

Approved: 3-26-08  
Date

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on February 19, 2008 in Room 423-S of the Capitol.

All members were present.

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:

Mary Glassburner, Director of the Bureau of Consumer Health, Kansas Department of Health and Environment  
Dale Goter, Government Relations Manager, City of Wichita  
Daniel Roberts, Director of Operations, LL&G, Inc.

Others attending:

See attached list.

Chairman Taddiken welcomed the Young Stockmen's Academy to the Committee.

The hearing continued on **SB 584—Transfer of food service and lodging duties to department of agriculture.**

Mary Glassburner, Director of the Bureau of Consumer Health, Kansas Department of Health and Environment (KDHE), continued neutral testimony on **SB 584 (Attachment 1)**. She said there have been some great improvements in food safety. Ms. Glassburner said the Lodging Safety and Sanitation Program's goal is to ensure safe and sanitary lodging for visitors to Kansas. The Governor's reorganization allowed KDHE to focus resources and expertise on the businesses with the highest risks.

Ms. Glassburner took questions from the Committee.

Chairman Taddiken noted that the minutes for the January 22, 23, 29 and 30 have been distributed and will be approved later in the meeting.

Copies of a memorandum (Attachment 2) from Erik Wisner, Kansas Department of Agriculture (KDA), were distributed to the Committee answering questions regarding the hearing on **SB 557—Department of agriculture; certificates of free sale; food safety**. Another handout for the Committee was from the KDA on baseline inspection and food safety (Attachment 3). Information on Alternate Energy Incentives from the Kansas Department of Commerce and was requested at the January 23 meeting (Attachment 4).

Written neutral testimony (Attachment 5) on **SB 584** from Ron Hein, Kansas Restaurant and Hospitality Association, was submitted.

Dale Goter, Government Relations Manager, City of Wichita, presented neutral testimony on **SB 584 (Attachment 6)**. Mr. Goter introduced staff members from the City of Wichita: Kay Johnson, Director of Environmental Services and Laura Quick, Food Inspection Supervisor. Mr. Goter stated that the City of Wichita is supportive of the effort to bring greater efficiencies to state government but very concerned that consumer safety be preserved.

Mr. Goter stood for questions.

Ms Johnson answered questions from the Committee.

Daniel Roberts, Director of Operations, LL&G, Inc., spoke in opposition to **SB 584 (Attachment 7)**. He said

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture Committee at 8:30 a.m. on February 19, 2008 in Room 423-S of the Capitol.

the size of the KDA would create a reduced or diluted focus of the inspectors. He also said the KDHE is a dedicated to food safety and should remain the primary responsibility of the inspectors.

Mr. Roberts took questions from the Committee.

Hearings were closed on **SB 584** and **SB 557—Department of agriculture; certificates of free sale; food safety.**

Senator Schmidt moved to amend SB 584 by changing the transfer effective date from July 1, 2008 to October 1, 2008, seconded by Senator Huelskamp. Motion carried.

Discussion turned to **SB 557.**

Senator moved an amendment to SB 557 which would exempt regulations of the meat and dairy plants as retail food stores, seconded by Senator Ostmeyer. Motion carried.

Senator Bruce made a motion to amend SB 557 that if after January 1, 2009 the Kansas Department of Agriculture (KDA) rules are more stringent regarding the meat and poultry inspection program than the the United States Department of Agriculture (USDA) would need to receive authorization from the Kansas State Legislature, seconded by Senator Huelskamp. Motion carried.

Senator Francisco moved to pass SB 557, as amended, seconded by Senator Huelskamp. Motion passed. SB 557 will be reported as passed out favorably as amended.

Senator Schmidt moved to amend SB 584 by adding to it a provision which would change the name of the Kansas Department of Agriculture to the Kansas Department of Agriculture and Food Safety or another appropriate name, seconded by Senator Morris.

The motion was tabled. Discussion on **SB 584** will be continued tomorrow.

Senator Huelskamp moved the approval of the minutes for January 22, 23, and 29 as written, seconded by Senator Bruce. Motion carried. The January 30 minutes will be approved as corrected.

The meeting was adjourned.

# SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: 2-19-08

NAME	REPRESENTING
Heath Stuewe	KLA
David Warrell	KLA
Rick Nelson	KLA
Ryan Parker	KLA
Guy Bracken	KLA
Ben Stronger	KLA
Levi Ebert	KLA
Rodney Harris	KLA
Phillip Goodyear	KLA
Aaron Cross	KLA
Rodney Derstein	KLA
Rob Holland	KLA
Philip Weltner	KLA
Brandon New	KLA
Ryan Breiner	KLA
Todd Strahm	KLA
Corey Brasher	KLA
Ryan Higbie	KLA
SCARLETT HAGINS	KLA





Kathleen Sebelius, Governor  
Roderick L. Bremby, Secretary

DEPARTMENT OF HEALTH  
AND ENVIRONMENT

[www.kdheks.gov](http://www.kdheks.gov)

Division of Health

**Testimony on Senate Bill No. 584**  
to  
**The Senate Committee on Agriculture**  
by  
**Mary Glassburner**  
**Director of the Bureau of Consumer Health**

**February 13, 2008**

Chairman Taddiken and members of the Committee, my name is Mary Glassburner, and I am the director of the Bureau of Consumer Health at the Kansas Department of Health and Environment (KDHE). Thank you for the opportunity to appear before you today regarding issues related to food safety and public health. Senate Bill No. 584 proposes to transfer the Food Safety and Consumer Protection program and the Lodging Safety and Sanitation program from KDHE to the Department of Agriculture.

