

## MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on March 12, 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  
Jason Thompson, Office of Revisor of Statutes  
Matt Todd, Office of Revisor of Statutes  
Judy Seitz, Committee Assistant

Conferees appearing before the Committee:  
Kenlon Johannes, Chief Executive Officer, Kansas Soybean Association  
Jere White, Executive Director, Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association  
Paul Penner, Farmer & Rancher, Vice President, Kansas Association of Wheat Growers (KAWG)  
Kendall Hodgson, Wheat Producer, Immediate Past President, Kansas Association of Wheat Growers (KAWG), Little River  
Allan Fritz, Professor of Agronomy, Kansas State University  
Steve Clanton, Wheat Producer, Minneapolis  
Randy Fritzeimer, Wheat Producer, Stafford  
Duane Simpson, Chief Operating Officer & Vice President, Kansas Grain & Feed Association (KGFA) and Kansas Agribusiness Retailers Association  
Dan Cain

Others attending:  
See attached list.

The hearing was opened on **HB 2897-Commodity Commission; assessment rates; voting process.**

Raney Gilliland, Legislative Research Department, reviewed **HB 2897**. This bill would allow each commission, by majority approval of the commission, to appoint a first purchaser as a member of the commission. Another change would be on page 5 in Sec. 3, referring to the annual reports the commissions submit to the legislative committee. Another change would be the assessment rates for the various commissions.

Kenlon Johannes, Chief Executive Officer, Kansas Soybean Association, testified in favor of the soybean related section changes in **HB 2897 (Attachment 1)**. He said the Kansas Soybean Association would like to have the checkoff rate changed from the .02 cents per bushel to the ½ of 1% of the net market value.

Mr. Johannes took questions from the Committee.

Jere White, Executive Director, Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association, appeared in general support of **HB 2897 (Attachment 2)**. His associations support the increase in assessment authority and the language that suspends the collection of state assessments if there should be a national checkoff in place. Mr. White expressed concern regarding the optional appointment of a first purchaser to the commission and with ballots being sent to farmers.

Mr. White answered questions.

Paul Penner, Farmer & Rancher, Vice President, Kansas Association of Wheat Growers (KAWG), appeared in support of parts of **HB 2897 (Attachment 3)**. His organization does not support the part of the bill which mandates a wheat grower vote on any change - higher or lower - which is made to the amount collected.

Mr. Penner stood for questions.

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture Committee at 8:30 a.m. on March 12, 2008 in Room 423-S of the Capitol.

Kendall Hodgson, Wheat Producer, Immediate Past President, Kansas Association of Wheat Growers (KAWG), Little River, appeared in support of **HB 2897** (Attachment 4). He favors the authority of the Wheat Commission to raise the assessment from less than 0.08% up to 0.17% of the gross value of wheat in today's prices. Mr. Hodgson said that he is concerned about the commission having to ask for a vote of all wheat growers before they could change the assessment rate.

Allan Fritz, Professor of Agronomy, Kansas State University, testified in support of **HB 2897** (Attachment 5). He said there is a relatively small investment in wheat research by the private sector. He also said that wheat is lagging far behind other crops in the biotechnology revolution. Solutions will require creativity and organizations, such as the Kansas Wheat Commission, are central to making up ground in this area.

Steve Clanton, Wheat Producer, Minneapolis, spoke in favor of **HB 2897** (Attachment 6). He echoes the concerns about the lack of funding to advance wheat technology. He said that he sees no need for the producer referendum.

Randy Fritzeimer, Wheat Producer, Stafford, appeared in support of **HB 2897** (Attachment 7). He said the change in the cap on the wheat assessment is essential to address funding shortfalls in the areas of research and biotechnology, cellulosic ethanol and consumer education.

The conferees from out of town stood for questions.

Duane Simpson, Chief Operating Officer & Vice President, Kansas Grain & Feed Association (KGFA) and Kansas Agribusiness Retailers Association, testified in support of **HB 2897** (Attachment 8). He addressed the question regarding the first purchaser. The bill would give the commission the option of adding another at-large commissioner. His associations did not want to replace someone on a commission, but to have an opportunity, if they choose, to use the expertise from the people that are actually marketing their product.

Mr. Simpson offered to stand for questions.

Written testimony in support of **HB 2897** was also submitted by:

Jerry McReynolds; Wheat Producer, Woodston (Attachment 9)

Dr. Fred Cholick, Dean & Director, College of Agriculture, K-State Research & Extension (Attachment 10)

Jay Cook, Wheat Producer, Garden City (Attachment 11).

