

Approved: 3-4-08  
Date

## MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on February 5, 2008 in Room 423-S of the Capitol.

All members were present except:

Tim Huelskamp- absent  
Steve Morris- 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:

Sarah Larison, Domestic Marketing Specialist, Agriculture Marketing Division, Kansas  
Department of Commerce  
Lance Russell, Chairman, Kansas Sunflower Commission

Others attending:

See attached list.

Sarah Larison, Domestic Marketing Specialist, Agriculture Marketing Division, Kansas Department of Commerce, reported on the Kansas Grape and Wine Industry Advisory Council ([Attachment 1](#)). Norm Jennings, Chairman, Kansas Grape and Wine Industry Advisory Council, was unable to attend due to a funeral.

The Kansas Grape and Wine Industry Advisory Council is a statutory body which began meeting in the summer of 2004. 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 experienced in publicity. Sales of Kansas wine have grown from \$510,000 in 2000 to \$1.5 million in value in 2006, which is a 294 percent increase in six years. In addition to the legislative initiatives, the Council has partnered with the Kansas Department of Agriculture to promote Kansas wine.

Ms. Larison also said there would be proposed legislation introduced which would allow a temporary permit holder at the Kansas State Fair to be able to buy directly from wineries. Other proposed legislation would allow full bottle sales at the State Fair and also to allow wineries to ship directly to Kansas wine club members.

Ms. Larison took questions from the Committee.

Lance Russell, Chairman, Kansas Sunflower Commission, reviewed the 2007 Annual Report of the Kansas Sunflower Commission ([Attachment 2](#)). The Commission conducts a campaign of sunflower promotion and market development through research, education and information. Mr. Russell reviewed the financial statement ([Attachment 3](#)). He also reviewed the funded K-State research and activities to promote the marketing sunflower products. The Council is also planning to hire a person to promote the sunflower industry.

Mr. Russell stood for questions.

Senator Francisco brought a "green the capitol mug" which is made from 100 percent U.S. corn plastic to show the Committee.

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture Committee at 8:30 a.m. on February 5, 2008 in Room 423-S of the Capitol.

Senator Pine moved the introduction of a bill which would allow water districts and distribution districts to go twenty (20) miles beyond their district, but these districts would not be able to use condemnation proceedings in order to position the water supply; seconded by Senator Schmidt. Motion carried.

Senator Schmidt moved the introduction of a bill which would complete the food safety consolidation by moving the restaurant inspection and related lodging inspection from the Kansas Department of Health and Environment to the Kansas Department of Agriculture. Seconded by Senator Bruce. Motion carried.

Meeting adjourned.

# SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 5, 2008

NAME	REPRESENTING
Sarah Lanson	KDOC
JEAN MILICE	CAPITOL STRATEGIES
Lance Russell	Ks Sunflower Commission
LISC <del>Payton</del>	Kansas Dept of Agriculture
Erik Wisner	KDA
Emily Qin	Hein Law Firm
Phil BRADLEY	KLBA
Gabrielle Hackaby	Sen Dennis Pyle
Hannah Kapp-Klote	Sen Francisco's Page
Spencer Duncan	Capital Connection LLC
Tull D... ..	Ks wine & spirits wholesaler

**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.

*Senate Agriculture Committee  
2-5-08*

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.

# Kansas Sunflower Commission 2007 Annual Report

## Organization

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

## Commissioners

### District I

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

### District II

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

### District III

Jerry Bolding  
14135 E Meeker Rd  
Garden City, KS 67846

### At Large

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

### Executive Director

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

### District V

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

### District VI

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

### District VII, VIII, IX

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

### At Large

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

Senate Agriculture Committee  
2-5-08

Attachment 2

## USDA Annual Report

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

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

2-2

2007

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

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

2-3



## Income-Exp 06-07

## Banking Summary

9/1/2006 through 8/31/2007

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

**Funded K-State Research****Crop-Weed Competition** \$5,130

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

**IPM Sunflower Project** \$5,000

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

**Kansas State Fair**

Agriland Booth – commissioners and executive director sponsored one day.

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

**Kids Ag Day – Hays, KS**

Approximately 250 children and teachers attended the Sunflower booth.