The KDHE Food Safety and Consumer Protection program is administered to prevent foodborne illnesses and injury. Kansas has a long history of public health and food safety. During the early part of the last century, the first regulation for oysters was enacted in Kansas, a unique accomplishment for this landlocked prairie state. This activity is an example of the public health focus of Dr. Samuel J. Crumbine, a national pioneer in public health. The responsibility of food safety in restaurants and sanitation inspection in hotels was initiated in 1913 by Dr. Crumbine, Secretary of Health, and administered under the Hotel and Restaurant Commission until 1923. From 1923-1963, food safety and hotel sanitation was the responsibility of the Hotel and Restaurant Board. In 1963, the recognition that food safety and hotel sanitation was a public health and safety responsibility resulted in the oversight of the Kansas Board of Health under the Secretary of Health and was passed to its successor—the Department of Health and Environment in 1974.

Present day food safety includes biological and epidemiological implications that were not contemplated in the era of Dr. Crumbine. However, the context of public health and the eradication of disease persist in the primary objectives and policies developed under the authority of KDHE and are reflected in these two important public health programs. The inspection and regulation of food service establishments (restaurants) continue to target the

*Senate Agriculture Committee*  
*2-19-08*  
*Attachment 1*

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prevention of foodborne illnesses associated with these establishments, which are the greatest direct risk of illness. This process has three key elements -- identification of the risk (inspection and investigation), intervention (education and correction), and response (progressive compliance). In the business of food safety, the highest risk posed to the everyday health and safety of the public is where there are the most multiple processes in preparing, storing and serving food to the immediate consumer.

Just a little over 3 years ago, the Governor enacted a reorganization of food safety responsibilities in the state. The responsibility for food safety in food processing facilities, food vending machines, mobile ice cream vendors, retail grocery stores and the food service located inside these grocery stores was transferred from KDHE to the Department of Agriculture (KDA). This shift complemented the existing authority of KDA, which already had a regulatory presence in grocery stores in its dairy, meat and egg compliance checks. The reorganization also maintained a single point of regulatory contact in these businesses. This reorganization allowed KDHE to focus resources and its public health expertise on the businesses that historically pose the greatest direct risk of illness—food service establishments.

The KDHE now regulates 10,300 food service establishments. They include restaurants, school kitchens, senior citizen kitchens and meal sites, mobile food kitchens, and temporary food service, with these establishments receiving an annual inspection in accordance with statutory expectations. In addition, all schools receive 2 inspections during the school year. During FY07, the program conducted approximately 18,000 inspections in 10,300 establishments.

The goal of the Department has been to enhance the program's inspection and enforcement processes while maintaining high degree of adherence to federally established standards. The program incorporated the formal quality assurance process establishing standards, by which all inspectors are trained and evaluated, and inspection processes and program elements are analyzed, and the Department has received federal recognition for meeting nationally recognized standards in food safety. All inspection staff is held to a high level of professionalism and are credentialed as Certified Food Safety Professionals (CFSP). The lodging program staff is also required to be Registered Environment Sanitarians. Both professional credentials are awarded after rigorous testing through the National Environmental Health Association. In addition, staff must pass specific and periodic testing by the Department's FDA Certified Evaluation Officer.

KDHE has a close relationship with each and every local health department. This is critical in the investigation of foodborne illness. Local health departments can immediately investigate reported illnesses that may become health threats in their community. In addition, the Department contracts with 7 local health agencies to conduct food safety inspections in order to eliminate a duplication of services. Some of these working relationships with local health agencies have existed for over 25 years and have proven to be very successful. Working collaboratively with the food service establishments, KDHE inspectors, epidemiologists and local health officials are able to efficiently collect information that identifies the most likely cause of the illness, initiate steps to limit its impact, and provide public health education as a preventative measure.

Education is a key component in correcting risky practices; therefore the program has linked its quality assurance with education. This includes both formal and informal presentations

and food safety material distribution. An important communication tool is seen in the food safety Web site located at [www.KSFoodSafety.org](http://www.KSFoodSafety.org). This Web site was developed to provide Kansans with a variety of food safety information, guidance, and education. The site also provides the public with access to food establishment inspection results. The site provides a convenient link to other health related sites. An important site featured the "Focus on Food Safety" educational tool developed by the program. This Web site is one of the Department's most often visited public information site with over 750,000 pages visited last year.

