

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on January 14, 2009 in Room 446-N of the Capitol.

All members were present except:

Senator Terry Bruce- excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research
Corey Carnahan, Kansas Legislative Research
Jason Thompson, Revisor of Statutes Office
Judy Seitz, Committee Assistant

Conferees appearing before the Committee:

Carole Jordan, Senior Director, Rural Development, Kansas Department of Commerce (KDOC)
Wally Kearns, State Director, Kansas Small Business Development Center (KSBDC)

Others attending:

See attached list.

Chairman Taddiken welcomed new Committee members, Senator Pyle and Senator Barnett; and a new Legislative Research Fellow, Corey Carnahan and the Senator's intern, Zachary Goodman.

Carole Jordan, Senior Director, Rural Development, Kansas Department of Commerce (KDOC) introduced members of her ag marketing team: Becky Rhoades, Corey Mohn, J.J. Jones and Mari Tucker, Marketing Specialists; LeAnn Thurman, Central Kansas Community Development Block Grant (CDBG). Ms. Jordan also recognized Sarah Larison, Marketing Specialist, who was not in attendance).

Ms. Jordan (Attachment 1) said that in September 2008 Governor Sebelius announced the creation of a Rural Development Division in the Department of Commerce. She said the Rural Development Division is an umbrella under which the KDOC has some 30 programs and 20-plus employees that deal with some aspects of rural development.

The Office of Rural Opportunity gathers data about available resources and connects towns with the resources and can also tell where there are conditions and situations for which there are insufficient resources.

SB 453 passed last session created the Rural Policy Commission. It is hopeful that this group can develop creative policy initiatives based on information from the Office of Rural Opportunity.

Ms. Jordan reported that the Agriculture Products Development Division works to increase the viability and the visibility of Kansas agriculture and agribusiness. The KDOC also collaborates with other divisions, agencies and groups to advocate for agriculture and rural communities in Kansas. Through the Kansas Pavilions project companies have developed a more effective and attractive trade show presence to market Kansas food products.

There are 255 registered agritourism businesses in Kansas. Registration provides access to tax credits toward purchase of liability insurance, scholarship grants and development loans. Agritourism allows traditional Kansas farmers to expand their businesses by making them tourist destinations.

The Rural Development Division supports the grape and wine industry, organically grown products and locally grown fruits and vegetables.

The Agriculture Value Added Center Program provides marketing assistance, technical support, information and research to assist Kansas agricultural producers with value added ventures. The economic impact of sales from current recipients of loans or grants totaled \$233.5 million in sales.

CONTINUATION SHEET

Minutes of the Senate Agriculture Committee at 8:30 a.m. on January 14, 2009 in Room 446-N of the Capitol.

The Rural Development Division has assisted and supported sensible and sustainable development of the renewable energy industry which includes ethanol, biodiesel, cellulosic technologies and wind energy. At the end of FY 2008 there were 12 ethanol facilities in operation in Kansas with an output of 501 million gallons per year. In FY 2008 biodiesel producers received more than \$48,000 in incentive funds and ethanol producers received more than \$5.2 million in incentive funds.

The Division's International Marketing Program promotes Kansas agricultural products at the global level by conducting trade missions to target countries and coordinating itineraries for foreign buying teams. Many of the international trade activities are through Food Export-Midwest, a non-profit association that helps U.S. companies promote their food and agricultural products in foreign markets.

The Kansas products trademark program is designed to promote the use and sales of Kansas-based products resulting in additional revenues for Trademark Program members. Members of the Trademark Program are offered business assistance, technical assistance, and promotion of their companies. A new trademark program, *Simply Kansas*, was launched at the beginning of FY 2009.

Ms. Jordan stood for questions.

Wally Kearns, State Director, Kansas Small Business Development Center (KSBDC) said the Center is in the process of conducting an economic impact analysis for 2002-2007. There have been 1,557 new businesses started with 6,632 new jobs and 7,380 saved jobs. He will provide copies of the report showing the economic impact of the KSBDC for CY2002-CY2007. Mr. Kearns said there is still a big focus on assisting Greensburg in recovery from the tornado.

Mr. Kearns took questions.

The next meeting is scheduled for January 20, 2009.

The meeting was adjourned at 9:30 a.m.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: 1-14-09

NAME	REPRESENTING
WALLY KEARNS	KSBDC
J. J. JONES	Commerce
Becqi Rhoades	Dept. of Commerce
Mari Tucker	Dept of Commerce
Corey Mohr	Commerce
LeAnn Thurman	Dept. of Commerce
CU Cotsaradis	KDA
Jessica Bowser	KDA
Ston Ahlrich	Kansas, Inc.
Leslie Kaufman	Ks Co-op Council
Mary Jane Stankiewicz	KGFA
Jon Seiber	KGFA
John Donley	KS Lusk. Assn
Lauren J	Inter - Burnett
Ashley Doppa	Dwyer, Smith, & Assoc.
Zach Goodman	Sen. Mark Tadiwan #21

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Testimony to the Senate Agriculture Committee

Jan. 14, 2009

Agriculture Products Development

Carole Jordan

**Director, Rural Development Division
Kansas Department of Commerce**

Good morning, Chairman Taddiken and members of the committee. I'm Carole Jordan, director of the new division of rural development within the Kansas Department of Commerce. I'm here this morning to tell you a little about that division and the Department of Commerce programs that are focused on agriculture and rural Kansas.

After that, I will spend most of my time on the accomplishments of our agriculture products development division over the last year. I've brought along members of our ag marketing team and wanted to take this opportunity to introduce them to you.