**Washington DC - 2006**

Commission, John Golden attended

**National Sunflower Association Meeting**

Commissioner, Lance Russell attended

**NSA Research Committee**

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

**Sunflower Grower Meetings – Kansas**

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

**Sunflower Promotion Position**

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

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

**Mill Levy Increase**

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

**Web Site**

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

**KANSAS SUNFLOWER COMMISSION**

Centralia, Kansas

**FINANCIAL STATEMENTS**

**WITH**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

August 31, 2007 and 2006

*Senate Agriculture Committee  
2-5-08*

VARNEY & ASSOCIATES, CPAs, LLC  
Manhattan, Kansas

*Attachment 3*



January 30, 2008

Board of Directors  
Kansas Sunflower Commission  
Centralia, Kansas

### Independent Auditors' Report

We have audited the accompanying statements of assets, liabilities and net assets - cash basis of Kansas Sunflower Commission (a quasi municipal entity) as of August 31, 2007 and 2006, and the related statement of activities - cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets - cash basis of Kansas Sunflower Commission as of August 31, 2007 and 2006, and the changes in its net assets for the year then ended on the basis of accounting described in Note 1.

Certified Public Accountants

KANSAS SUNFLOWER COMMISSION  
 Centralia, Kansas  
 STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS  
 August 31,

**Financial Statements**

	2007	2006
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash in checking	\$ 112,322	\$ 160,670
<b>TOTAL ASSETS</b>	<b>\$ 112,322</b>	<b>\$ 160,670</b>
<b>NET ASSETS</b>		
<b>Net Assets</b>	\$ 112,322	\$ 160,670
<b>TOTAL NET ASSETS</b>	<b>\$ 112,322</b>	<b>\$ 160,670</b>

KANSAS SUNFLOWER COMMISSION  
Centralia, Kansas  
**STATEMENTS OF ACTIVITIES - CASH BASIS**  
For the Years Ended August 31,

**Financial Statements**

	2007	2006
<b>CHANGES IN NET ASSETS</b>		
<b>REVENUE</b>		
Check-off collections	\$ 66,066	\$ 141,659
Refunds	(3,593)	(6,391)
<b>Total Revenue</b>	\$ 62,473	\$ 135,268
 <b>EXPENSES</b>		
Administrative		
Dues	\$ 68,250	\$ 31,800
Commissioner travel	4,553	2,135
Contract labor	24,000	17,220
Office expense	2,040	551
Accounting fees	1,200	1,600
Program		
National Sunflower Association	10,130	13,000
Sponsorships	648	621
<b>Total Expenses</b>	\$ 110,821	\$ 66,927
 <b>INCREASE (DECREASE) IN NET ASSETS</b>	\$ (48,348)	\$ 68,341
 <b>NET ASSETS - BEGINNING</b>	160,670	92,329
 <b>NET ASSETS - ENDING</b>	\$ 112,322	\$ 160,670

KANSAS SUNFLOWER COMMISSION  
Centralia, Kansas  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2007 and 2006

Notes To Financial Statements

**Note 1: Summary of Significant Accounting Policies**

***Organization***

The Kansas Sunflower Commission is organized as an instrumentality of the state to conduct a campaign of sunflower promotion and market development through research, education and information. The Commission receives an assessment that is levied on sunflowers marketed through commercial channels in the State of Kansas. The grower may obtain a refund of the assessment upon proper submission of documentation within one year of sale as long as the refund requested is \$5 or more.

***Method of Accounting***

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

***Income Taxes***

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

***Pension Plan***

There is no formal pension plan.

***Use of Estimates***

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

**Note 2: Deposits**

At August 31, 2007, the carrying amount of the Commission's deposits was \$112,322. The bank balance was \$115,409 and was held by two different banks. The entire bank balance was secured by FDIC insurance.

At August 31, 2006, the carrying amount of the Commission's deposits was \$160,670. The bank balance was \$175,693 and was held by UMB Bank in Kansas City, Missouri. This results in a concentration of credit risk. Of the bank balance, \$100,000 was secured by FDIC insurance and \$75,693 was uninsured.