As mentioned earlier, the KDHE food safety program turned its focus to high-risk establishments during the past three years. As food safety moved forward in Kansas with the reorganization, it also became clear that not all establishments fit into a simplified reorganization structure. KDHE and KDA responded responsibly with food safety being the driving force by entering into working agreements to improve the process as efficiently as possible.

Since this transfer of responsibilities also includes the Lodging Safety and Sanitation Program, the spotlight must shift briefly from food safety. The Lodging Safety and Sanitation Program is a revitalization of an environmental safety and regulatory program whose goal is to ensure safe and sanitary lodging for visitors to Kansas. During the past 2 years, the KDHE has identified an upsurge in unique sanitation and safety issues. A Lodging Advisory Committee was established to make recommendation for updating the Kansas Lodging Regulations. In addition, the Department developed educational materials that focus on bed bugs and specific life safety issues, including swimming pool safety and sanitation, smoke detectors and carbon monoxide detectors. As mentioned, this regulatory program is an environmental health program and inspections focus on items such as general sanitation, swimming pool/hot tub water quality and safety, life safety issues, moisture and mold, etc. The program concentrates on the identification of problems, industry education, and corrections.

As a result of the Governor's reorganization, the Department focuses on the businesses with the highest risk for foodborne illness and carries out efficient disease investigations. There exists a strong linkage with local health agencies and the Epidemiologists that facilitates these investigations. Finally, both KDHE and KDA are responsibly addressing and updating the working agreements ensuring that the integrity of food safety is maintained.

Thank you for the opportunity to appear before the committee today. I will now stand for questions

## MEMORANDUM

TO: Raney Gilliland, Legislative Research Department  
FROM: Erik Wisner, Kansas Department of Agriculture  
DATE: February 18, 2008

RE Legislative questions from hearing on SB 557

Below is a bulleted list of information regarding questions posed at the February 13, 2008 hearing on SB 557.

**1. Sen. Huelskamp's question regarding exemption for meat processor from retail food and food processing license.**

- Chapter 91 of the 2002 Session laws (SB437) shows that meat and dairy plants were not considered retail food stores or food processing plants.
- Chapter 147 of the 2004 Session laws (SB296) shows that that exemption from the retail food store and food processing definitions was deleted for the following reason: "The definition of "retail food store" in current law would be amended to delete a reference to plants registered by KDA since inspection of these facilities will now be the responsibility of that agency." It seems that the 2004 transfer bill unintentionally deleted the exemption.
- PROPOSED LANGUAGE: The language is almost identical to that which was added and then deleted in KSA 65-688. If the committee wants to reinsert the language we recommend adding this language in KSA 65-689, which pertains to FP and RFS licensing: "A plant which is registered by the department of agriculture under article 7 of chapter 65 of the Kansas Statutes Annotated, and amendments thereto, or which is licensed or registered by the department of agriculture under article 6a of chapter 65 of the Kansas Statutes Annotated, and amendments thereto, shall not be required to obtain a license required by this section."
- Article 7, chapter 65 is the Dairy law; article 6a, chapter 65 is the Meat & Poultry Inspection Act.

**2. Sen. Lee's question regarding Jay Bird's Chicken and RV Park in Cawker City.**

- Violated act (K.S.A. 65-6a27(b)(1) and (2)) by producing and transporting meat (fried chicken) food products from his establishment to other retail stores for resale to their customers.
- On October 18, 2007, a KDA Compliance Officer discovered Jay Bird's hot fried chicken being offered for sale at the Tipton Grocery Store in Tipton, the Corner Cupboard Convenience Store in Osborne, and the Pump Mart in Beloit.

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Attachment 2*



- The chicken was fried at the Cawker City restaurant and transported to the various stores by his own personal vehicle. Covered aluminum roaster pans were used for transportation. In the stores, the chicken would be placed in roaster ovens to keep it hot.
- The owner requested a facility review, with the idea of coming under inspection with the Meat and Poultry Program so he could continue selling his chicken.
- October 23, 2007, KDA staff went to visit Jay Bingesser, the owner of Jay Bird's Chicken, about coming under inspection. He informed them that he didn't want to put any money into the facility. He asked inspection personnel if changes to his building would be necessary. They said yes, repairs would be needed. At this point in time, he does not want to come under inspection.
- A follow-up letter was sent to Mr. Bingesser, on January 28<sup>th</sup>, 2008. We didn't shut him down, we asked him to come into M&P compliance by not selling to other retail outlets. He could continue selling chicken to his customers at his location.

**3. Sen. Pine's question regarding BBQ sales at the Lawrence Farmer's Market**

- After consulting with program we could not find the exact incident that Sen. Pine was referring to regarding a person barbecuing meat on site and selling at the farmer's market. If the person was performing this activity than it would be under KDHE jurisdiction because it is considered stand-alone food service.
- Attached is a document developed by KDA that provides guidelines for food safety and detail the food items that can be sold at farmers markets.