Written testimony as a qualified supporter of **HB 2897** was submitted by:

Leslie Kaufman, Executive Director, Kansas Cooperative Council (Attachment 12).

Dan Cain, spoke in favor of **HB 2897** and handed out information on twenty-six (26) soy based products funded by checkoff funds (Attachment 13). He said this bill to raise the amount of commodity checkoff money is very timely. He believes there should be more checkoff money.

Hearing was closed on **HB 2897**.

Meeting adjourned.

# SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: 3-12-08

NAME	REPRESENTING
Arson Harries	KS Wheat
Paul Penner	KS wheat
Allan Fritz	K-State
Dusti Fritz	KAWG
Rand Jutzman	KAWG
Dave Peters	KAWG
Randell Spolgen	KAWG
Anton Johner	Kansas Soybean Assoc.
Larry Keples	KAC
Erik Wisner	KDA
SEAN MILLER	CAPITOL STRATEGIES
Lesko Kaufman	KS Co-op Council
Jerc White	KCGH - KGSMA
Brand Grosdidier	KCGA - KGSDA
Steve Swathar	KS Farm Bureau



Senate Agriculture Committee  
March 12, 2008  
Testimony on HB 2897

Chairman Taddiken and members of the Kansas Senate Agriculture Committee, my name is Kenlon Johannes; I am the CEO of the Kansas Soybean Association (KSA). I am here to speak in favor of the soybean related section changes contained in HB 2897.

The soybean checkoff in Kansas, unlike the Wheat, Corn, Grain Sorghum and Sunflower Commissions, is currently part of a national soybean checkoff program (public law 101-624). The Kansas Soybean Commission (KSC) has been designated as the Qualified State Soybean Board for the state of Kansas by the United Soybean Board (USB), the national soybean checkoff board authorized by the United States Department of Agriculture under federal legislation approved by Congress and as enacted by the Kansas legislature. (K.S.A. 2-3011)

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

While the national soybean checkoff is in effect, the state soybean checkoff assessment is not collected. (K.S.A. 2-3007 [d]) While we do not see a change in the status of the national checkoff occurring anytime soon, if the state checkoff laws were modified, we would like to have the state soybean checkoff rate changed from a maximum of 20 mills (2 cents) per bushel to the current federal rate of one-half (0.5) of one (1) percent (%) of the net market price received by the grower.

Our soybean farmers changed their rate from a cents-per-bushel system to a percentage system in order to allow for flexibility of the collection rate. This flexibility can allow for inflation, while maintaining a stable income for the programs supported by the checkoff during both years with small crops and high prices, as well as years with large crops and low prices.

Sixty-eight percent of Kansas soybean farmers voted to approve the percentage rate as part of a national soybean checkoff referendum in 1994. The rate has been collected since 1991 (as there was an initial trial period for the rate beginning on September 1, 1991 before the vote was taken). As the KSA sees it, to keep the current cent-per-bushel system in place in Kansas statute, would be reversing the vote Kansas soybean producers made authorizing the rate change in 1994.

Senate Agriculture Committee  
3-12-08  
Attachment 1

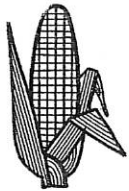
In addition, we went through quite an educational process with first purchasers in 1991 when the checkoff rate changed from the per bushel rate to a percent of value rate. If the state soybean checkoff rate is changed to one-half (0.5) of one (1) percent (%) of the net market price, if the national soybean checkoff were suspended or repealed, Kansas first purchasers would not have to alter their computer programs or current practices in order to go back to the old per-bushel rate. This would save them time, expense (collection forms would remain the same), and confusion. In this instance, all the funds collected would remain in control of Kansas soybean producers through the Soybean Commission and refunds would be reinstated.

We have consulted with the Soybean Commission and they support Kansas legislative change allowing the continuation of the percentage checkoff current rate as voted in by soybean producers.

Thank you,

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

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Kansas Corn Growers Association  
Kansas Grain Sorghum Producers Association



TESTIMONY

**TO:** Senate Agriculture Committee  
**FROM:** Jere White, Executive Director  
**DATE:** March 12, 2008  
**SUBJECT:** H.B. 2897

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The Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association appear before this committee today in general support of HB 2897, but to also share some questions and concerns with the bill.

We support the increase in assessment authority provided the commissions in this bill. We also asked for the language that suspends the collection of state assessments should there be a national check off in place.

