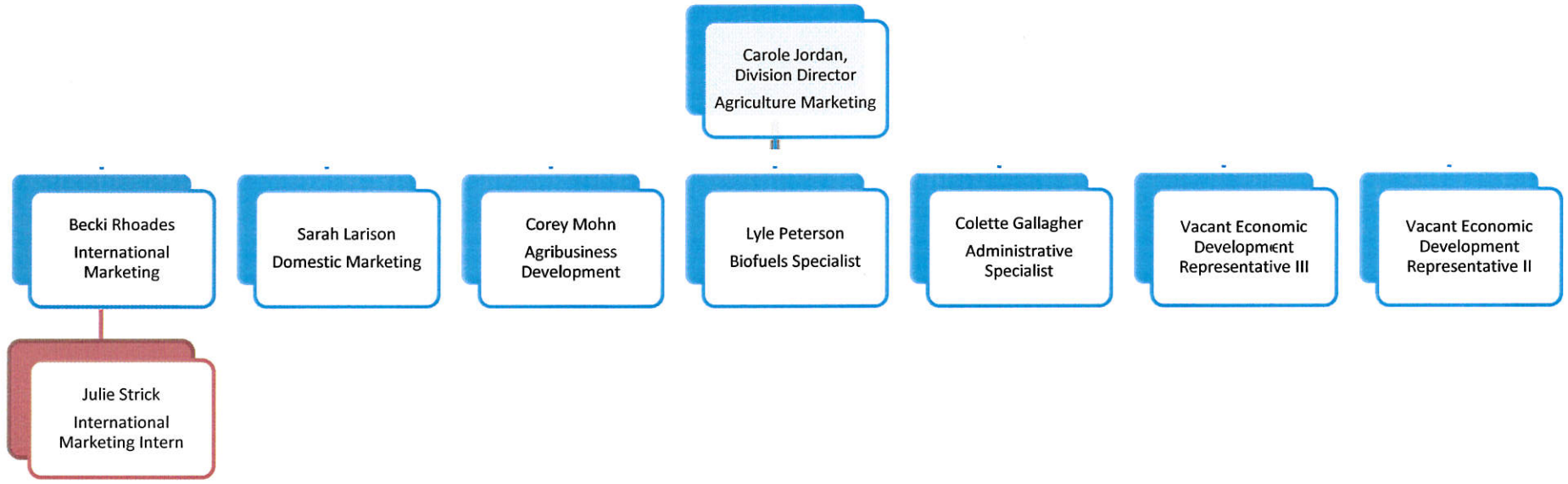
Ag Market Development Fund

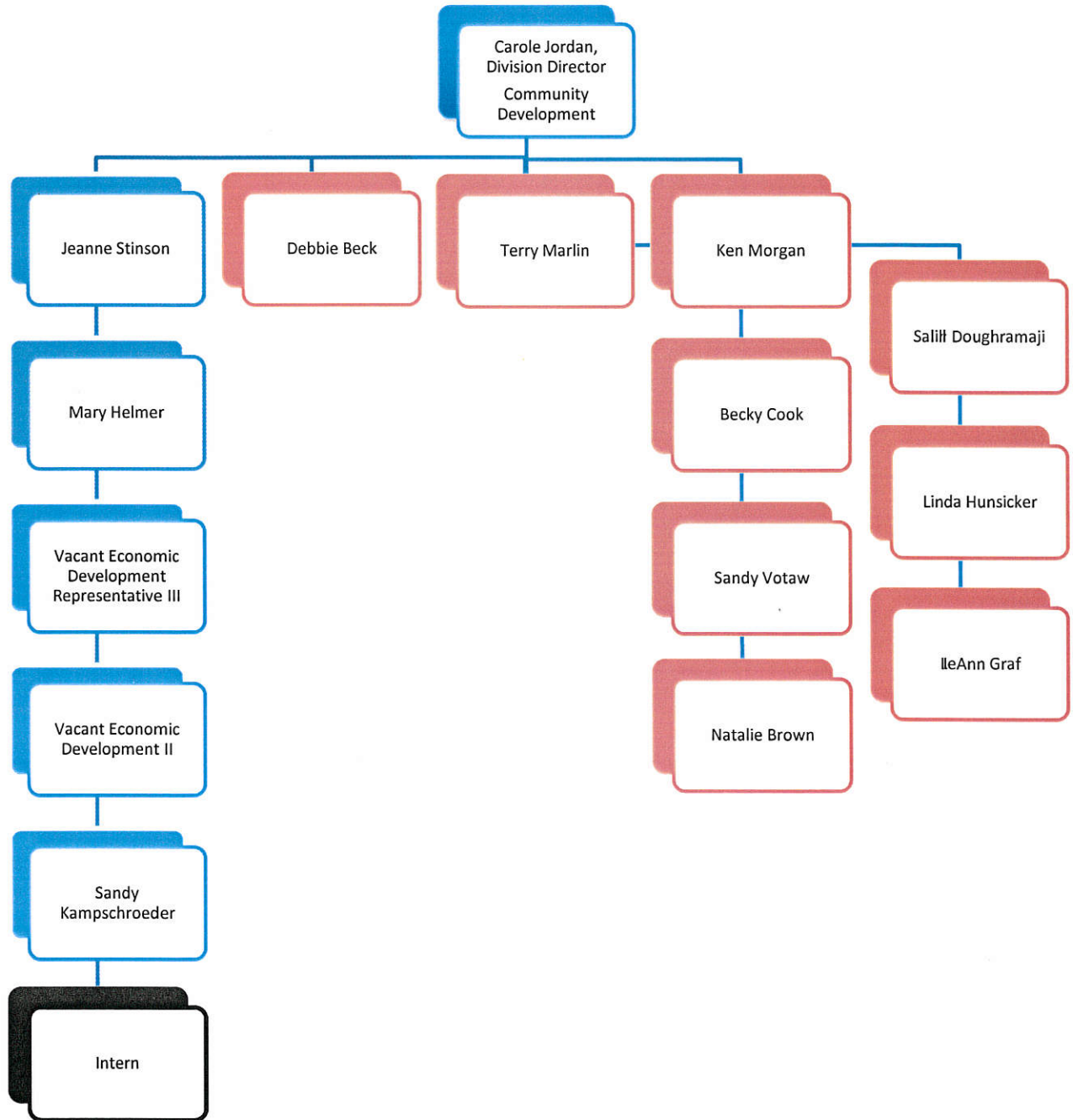
Agriculture Value Added Center	
Agritourism Loans	\$250,000
Diversified Agriculture Loans	\$300,000
Traditional Value Added Loans	\$200,000
State Special Grants	
Agritourism Scholarships	\$25,000
Business Enhancement Grants	\$30,000
<i>Subtotal</i>	<i>\$805,000</i>