KDA

584

## Baseline Inspection

Included in the baseline survey are both retail food stores and food service establishments in retail food stores (e.g., an eating establishment inside a grocery store). We performed 1,954 retail inspections, and 1,972 food service inspections for a total of 3,926 baseline inspections. Data collectors included retail food inspectors from the Kansas Department of Agriculture and contract county inspectors.

Historically, all establishments selected for this baseline would have been randomly selected. However, due to the inspection report format, baseline data are collected from all inspections performed in a retail food store and food service facilities in a retail store.

The preliminary baseline inspections are intended to determine initial compliance rates for retail food stores and food service establishments in retail food stores. This baseline will serve as a point of reference to gauge our inspection efforts and industry's compliance.

## Baseline

The preliminary baseline included the five foodborne illness risk factors identified by the *Centers for Disease Control and Prevention (CDC) Surveillance Report for 1988-1992*. These five contributing foodborne illness risk factors were identified in the *FDA Report on the Occurrence of Foodborne Illness Risk Factors in Selected Institutional Foodservice, Restaurants, and Retail Food Store Facility Types (2004)*.

These risk factors are:

1. Food from unsafe sources
2. Inadequate cooking
3. Improper holding temperatures
4. Contaminated equipment
5. Poor personal hygiene
6. Chemicals (In our baseline study, we included potential chemical contamination in addition to the five foodborne illness risk factors)

## Compliance

Our initial compliance rates, based on inspections between October 1, 2004, and December 31, 2004, were:

- Approved source: 98.7%
- Adequate cooking: 95.6%
- Proper holding temperature: 65.8%
- Contaminated equipment: 67.8%
- Personal hygiene: 79.7%
- Chemicals: 67.2%

Our compliance rates based on inspections between January 1, 2005, and December 31, 2005, were:

- Approved source: 98.5%
- Adequate cooking: 96.8%
- Proper holding temperature: 89.5%
- Contaminated equipment: 83.6%
- Personal hygiene: 95.8%
- Chemicals: 73.7%

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Attachment 3

Our compliance rates based on inspections between January 1, 2007, and December 31, 2007, are:

- Approved source: 98.2%
- Adequate cooking: 99.9%
- Proper holding temperature: 98.7%
- Contaminated equipment: 95.9%
- Personal hygiene: 99.3%
- Chemicals: 92.7%

While significant improvement has been achieved since October 2004, we are committed to greater improvement. We will continue to look for ways to improve efficiencies, improve sanitation within regulated facilities and to eliminate multiple inspectors visiting a single establishment.

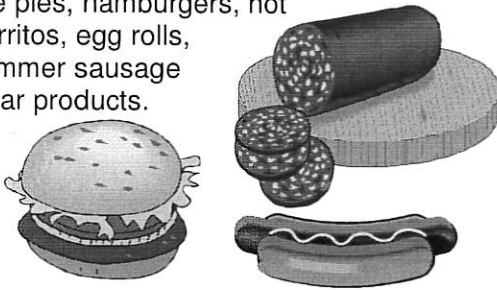


# Focus on Food Safety

## Guidelines for Food Sales at Farmers Markets

Retail sales of food products are regulated by the Kansas Department of Agriculture. The objective is to assure that all foods offered for sale are safe and wholesome.

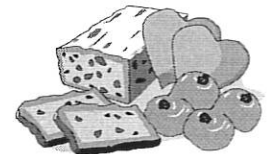
The sales of potentially hazardous foods are restricted to protect the public from foodborne disease. Potentially hazardous foods are foods that consist in whole or in part of milk or milk products, eggs, meat, poultry or fish. Examples would include cream or meringue pies, hamburgers, hot dogs, burritos, egg rolls, jerky, summer sausage and similar products.



The sale of non-potentially hazardous foods is allowed at farmers markets. Non-potentially hazardous foods include baked goods, such as cookies, breads, cakes, cinnamon rolls and fruit pies. Other non-potentially hazardous foods include fresh fruits and vegetables, nuts, and honey.

- Ready to eat potentially hazardous foods may only be sold from a vendor in compliance with all applicable regulations.

- Packaged potentially hazardous foods must be from approved sources.
- The sales of fresh meat or meat products, fresh seafood and poultry are prohibited.
- Sales of frozen meats are allowed if from an inspected source, labeled properly and maintained frozen.
- Eggs may be sold if maintained at 41°F. Egg producers should register with the Kansas Department of Agriculture.
- Home canned products, with the exception of jams and jellies, are prohibited.
- Home grown produce may be sold, provided that any pesticide use complies with label directions.
- Packaged products must be labeled with the common name of the product, and the name and address of the producer.
- All foods while on sale or display are required to be effectively protected from contamination.