I believe there needs to be some clarity added in regards to the optional appointment of a first purchaser to a commission. The statute clearly states that at-large commissioners shall be growers. The new language speaks to appointment of a first purchaser, but does not specify if one of the at-large positions is to be used or if in fact there can now be up to 12 commissioners.

We also support transparency in the commission's programming and financial concerns. All of our records are subject to the Open Records Act and readily available for review.

While we do not have a position specifically on the issue of a referendum on future assessment rate adjustments, I do have questions on the implementation of such, should this become enacted. Requiring a ballot to be sent to all growers of a commodity may sound simple enough, but in fact, I would argue it is simply not possible. Kansas farmers routinely make cropping choices and changes for a variety of reasons. Any list from any source will not be 100% accurate. Using a voter registration/certification process similar to commissioner elections would ensure that all eligible farmers had the opportunity, whether they were on a list or not.

But in reality, the use of referendum when there is a very liberal refund procedure as well as legislated caps on the assessment rates is not typical for these programs. We believe the current system has and continues to work and that those producers who choose not to support the program for any reason need merely to ask for a refund. This system gives a single producer the ultimate decision to support or not support our programs, even if every other farmer in the state feels differently. We do not think it gets any fairer than that.

Thank you.

*Senate Agriculture Committee  
3-12-08  
Attachment 2*



*Leaders in the adoption of profitable innovations for wheat*

**Testimony Supporting HB No. 2897  
To Senate Committee on Agriculture  
Wednesday, March 12, 2008**

**By Paul Penner, Vice President of the Kansas Association of Wheat Growers**

Chairman Taddiken, and members of the committee, I am Paul Penner, a farmer and rancher from Hillsboro and Vice President of the Kansas Association of Wheat Growers (KAWG). I am here today in support HB 2897, which makes a vital change to the authorizing legislation for the Kansas Wheat Commission (KWC). This change raises the cap on the wheat assessment to 20 mills or 2 cents per bushel.

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

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

Additionally, one-on-one contact with producers through the fall and winter indicates that support for an assessment increase is growing and many producers have told us 2 cents is not enough for what the industry needs to invest.

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

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

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

In addition to traditional wheat breeding methods, biotechnology holds great promise. Advances have been made in areas such as herbicide tolerance; insect and disease resistance and drought tolerance just to name a few. While there are many biotech activities currently occurring around the world, our wheat industry has

KANSAS ASSOCIATION OF WHEAT GROWERS

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Attachment 3*

only tapped the surface of what needs to be done. Our strategic plan addresses this challenge and outlines steps to "gain ground" for wheat. Again, success depends on sufficient resources.

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

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

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

Finally, there is one aspect of this bill that I do not support: mandating a wheat grower vote before any change – higher or lower – is made to the amount collected. The current process allows TWO opportunities for growers of a particular commodity to cast a vote. The first opportunity is each time a producer sells a bushel of wheat. The producer makes a decision to support Commission programs. If they don't, the ability to request a refund of those dollars exists. The second opportunity is casting a vote to elect their Commission representative. The state is divided into three tiers; the Eastern third elects one Wheat Commissioner, the Central third elects three Commissioners, and the Western third elects three commissioners. This election process rotates to a different tier each year. The Commission just completed this process in the Central tier. Changing this current system is unnecessary and would create additional costs for each commission. Should wheat producers pay more for this added step that in reality already exists?

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

The recommended change in the assessment cap for the Kansas Wheat Commission WILL be lasting and WILL ensure Kansas producers maintain our title as breadbasket of the nation and the world. Thank you for the opportunity to speak in support of HB 2897. I would be happy to stand for any questions at the appropriate time.





*Leaders in the adoption of profitable innovations for wheat*

**Testimony Supporting HB No. 2897  
To Senate Committee on Agriculture  
Wednesday, March 12, 2008  
By Kendall Hodgson, wheat producer, Little River, KS**

Chairman Taddiken, and members of the committee, I am Kendall Hodgson a farmer and rancher from Little River and Immediate Past President of the Kansas Association of Wheat Growers. I am here in support of HB 2897. This bill allows for increasing the cap in the mill levy that the commissions may assess at the point of first purchase.