Other Ag Division Funds

Conference Registration/Disbursement Fund	\$5,000
FSMIP Rollover	\$14,000
Reimbursement/Recovery Fund	\$10,000
Trademark Fund	\$6,500
<i>Subtotal</i>	<i>\$35,500</i>

TOTAL **\$1,771,601**





Kansas Rural Business Development Tax Credit Regional Foundations

East Central Kansas Rural Development
Tom Weigand, President/CEO
P.O. Box 580
Ottawa, Kansas 66067-0580
(785) 242-1000

Glacial Hills Resource Conservation and Development Region Inc.
Gary Satter, Coordinator
318 Broadway
Valley Falls, Kansas 66088-1302
(785) 945-6292

Great Plains Development, Inc.
Patty Richardson, Director
P.O. Box 1116
Dodge City, Kansas 67801
(620) 227-6406

North Central Regional Planning Commission
John Cyr, Executive Director
P.O. Box 565
Beloit, Kansas 67420
(785) 738-2218

Northwest Kansas Planning and Development Commission
Randall Hrabe, Executive Director
P.O. Box 248
Hill City, Kansas 67642-0248
(785) 421-3488

South Central Kansas Economic Development District
Bill Bolin, Executive Director
209 East William, Suite 300
Wichita, Kansas 67202-4012
(316) 262-7035

Southeast Kansas, Inc.
Kathy Swezey, Executive Director
P.O. Box 175
Cherokee, Kansas 66724
(620) 249-5606

Kansas Farm Wine Industry

- Currently there are 18 licensed farm wineries in Kansas, with an additional 6 retail outlets, marketing grape and fruit wines
- According to the 2006 Kansas Horticulture Survey (released May 2007), there are 320 acres of grapes grown in Kansas, up from 147 acres in 2000
 - Sales of grapes and wine have increased from \$510,000 in 2000 to \$1,500,000 in 2006
- Kansas Grape and Wine Advisory Council
- www.winesofkansas.com and new wine industry logo unveiled in 2006

Kansas Farm Wine, cont'd.

State Fair Initiative

– Kansas Agriculture Products Pavilion

- Opened in September 2007
 - Wine Garden, managed by Kansas Wine and Beer Garden, LLC, featuring Kansas wines, beers and complementary food products
 - *From the Land of Kansas* display
 - Kansas Grape and Wine Industry display
 - Agritourism display
 - Kansas Travel and Tourism display
 - Farmers' Markets display
 - People's Choice Wine Judging
 - » Eight Kansas Wineries were given 12 awards
 - 4th Annual Grape Stomp (at separate venue)

**Cooperative effort with the Kansas Department of Agriculture*

**Report of the Kansas Grape and Wine Industry Advisory Council
to
the Senate Agriculture Committee**

January 30, 2008

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

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

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

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

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

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

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

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

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

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

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

Our industry is a growing and important part of agriculture, agribusiness and tourism in Kansas. We thank you for your support in the past and for allowing us to present an update on our industry.