Jan 23, 08

# KANSAS Alternative Energy Incentives

## Ethyl Alcohol Production Incentive

- \$0.075 for each gallon sold by the producer.
- Producers who are in production prior to July 1, 2001 and who increase production capacity on or after July 1, 2001 by an amount of 5 million gallons qualify for the incentive for a maximum of 15 million gallons sold per year.
- Producers who commenced production on or after July 1, 2001 and who sold at least 5 million gallons qualify for the incentive for a maximum of 15 million gallons sold per year.
- \$875,000 per quarter is added to the fund for distribution. If production exceeds the fund balance, a proration of the distribution is performed.
- Program sunsets July 1, 2011.
- Reference Kansas Statutes 79-34,160-164

Lyle Peterson, (785) 296-6080, lpeterson@kansascommerce.com

## Biodiesel Fuel Producer Incentive

- \$0.30 for each gallon sold by the producer.
- Kansas qualified biodiesel fuel producers may file for the incentive beginning July 1, 2007.
- A one-time payment of \$400,000 will be added to the fund for distribution through June 30, 2008.
- \$875,000 per quarter beginning July 1, 2008 is added to the fund for distribution. If production exceeds the fund balance, a proration of the distribution is performed.
- Program sunsets July 1, 2016.
- Reference Kansas Statutes 79-34, 155-159

Lyle Peterson, (785) 296-6080, lpeterson@kansascommerce.com

## Biomass-to-Energy Plant Tax Credit

- An income tax credit, beginning with the 2006 tax year, for expenditures in new construction or expansion of the capacity in an existing plant.
- The credit is 10 percent of the taxpayer's qualified investment on the first \$250 million invested, and 5 percent of the taxpayer's qualified investment that exceeds \$250 million.
- Credit shall be taken in 10 equal annual installments.
- Before making a qualified investment, a taxpayer shall apply to the Secretary of Commerce to enter into an agreement for a tax credit.
- In addition to the income tax credit, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income of the amortizable costs of a new facility. Such deduction shall be equal to 55 percent of the amortizable costs of the facility for the first taxable year, and 5 percent for the next nine taxable years. The provisions of this section shall apply to all taxable years commencing after December 31, 2006 and is administered by the Secretary of Revenue.
- Reference Kansas Statutes 79-32, 233-237

Lyle Peterson, (785) 296-6080, lpeterson@kansascommerce.com

## Agriculture Value Added Loan

- Loans for feasibility studies, business plans or equity drives are typically funded at the 50 percent level.
- Loans for feasibility studies are forgivable if the project does not move forward. Equity drive loans are typically paid back within 120 days of successful conclusion of the equity drive.
- Other loans are interest-free for two years and 1 percent over prime for the balance of the loan.

Corey Mohr, (785) 296-3034, cmohr@kansascommerce.com

## Enterprise Zone Incentives

- Investment tax credit of \$1,000 for each qualified business facility investment starting at \$51,000 or more.
- Jobs tax credit of \$1,500-\$2,500 with a minimum of two jobs created.
- Exemption from state and local sales tax on all tangible personal property or services purchased for the construction, enlarging or remodeling of a business. The sale and installation of machinery and equipment purchased for the installation at the business shall also be exempt from sales tax.
- Credits can be carried forward until used.

Darla Price, (785) 296-1868, dprice@kansascommerce.com

## High Performance Incentive Program (HPIP)

- HPIP provides an investment tax credit to companies that pay above-average wages and have a strong commitment to skills development for their workers.
- Employer must invest 2 percent of payroll in training or participate in one of Commerce's workforce training programs.
- A capital investment tax credit equal to 10 percent of eligible investment that exceeds \$50,000.
- A project description must be submitted prior to any commitment of investment.
- Credits can be carried forward 10 years.
- A company can elect to take the High Performance Investment Credits or the Enterprise Zone Investment Tax Credits, but not both.

David Bybee, (785) 296-7174, dbybee@kansascommerce.com

## CDBG – Economic Development Loans

- The maximum amount of funding is \$35,000 per created job up to \$750,000.
- At least 51 percent of the jobs must meet HUD's low-and-moderate income (LMI) test for the county in which the project is located.
- The local unit of government must apply for infrastructure funding on behalf of a private for-profit biofuel entity. Funds may be used for water, sewer, road or a rail spur.
- This program requires that half the funds be paid back over a 10-year period at a 2 percent rate. This payment stream is accomplished through a special assessment placed on the property.

Terry Marlin, (785) 296-4703, tmarlin@kansascommerce.com

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Attachment 4

# KANSAS Alternative Energy Incentives

## Renewable Electric Cogeneration Facility Tax Credit

- “Renewable Electric Cogeneration Facility is a facility owned and operated by the owner of an industrial, commercial or agricultural process to generate electricity for use in such process to displace current or provide for future electricity use.
- Income tax credit equal to 10 percent of taxpayer’s qualified investment for the first \$50 million and an amount equal to 5 percent of the amount that exceeds \$50 million. Program is for taxable years commencing after December 31, 2006 and before January 1, 2012.
- Credit shall be taken in 10 equal annual installments.
- Before making a qualified investment, a taxpayer shall apply to the Secretary of Commerce to enter into an agreement for a tax credit.
- In addition to the income tax credit, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income of the amortizable costs of a new facility. Such deduction shall be equal to 55 percent of the amortizable costs of the facility for the first taxable year, and 5 percent for the next nine taxable years. The provisions of this section shall apply to all taxable years commencing after December 31, 2006 and is administered by the Secretary of Revenue.
- Reference Enrolled House Bill No. 2038  
*Lyle Peterson, (785) 296-6080, lpeterson@kansascommerce.com*
- New Renewable Electric Cogeneration Facility; The Kansas Development Finance Authority is authorized to issue revenue bonds in amounts sufficient to finance the construction costs of such facility.
- Reference Enrolled House Bill No. 2038  
*Rebecca Floyd, (785) 357-4445 Ext. 303, rfloyd@kdofa.org*