This, ladies and gentlemen, is the core issue that we in the wheat industry have requested. The increased assessment is the priority. As I indicated, I am with the Kansas Association of Wheat Growers board. I am not a Wheat Commissioner but have had the pleasure of working very closely with the Wheat Commission on issues that are of concern to the profitability of wheat farmers across the Wheat State of Kansas as well as the entire nation. It would be great if we could do an adequate job of developing new varieties, new products, new markets, and defending challenges to the profitability of wheat without raising the assessment rate, but that is simply not possible. The Wheat Commission has been very judicious in their use of funds, and I know that they take their positions very seriously. Commissioners have had to make tough choices on what to fund these last several years because of poor wheat crops, meaning less revenue to the commission and increasing cost of doing what wheat farmers expect the commission to do to for them.

Again the core issue that I speak in favor of is the authority by the Wheat Commission to raise the assessment from less than 0.08% up to only 0.17% of gross value of wheat in today's prices. Can you think of another business that spends a smaller percentage of its gross revenue on not only new product development but marketing as well?

There is a part of this bill relating to changing the assessment rate that I am concerned about. I read that the commission would have to ask for a vote of all wheat growers before they could change the assessment rate. While I understand full disclosure and an open process in the decision is a good thing, I also know that we elect Commissioners, similar to the way we elect Legislators, to make the proper informed decisions for us. After an expensive balloting process, would the decision be any different? The referendum is an increase in cost with no assurance of a better informed decision. In fact, the decisions under such a scenario would more likely be less informed. An alternate option to consider would be to allow for a greater number of Commissioners to get a broader perspective and less of a chance of a few individuals dominating any decision.

Thank you for your time. I will stand for any questions you might have.

*Senate Agriculture Committee  
3-12-08*



**Testimony Supporting HB No. 2897**  
**Presented to Senate Committee on Agriculture**  
**Wednesday, March 12, 2008**  
**By Allan Fritz, Professor of Agronomy, Kansas State University**

**Department of Agronomy**  
Crop, Soil, and Range Sciences  
K-State Research and Extension  
2004 Throckmorton Plant Sciences Center  
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785-532-6101  
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Chairman Taddiken and members of the committee, I am Allan Fritz, wheat breeder in the Department of Agronomy at Kansas State University in Manhattan. I am here today to support HB 2897, which is a change to the authorizing legislation for the Kansas Wheat Commission that would raise the cap on the wheat value assessment to 20 mils.

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

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

While the Kansas Wheat Commission supports a number of programs and activities that benefit the entire wheat industry including promotion and consumer education, I want to spend the rest of my time focused on the value of the Commission's past investment in research and the opportunities that lie ahead in this arena. The Commission-supported wheat breeding programs at K-State have consistently delivered the most widely grown varieties in the state. Much of that success is based on Commission investments in research in breeding, genomics, germplasm enhancement, plant pathology, entomology and end-use quality. These efforts have accrued benefit beyond the K-State breeding programs. An excellent example is the Wheat Genomic and Genetic Resources Center that has enjoyed the Commission's past support. Germplasm released by the WGGRC has appeared in the parentage of

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*3-12-08*  
*Attachment 5*

K-State varieties like Overley and Fuller. It has also contributed to varieties like Thunderbolt (AgriPro), Fannin (AgriPro), PostRock (AgriPro), TAM 112 (Texas A&M) and Bullet (Oklahoma State). Nearly 40% of the lines tested in the Southern Regional Performance Nursery over the last three years have WGGRC parentage. The SRPN represents the release candidates from all the public and private wheat breeding programs in the Southern Great Plains. A 2006 economic study at Kansas State University showed that the investment in wheat research at K-State provides a return of eleven dollars for each dollar invested. The support of the Kansas Wheat Commission is a large part of that success story.

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

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

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

In my view, the Kansas Wheat Commission has been a good steward of its resources, using them for the betterment of all Kansans. The wheat industry in Kansas is dependent on the ability of the Commission to meet key research needs, leading me to support increasing the cap to 20 mills. Thank you for allowing me to speak on behalf of HB 2897. I would be happy to stand for any questions at the appropriate time.

A handwritten signature in black ink, appearing to read "Allan K. Katz". The signature is fluid and cursive, with a long horizontal stroke extending to the right.



*Leaders in the adoption of profitable innovations for wheat*

**Testimony Supporting HB No. 2897  
Presented to Senate Committee on Agriculture  
Wednesday, March 12, 2008  
by Steve Clanton, Minneapolis KS**

Chairman Taddiken, and members of the committee, my name is Steve Clanton, and I am a wheat producer from Minneapolis, Kansas. I am a member of the Kansas Association of Wheat Growers, and I also currently serve as a commissioner on the Kansas Wheat and Soybean Commissions. I support HB 2897 which changes the authorizing legislation for the state commodity commissions. This change doubles the cap on each commodity assessment, allows the appointment of a first purchaser to each commission, and adds a new voting process to determining the collected assessment rate.

Speaking specifically for wheat, you have heard much already about the lack of funding to advance wheat technology. I echo those concerns and can add that both our domestic market and international customers share those concerns. Our foreign and domestic customers are showing signs of softening their positions toward transgenic wheat. Now is the time for Kansas wheat producers to step forward and invest in their business to increase profits through innovations.

Regarding the proposed producer referendum to increase assessments, I would ask you to remove this language from the bill. As a commodity commissioner, I have been elected by my fellow producers to make informed decisions on their behalf. I have taken on the responsibility to immerse myself in wheat issues relating to marketing, education, technology and production. I have done this, because that is what the producers who elected me expect me to do. I do this, so they don't have to.

I can assure you that any assessment increase is not a decision I or any other commissioner take lightly, and we will gather as much producer input as possible from our districts. However, in the end, commissioners must make a decision based on producer input and our close knowledge of the current wheat industry.

If producers in my district are not happy with my actions, they can elect someone else to my position and/or ask for a refund of their assessment. There is no need for a producer referendum with the current process. Please remove this costly and unnecessary language from the bill.

Thank you. I would be happy to answer any questions at the appropriate time.

Regards,  
Steve Clanton  
721 Kiowa  
Minneapolis, KS 67467  
sclanton@nckcn.com

*Senate Agriculture Committee  
3-12-08*

*Attachment 6*



*Leaders in the adoption of profitable innovations for wheat*

**Testimony Supporting HB No. 2897  
Presented to Senate Committee on Agriculture  
Wednesday, March 12, 2008  
by Randy Fritzeimer, Stafford, KS**

Chairman Taddiken, and members of the committee, my name is Randy Fritzeimer, and I am a wheat producer from Stafford, Kansas. I also currently serve on the board of the Kansas Association of Wheat Growers. I support HB 2897, which changes the authorizing legislation for the Kansas Wheat Commission (KWC), allowing the Commission to collect up to 20 mills, or 2 cents per bushel on wheat sold in the state of Kansas. This change is essential to address funding shortfalls in the areas of research and biotechnology, cellulosic ethanol, and consumer education.

Last spring I spoke at wheat plot tours and held a roundtable meeting in my area about the need for additional funding. The comments from growers in attendance were favorable, and they could see the value of research dollars. Most growers are aware of the decreases in state and federal funds for wheat research and the need for additional producer funds.

Educating the urban populace is critical because the average consumer is unaware that our nation's safe, affordable food supply begins at the farm. I serve on the Education and Communication Committee, a joint committee of the Kansas Association of Wheat Growers and the Kansas Wheat Commission. Our goal is to amplify the farm to table message and build widespread consumer awareness about wheat and agriculture in its entirety. We will do this by focusing our educational efforts about the importance of agriculture and nutrition to a wide and diverse urban audience. Please support of raising the wheat assessment authority to 20 mills or 2 cents per bushel.

HB 2897 also calls for a majority vote of all growers before any increase in the assessment rate. I would like to see this language removed from the bill. The Commissioners are elected by wheat producers in their area to make such decisions on their behalf, similar to the process we use to elect Legislators to make decisions for us. This process of sending ballots to all wheat growers will add a lot of unnecessary expense for the Commission. I would ask that you please remove the costly referendum language from the bill.

Thank you for your time. I will stand for any questions you might have.

Randy Fritzeimer

*Senate Agriculture Committee  
3-12-08  
Attachment 7*

**KANSAS ASSOCIATION OF WHEAT GROWERS**

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*Kansas Grain & Feed Association*  
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**Joint Statement in Support of House Bill 2897**  
**Senate Agriculture Committee**  
**Mark Taddiken, Chairman**  
**March 12, 2008**

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

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

KARA's membership includes over 700 agribusiness firms that are primarily retail facilities that supply fertilizers, crop protection chemicals, seed, petroleum products and agronomic expertise to Kansas farmers. KARA's membership base also includes ag-chemical and equipment manufacturing firms, distribution firms and various other businesses associated with the retail crop production industry. On behalf of these organizations, I am testifying in support of HB 2897.

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

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

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

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*3-17-08*  
*Attachment 8*

stand ready and willing to serve if given the opportunity.