## Alternative-Fuel Fueling Station Tax Credit

- Expenditures for qualified alternative-fuel fueling stations shall be allowed a credit against the income tax imposed against the owner of such facility.
- For any qualified alternative-fuel fueling station placed in service on or after January 1, 1996 and before January 1, 2005, an amount equal to 50 percent of the total amount expended but not to exceed \$200,000 for each fueling station.
- For any qualified alternative-fuel fueling station placed in service on or after January 1, 2005 and before January 1, 2009, an amount equal to 40 percent of the total amount expended but not to exceed \$160,000 for each fueling station.
- For any qualified alternative-fuel fueling station placed in service on or after January 1, 2009, an amount equal to 40 percent of the total amount expended but not to exceed \$100,000 for each fueling station.
- This fund is administered by the Kansas Department of Revenue.
- Reference Enrolled House Bill No. 2145  
*Lyle Peterson, (785) 296-6080, lpeterson@kansascommerce.com*

## Storage and Blending Equipment Tax Credit

- “Storage and Blending Equipment” means any equipment which is used for storing and blending petroleum-based fuel and biodiesel, ethanol or other biofuel and is installed at a fuel terminal, refinery or biofuel production plant. This does not include equipment used only for denaturing ethyl alcohol.
- Income tax credit equal to 10 percent of the taxpayer’s qualified investment for the first \$10 million invested and an amount equal to 5 percent of the amount that exceeds \$10 million. Program is for taxable years commencing after December 31, 2006 and before January 1, 2012.
- Credit shall be taken in 10 equal annual installments.
- Before making a qualified investment, a taxpayer shall apply to the Secretary of Commerce to enter into an agreement for a tax credit.
- In addition to the income tax credit, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income of the amortizable costs of a new facility. Such deduction shall be equal to 55 percent of the amortizable costs of the facility for the first taxable year, and 5 percent for the next nine taxable years. The provisions of this section shall apply to all taxable years commencing after December 31, 2006 and is administered by the Secretary of Revenue.
- Storage and Blending Equipment is exempt from all property taxes levied for the 10 taxable years immediately following installation.
- Reference Enrolled House Bill No. 2038  
*Lyle Peterson, (785) 296-6080, lpeterson@kansascommerce.com*

## Kansas Retail Dealers Incentive Fund

- Kansas Retail Dealers Incentive Fund was created for the payment of incentives to Kansas retail dealers who sell and dispense renewable fuels or biodiesel through a motor fuel pump.
- On January 1, 2009, and quarterly thereafter, \$400,000 will be directed from the general fund into the Kansas Retail Dealers Incentive Fund. On or after July 1, 2009 the unobligated balance in the fund shall not exceed \$1.5 million.
- The retail dealer’s renewable fuels threshold percentage must be 10 percent for any quarter in the calendar year 2009, and increase 1 percent per year to a total of 25 percent by the end of calendar year 2024. For any determination period in which the retail dealer attains the threshold percentage, the incentive rate is 6.5 cents per gallon.
- The retail dealer’s biodiesel threshold percentage must be 2 percent for any quarter in the calendar year 2009, and increase 2 percent per year to a total of 25 percent by the end of calendar year 2024. For any determination period in which the retail dealer attains the threshold percentage, the incentive rate is 3 cents per gallon.
- The provisions of the Kansas Retail Dealers Incentive Fund shall expire on January 1, 2026.
- Reference Enrolled House Bill No. 2145  
*Edie Martin, (785) 296-3307, edie\_martin@kdor.state.ks.us*

# KANSAS Alternative Energy Incentives

## Waste Heat Utilization System

- “Waste Heat Utilization System” means facilities and equipment for the recovery of waste heat generated in the process of generating electricity and the use of such heat to generate additional electricity or to produce fuels from renewable energy resources or technologies.
- “Waste Heat Utilization Property” shall be exempt from all property taxes levied under the laws of the state of Kansas for 10 taxable years immediately following the taxable year in which construction or installation is complete.
- In addition to the property tax credit, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income of the amortizable costs of a new facility. Such deduction shall be equal to 55 percent of the amortizable costs of the facility for the first taxable year, and 5 percent for the next nine taxable years. The provisions of this section shall apply to all taxable years commencing after December 31, 2006 and is administered by the Secretary of Revenue.
- Reference Enrolled House Bill No. 2038  
*Edie Martin, (785) 296-3307, edie\_martin@kdor.state.ks.us*
- Waste Heat Utilization System; The Kansas Development Finance Authority is authorized to issue revenue bonds in amounts sufficient to finance the construction, purchase and installation of such a system at an electric generation facility.
- Reference Enrolled House Bill No. 2038  
*Rebecca Floyd, (785) 357-4445 Ext. 303, rfloyd@kdfa.org*