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

We also support the corn commission's requested increase in their authority. We understand that they have no plans to raise the assessment at this time, however we do believe it is prudent to not open up this statute any more than is absolutely necessary. Corn growers have truly benefited from the research and marketing provided by their commission dollars and additional authority could help our farmers produce even more corn at a lower cost. We certainly believe that we can produce enough corn to satisfy our food, feed and fuel needs. Additional research will certainly help in that effort.

As first purchasers, we support integrating the state sorghum and soybean check-offs with the federal check-off so that there will be a seamless transition when the federal one is implemented. The likelihood of the federal soybean check-off going away is quite slim. However, if it were to be repealed, our members would greatly benefit from having a seamless transition to the state program. The only difference a producer would notice is the ability to get a refund.

Thank you for the opportunity to address the committee on this bill. I urge the committee to support HB 2897 with the proposed amendment. I will stand for questions at the appropriate time.



*Leaders in the adoption of profitable innovations for wheat*

**Testimony Supporting HB No. 2897**  
**Presented to Senate Committee on Agriculture**  
**Wednesday, March 12, 2008**  
**by Jerry McReynolds, Woodston, KS**

Chairman Taddiken, and members of the committee, my name is Jerry McReynolds, and I am a wheat producer from Woodston, Kansas. I also currently serve as the second vice president of the National Association of Wheat Growers. I support HB 2897 which changes the authorizing legislation for the Kansas Wheat Commission (KWC). This change raises the cap on the wheat assessment to 20 mills or 2 cents per bushel, allows the appointment of a first purchaser to each commission, and adds a new voting process to determining the collected assessment rate.

The wheat industry in Kansas is on the verge of a crisis. Genetic technology in wheat has not kept pace with soybeans and corn, because of a lack of funding by private industry and decreasing state and federal support in research. With fewer and fewer Americans involved in wheat production, there is a decrease in public support for funding from state and federal general tax funds. Therefore, the wheat producers of Kansas are ready to step forward and **invest in our own industry** to make our farms more profitable and productive. While skyrocketing wheat prices are good news for the producer, they are also an indication that the world is running short on wheat. Wheat is not likely to gain acres and increase production without **rapid advances in breeding technology**. Please support of raising the wheat assessment authority to 20 mills or 2 cents per bushel.

I would like to address the language that calls for a producer referendum on assessment increases or decreases. Much as we elect men and women like you to represent our interests in the Kansas Legislature, Kansas producers elect commissioners from their crop reporting districts to represent our interests in the Kansas Wheat Commission. These commissioners are regularly well-informed about global markets, domestic trade, research and technology, and all wheat issues. We trust these men and women to process this information and make knowledgeable decisions. This was the intent of putting in the election process in the privatization of the grain commodity commissions in 2000. For this reason we allow elected commissioners to make informed decisions on behalf of all Kansas wheat producers.

This referendum would undermine that trust. Our commissions would have to spend limited producer funds, including my funds, to mail a ballot to all growers of the respective commodity before my elected commissioners could decide to increase or decrease the assessment. The decision to increase or decrease the rate would require a majority vote of the ballots that are returned by mail or in person. I elected this person to make that decision, not to make it myself with insufficient time to dedicate to a thorough investigation of the options myself.

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*3-12-08*

*Attachment 9*



Producers continue to share that dollars spent on producer outreach are their lowest priority for assessment investments. You are asking the commissions to increase the dollars spent on the lowest priority for me and other farmers like me. I urge you to allow our commissioners the same privileges that we entrust to our school district, county, state and federal elected legislators. Please REMOVE the costly referendum language from the bill. Organizations governed by elected representatives are successful because voters trust their representatives to make informed decisions on their behalf.

Producers would still be able to get a refund of grain assessments under state statute. If wheat producers are not pleased with decisions being made by their commissioners, they have the option to vote them out of office – just as we do with all elected positions. In that sense, the referendum already exists.

Thank you for your continued support and contributions to the Kansas wheat industry. Together we can continue to make advancements in research and development of domestic and international markets for Kansas wheat.

Regards,  
Jerry McReynolds  
1757 31 Road  
Woodston, KS 67675  
jdmcrey@ruraltel.net



Testimony on HB # 2897  
Senate Committee on Agriculture  
Wednesday, March 12, 2008

Dear Chairman Taddiken and committee members,

I would like to provide testimony regarding the value of the Kansas Wheat assessment as it relates to HB 2897 which authorizes the Kansas Wheat Commission to collect up to 20 mills for the Kansas wheat assessment.