## Coal or Coke Gasification Nitrogen Fertilizer Plant

- For the placement into service of a new integrated coal or coke gasification nitrogen fertilizer plant or the expansion of an existing integrated coal or coke gasification nitrogen fertilizer plant.
- Income tax credit equal to 10 percent of the taxpayer’s qualified investment for the first \$250,000 invested and an amount equal to 5 percent of the amount that exceeds \$250,000. Program is for taxable years commencing after December 31, 2005 and before January 1, 2011.
- Credit shall be taken in 10 equal annual installments.
- Before making a qualified investment, a taxpayer shall apply to the Secretary of Commerce to enter into an agreement for a tax credit.
- Reference Enrolled House Bill No. 2038  
*Lyle Peterson, (785) 296-6080, lpeterson@kansascommerce.com*

## Coal Gasification Power Plant

- For the placement of a new integrated coal gasification power plant into service or the expansion of an existing integrated coal gasification power plant.
- Income tax credit equal to 10 percent of the taxpayer’s qualified investment for the first \$250,000 invested and an amount equal to 5 percent of the amount that exceeds \$250,000. Program is for taxable years commencing after December 31, 2005 and before January 1, 2011.
- Credit shall be taken in 10 equal annual installments.
- Before making a qualified investment, a taxpayer shall apply to the Kansas Corporation Commission to enter into an agreement for a tax credit.
- Reference Enrolled House Bill No. 2038  
*Larry Holloway, (785) 271-3222, l.holloway@kcc.ks.gov*

## Workforce Training Funds

- The Kansas Industrial Training program is designed to help new and expanding companies offset the costs of training workers for new jobs.
- Training funds can be used to reimburse negotiated costs for pre-employment, on-the-job and/or classroom training.
- The average reimbursement level for Kansas Industrial Training is \$300-\$500 per position.  
*Becky Kester, (785) 296-4238, bkester@kansascommerce.com*

July 2007

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**Testimony Re: SB 584  
Senate Agriculture Committee  
Presented by Ronald R. Hein  
on behalf of  
Kansas Restaurant and Hospitality Association  
February 13, 2008**

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Kansas Restaurant and Hospitality Association. The Kansas Restaurant and Hospitality Association, founded in 1929, is the leading business association for restaurants, hotels, motels, country clubs, private clubs and allied business in Kansas. Along with the Kansas Restaurant and Hospitality Association Education Foundation, the association works to represent, educate and promote the rapidly growing industry of hospitality in Kansas.

KRHA is neutral on SB 584. The KRHA believes that the policy decisions as to which agency of state government should regulate the restaurant, lodging, hospitality and food service establishment businesses, should be made by the Legislature in cooperation with the Governor. KRHA believes it would be inappropriate for our industry to express an opinion as to which agency is appropriate to regulate either our food service establishments or our lodging facilities.

It is the responsibility of our members to comply with statutory law and rules and regulations which are adopted by the regulating agency, and to do so in a manner that insures that our businesses operate in a lawful as well as a healthy manner which promotes public safety for the citizens of our state. Although it is occasionally the responsibility of the Association to question various rules and regulations that are implemented to insure that the regulations are reasonable and consistent with the authorizing statute. It is also the responsibility of our Association to monitor and comment upon proposed statutory legislation which could impact on our industries, and to insure, again, that the views of our members are adequately articulated, and to insure that legislation which is enacted promotes the health, welfare, and safety of the public, while still recognizing the rights of our members, and to insure that statutory enactments are reasonable and appropriate, and consistent with law and due process. Lastly, it is certainly the responsibility of our Association to monitor, question, and speak out regarding any fees which are imposed on our industries by the regulating agencies. Such fees should be reasonable, and should recognize the potential impact on the food service and lodging industries. The regulating agencies should be, and will be, monitored by our Association, to insure that they are operating in an efficient manner which is responsive to not only the tax payers of the state, but to the industry members who are regulated.

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Our responsibility and our ability to speak out upon these issues is inherent, and is consistent with the mission and responsibilities of our Association. However, we do not believe it is within the purview of our association to comment regarding which agency of state government is most appropriate to regulate our members, either regarding food service, or lodging.

Therefore, the KRHA stands neutral on SB 584, and looks forward to working with, communicating with, and hopefully creating a partnership with whatever agency of state government the Legislature and the Governor determine should best be utilized to oversee and regulate our membership.

Thank you very much for permitting me to submit written testimony.