Dean of the College of Agriculture  
Director of K-State Research and  
Extension  
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785-532-6147  
Fax: 785-532-6563  
<http://www.oznet.ksu.edu>

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

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

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

One specific example of the decline in funding is with the Wheat Genetic and Genomic Resources Center (WGGRC). WGGRC is a pioneering center serving the wheat research community to ensure the free availability of germ plasm worldwide, genetic and genomic resources, and knowledge for sustainable and profitable wheat crop production (<http://www.ksu.edu/wgrrc>). WGGRC is advancing this research mission by developing and distributing the genetic and genomic resource to the entire wheat research community. Kansas wheat producers have invested in the WGGRC for many years.

I myself used to be actively involved with wheat breeding in North Dakota. I can testify that without support from the wheat commission, today's wheat research programs in the USA would NOT be successful. This is a stark contrast to other grains such as corn and soybeans where the private sector pays the bill. The annual genetic gain in wheat yield is far less than other crops. This is mainly because genomics and biotechnology research in wheat has lagged behind other crops. This lack of investment poses a serious threat to profitable wheat crop production and imperils the economies of Great Plains states where the environment is most conducive to wheat production.

Kansas State University  
Agricultural Experiment  
Station and Cooperative  
Extension Service

K-State Research and  
Extension is an equal  
opportunity provider and  
employer.

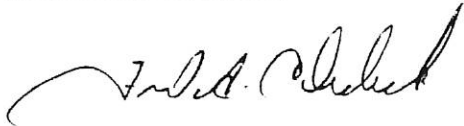
Senate Agriculture  
Committee  
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Attachment 10

"Knowledge  
for Life"

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

Kansas wheat producers were leaders in the 1950's when they came to the state legislature to form the Kansas Wheat Commission. Kansas continues to be the leader in wheat production because of the investments of producer dollars into research. They are coming to you this year to be able to increase those investments. On behalf of wheat research, I would ask that you support their request so that Kansas can continue to lead the way for wheat research.

Respectfully submitted,



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



*Leaders in the adoption of profitable innovations for wheat*

**Testimony Supporting HB No. 2897  
To Senate Committee on Agriculture  
Wednesday, March 12, 2008  
by Jay Cook, Garden City, Kansas**

Chairman Taddiken, and members of the committee, my name is Jay Cook, and I am a wheat producer from Garden City, Kansas. I am writing in support of HB 2897.

Because of inflation and funding shortfalls outside of the Kansas Wheat Commission's control, these most essential activities are at risk. By allowing the checkoff authority to move from one cent to two cents, we are allowing the Commission to rapidly respond to industry needs to accomplish its mission in representing growers.

My farm raised 102,000 bushels of wheat last year. It has not raised a public wheat variety since the *Newton*, which came out in the 1970s. Because of the many environmental challenges in Western Kansas, I have had to turn to Texas A&M varieties or Agripro varieties. It is time to recognize that relying on state and federal dollars to support wheat research has failed the producer.

The Kansas Wheat Commissioners operate on a non salary basis. Both the Kansas Wheat Commission and the Kansas Association of Wheat Growers now operate under a Cooperative Agreement that allows for one staff to work for both organizations. This is to economize further. As an active wheat producer, I would like our two organizations to become one organization. I have been involved with the KAWG organization for about 10 years and have become more familiar with the Commission and its activities through our joint committee system since the Cooperative Agreement. I have full confidence that any enhanced funding will be spent in a manner consistent with the mandate, vision and mission of the Commission.

There needs to be a strong organization which represents the wheat grower. This bill is progressive in that it allows industry representatives to actively participate in the many essential marketing, research and export promotion activities. In my opinion, producers working with industry create that strong organization for wheat growers.

Thank you for your consideration of HB 2897, and I ask that this committee vote in favor of this bill.

Jay Cook  
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*Senate Agriculture Committee  
3-12-08  
Attachment II*



**Kansas Cooperative Council**  
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## Senate Agriculture Committee

March 12, 2008  
Topeka, Kansas

### HB 2897 - Grain Commodity Commission Bill

Chairman Taddiken and members of the Senate Agriculture Committee, thank you for the opportunity to share our support a portion of HB 2897 allowing commodity commissions to have a first purchaser represented on their commission. I am Leslie Kaufman and I serve the Kansas Cooperative Council as Executive Director. The Kansas Cooperative Council represents all forms of cooperative businesses across the state -- agricultural, utility, credit, financial and consumer cooperatives. Approximately half of our membership is involved in agriculture/farm supply and marketing cooperatives.

We do support the ability for a commodity commission to choose to have a first purchaser on their commission. Obviously, our agriculture co-op members could be eligible for such a position. We believe the perspective they bring as a grain dealer/handler could provide a unique perspective and be of value to the overall functions of the commission.

We are confining our comments today to the provisions addressing first purchasers. Our board of directors has chosen not to take a position on modifying commission assessments. Our local agriculture cooperatives are governed by producer-members. A similar type of governance model is in place for commissions. As such, we have confidence in the producer-commissioners acting in the best interests of their producers when making decisions, including those related to assessments.

Thank you for allowing us to comment on HB 2897. We believe the addition of a first purchaser could be positive for the commodity commissions, thus we respectfully request your favorable consideration of this provision. Thank you.

The Mission of the Kansas Cooperative Council is to promote, support and advance the interests and understanding of agricultural, utility, credit and consumer cooperatives and their members through legislation and regulatory efforts, education and public relations.

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*3-12-08*  
*Attachment 12*

Midwest EXTRA

# Checkoff funds 26 soy-based products

*Just finished 2007*  
*3-12-08*  
*Attachment 13*



**Midwest Value-added**

By LON TONNERSON

**T**HE United Soybean Board and the soybean checkoff funded 26 new products that hit the market in 2007.

One of the biggest was soy foam seating that Ford used in the 2008

Mustang, says Todd Allen, USB New Uses Committee chairman and a soybean farmer from West Memphis, Ark.

Ford is expanding its use of soy foam. The company began using the product in the F-150 pickup and Lincoln Navigator and has plans to put it in the Ford Escape SUV in the near future, according to Allen.

Other new industrial soy products include:

- BioBased 2000 by Biobased Technologies — closed cell spray-foam

system using soy polyols

- Bio-Lux Foam by North Carolina Foam Industries — soy foam product family based on soy polyols for furniture industry

- Dura Soy by Eco Products/ New Century Coatings — soy-based multi-purpose floor coating

- Envirez 1807 by Ashland — soy-



Soy foam insulation

based resin via a pultrusion process for building materials

- Envirez 1807 by Ashland — soy-based resin for vacuum bag molding

- F-500 Bi-Solvent Precision Cleaning System by 3M — Soy-based precision parts cleaning pre-wash for industrial use

- Franklin Glue — new soy oil based additive for adhesives

- Fusion Hybrid UV by INX Co. — soy-based ink for sheet-fed printers

- Natural Lok by Green Products Co. — soy/linseed oil blend polyol adhesive for attaching rigid insulation to roofing

- OSF Eco Pure by INX Co. — soy-based hybrid ink for sheet-fed printers

- Purebond by Columbia Forest

Products from Hercules/Oregon State University — soy flour based formaldehyde-free paste glue for interior plywood panels

- Preserve Foam by Hickory Springs — soy foam product family designed for furniture

- Pure EZ Lift by Athea Laboratories — soy-based lift station degreaser

- Pure EZ Squirt by Athea Laboratories — soy-based multi-purpose cleaner, degreaser

- SG 500X by Soy Technologies — methyl soyate based coating additives

- Soy Base Concrete Floor Cleaner by Cox Industries — concrete floor scrubber cleaner

- Soy Base Xtreme by Cox Industries — heavy-duty cleaner concentrate



Particle board with a soy additive

- Soy Cream Cleaner by Bi-O-Kleen — kitchen and bathroom cleaner

- Soyfoam by Lear Corp. — soy-based foam for headrests and seating applications

- Soy foam by Cargill — soy-based flexible foams

- Soy Safe Paint Stripper by Soy Safe — paint stripper

- Soy Safe Whiteboard Cleaner Restorer by Soy Safe — whiteboard cleaner

- T-29 by BioSpan Technologies — soy-based industrial hand cleaner

- Zep Soy Response by Zep Mfg. — aerosol degreaser



Soy foam from Cargill

**Target areas**

USB is focusing new product research on five areas: adhesives, coatings and printing inks, lubricants, plastics, and other emerging industrial opportunities, Allen says.

"This is an exciting time for soy, as more and more new products are being introduced," says Allen.

"The soybean checkoff will continue to work to make sure 2008 is another great year for the inclusion of soy in new industrial products."

Source: United Soybean Board

- For more information on USB, the soybean checkoff and soy-based products, visit the Soy Products Guide on the Web at [www.Soynewuses.com](http://www.Soynewuses.com)

[Soynewuses.com](http://www.Soynewuses.com)

*Dan Cain*

*Senate Agriculture Committee*

*Attachment 13*