Dale Goter  
Government Relations Manager

# TESTIMONY

City of Wichita  
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**Kansas Senate Agriculture Committee  
Testimony on Senate Bill 584  
Transfer of Powers and Duties Concerning Food Service and Lodging Facilities  
Tuesday, 2/19/2008, 8:30 AM, Rm 423-S**

The City of Wichita takes a neutral position regarding Senate Bill 584, which would transfer the powers and duties of the Kansas Department of Health and Environment regarding food service and lodging facilities to the Kansas Department of Agriculture.

However, as the Kansas Legislature considers this significant change in authority, we also would emphasize the important consumer protection issues that are at stake.

The City of Wichita currently has a contractual relationship with KDHE to conduct approximately 1,700 restaurant inspections each year in Sedgwick County. We also contract with the state Department of Agriculture to conduct approximately 300 inspections for food service within retail establishments.

While the City of Wichita is supportive of the Legislature's effort to bring greater efficiencies to state government, we also ask that the following consumer interests be protected and preserved throughout the process.

- 1) In its contractual relationship with the City of Wichita, KDHE has taken prompt enforcement action against noncompliant food establishments. These actions are taken by hearing officers and attorneys after working with inspectors. We would expect that the Kansas Department of Agriculture will provide similar staff support to continue this important timely response.
- 2) Similarly, the following enforcement activities that have been provided by KDHE must also be maintained if authority is transferred to the Kansas Department of Agriculture:
  - a. Evaluation of each contract program and routine feedback to ensure statewide continuity;
  - b. Routine training and field verification of new inspectors;
  - c. Field standardization for experienced inspectors;
  - d. Specialized training for limiting factors contributing to food-borne illness;
  - e. Periodic food code interpretation updates;
  - f. Biennial meetings of all inspectors; and

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- g. Biennial food safety advisory meetings for industry, regulatory agencies, and research and educational institutions.
- 3) Lodging regulations that were recently updated by KDHE are necessary in light of disease and vector outbreaks. Those public health measures must continue to be enforced. (Cryptosporidium and bedbugs were both issues in Wichita in 2007)
- 4) Perhaps most importantly of all, the Kansas Department of Agriculture must guarantee the efficient and effective exchange of communication regarding food-borne illness. This crucial public health responsibility cannot be compromised.

All of these activities and safeguards are an absolute necessity to ensure quality food service at the many restaurants that meet the culinary demands of the citizens of Wichita.

If food service oversight is transferred to the Kansas Department of Agriculture, the City of Wichita will be fully cooperative and supportive of the reassignment of inspection and oversight duties.

We will do everything in our power to ensure that there is no compromise of the food service inspections that have earned the respect and confidence of the hundreds of thousands of Wichitans and guests who regularly visit the many quality food service establishments in our community.

February 19, 2008

I want to thank Chairman Taddiken and the committee for the opportunity to speak to speak to you today.

My name is Daniel Roberts. I have worked in the food service industry for the past 20 years with companies covering five different states. Currently, I am Director of Operations for LL&G Inc., which operates 17 restaurants in the State of Kansas under the names of Sirloin Stockade, Coyote Canyon and Montana Mike's. We staff approximately 60 managers, 1200 hourly employees and we serve in excess of 55,000 meals a week.

As a food services operator, I have several concerns regarding the Kansas Department of Health and Environment transferring power and duties to the Department of Agriculture. The KDHE has been vital for providing assistance, education and training for my organization to serve SAFE FOOD for my fellow Kansans.

When a company merges it is only natural that the responsibilities and expected productivity levels of its work force will dramatically increase. I feel the size of the Department of Agriculture will create a reduced or diluted focus of the inspectors for both the KDHE and the Department of Agriculture. I personally experienced a similar effect when Sprint merged with Nextel. I have gone into the Sprint store with a problem or to inquire about a product and I don't always get the Sprint expert. Instead, I get a Nextel expert who has learned the Sprint product line. The KDHE is a department dedicated to food safety. Continuing to focus on the food code is currently and should remain the primary responsibility of the inspectors.

Increasing the responsibility and expected education of new inspectors makes the process of finding qualified people to properly do the job more difficult. Keeping in mind the current economy with its low unemployment rate, replacing inspectors with qualified individuals will be equally difficult to accomplish.

It's understandable to want to combine departments due to shortage in staffing or budget crunches, however this does not serve the people of Kansas. The current size of the KDHE makes them more readily available to both the public and operators. The recently adopted food code has been implemented very efficiently and consistently throughout the state of Kansas by the KDHE. The office and local inspectors respond very quickly to questions or concerns we, the operators, and the general public may have.

I speak to you as an operator and as a consumer. I like to eat out and have great confidence in dealing with the KDHE. It gives me piece of mind, knowing their high standards and expectations. On paper it may sound simple to combine the two departments, but in reality the merger doesn't serve the public as well as keeping the departments separate. We as consumers and retailers cannot afford for anything to fall through the cracks where public safety is concerned. The current arrangement provides the people of the state of Kansas the safest and most effective solution to the food service industry. We depend on our food sources to be as they have been, the best, and we cannot let this transfer interrupt a system that has been a proven success.

Thank you again for the opportunity to speak and I will be happy to answer any questions you may have.

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