New Rural Development Division

First, a little bit about the Rural Development Division. In my lifetime as a Kansan, I've developed a strong belief in the co-dependency of agriculture and rural communities and their importance to a strong economy for the entire state of Kansas.

Last September, Governor Sebelius announced the creation of a rural development division in the Department of Commerce. I am serving as senior director of rural development, and I believe this was a promotion for rural Kansas. This change gives agriculture and rural Kansas a direct pipeline to the Secretary of Commerce, and him to us. It also focuses and creates a direct route to rural development activities in state government and among the rural development partners. This was a recommendation of the Kansas, Inc. strategic plan of 2007, *Enhancing the Structure of Rural Development in Kansas*, a document well worth reading.

Our Department of Commerce budget devotes more than \$2 million in state dollars to rural development activities each year. Some \$16 million in federal dollars also are distributed most years through us to projects in rural communities. The Rural Development Division is an umbrella under which we have some 30 programs and 20-plus employees that deal with some aspects of rural development. Those subdivisions include agriculture marketing, community

AGRICULTURE MARKETING

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*Senate Agriculture
Committee*
1-14-09
Attachment 1

development, and the offices of rural opportunity. What they have in common is they add value to agriculture and add value to rural communities....thus, they add value to the state of Kansas. Or to be more basic, we work to push state and federal dollars out into the rural areas of our state and to use them wisely to help rural areas and communities meet their goals. A few of our value adding programs include:

- Agriculture value added loans
- CDBG grants to build city parks, infrastructure, fire stations
- Rural business development tax credits
- Community service tax credits
- Individual Development Accounts
- Main Street
- Incentives Without Walls
- Small Business Development Centers
- NetWork Kansas
- Agritourism and agritourism business assistance
- CDBG urgent need grants—Greensburg and SE Kansas floods in 2007, Chapman and Jewell this year
- Newest program we are developing is the neighborhood stabilization program that Congress developed to mitigate the results of mortgage crisis

Offices of Rural Opportunity

Last year at this time, we were announcing the opening of the first office of rural opportunity. Now all four offices are hard at work, based in community colleges in Colby, Garden City, Sterling, and Chanute. The Office of Rural Opportunity supports the efforts of rural Kansas communities to achieve their goals by increasing awareness and access to available resources.

Often we had heard that our smaller communities just did not know what resources were available to them. The office of rural opportunity was created specifically to deal with this problem. We tell the rural communities that we are not here to dictate to them from Topeka; instead, we are here to help them reach their goals after they have agreed upon them and created a roadmap to success.

The offices of rural opportunity not only gather data about available resources, and connect towns with the resources, but they also can tell us where there are conditions and situations for which there are not sufficient resources. Housing, health care and infrastructure are areas of concern all across the state.

Rural Policy Commission

As you will recall, last year you passed S 453 creating a Rural Policy Commission to serve as a think tank on rural issues. It is our hope that this group can develop creative policy initiatives based on the information we are hearing from our offices of rural opportunity. When the final

appointees to the commission are approved by the Senate Committee on Confirmations, we will be working with our rural development partners to set up the first meeting of this stand-alone group.

Agriculture Marketing

The Agriculture Products Development Division works to increase the viability and the visibility of Kansas agriculture and agribusinesses. It partners closely with the Community Development section of our division to provide assistance to agriculture, agribusiness and communities. Shared management of the programs and the new regional Offices of Rural Opportunity maximize communication with, and benefits to, rural Kansas. Agriculture and rural communities are natural partners in this state.

With a focus on agriculturally-based ventures (food, feed, fiber and energy), we can help with business development and finance, marketing and communications and industry product research and development.

We also collaborate with other divisions, agencies and groups to advocate for agriculture and rural communities of Kansas. The agriculture marketing division can provide a range of financial and technical assistance to agricultural businesses, ranging from assistance for food processing expansions and renewable fuel plant development, to promoting agricultural products internationally. Staff members work with Kansas agriculture producers, lenders, educators and researchers to innovatively capture value from raw commodities. They often suggest ways for producers to build alliances to take advantage of market opportunities and economies of scale. Especially aware of the uncertain economic times, we have worked aggressively to go to our customers out across the state to explain our programs. We also are working closely with our Kansas farm and commodity groups to ensure that our efforts complement their goals and the use of commodity check-off dollars.

We assist with expansion and exploration of new technologies through pilot plant programs, food safety studies and nutritional evaluation services. Agriculture is one of the state's foundation industries—always has, always will be. It will contribute to the state's economy in the future through production of traditional commodities and livestock, the growth of the specialty crop industry, renewable energy and the biosciences.

Taking Kansas Food Products to the World

We can help a food company get started. Participation in national trade shows can help companies take the next step into larger production and sales in the national and international marketplace. Through the Kansas Pavilions project, we help companies exhibit in an organized Kansas area at highly regarded trade shows. We also help them develop a more effective and attractive individual trade show presence. In FY 2008, we organized three Kansas pavilions. Five companies showed their products in New York in July; four in San Diego in January; and eight in New York in June.

Agritourism

Development of the agritourism industry continues in the state. Agritourism can let traditional Kansas farmers expand their businesses by making them tourist destinations. Many urban residents are nostalgic or curious about rural life, and are happy to pay for the opportunity to visit and participate in the activities of a working farm or agribusiness.

We now have 255 registered agritourism businesses in Kansas. Registration through our department provides access to many resources, including tax credits toward purchase of liability insurance, agritourism scholarship grants and a newly launched agritourism development loan program. The division introduced the loan during FY 2008, designed to help new and established agritourism operations enhance their business operations.

In FY 2008, \$12,663 in agritourism scholarships were awarded to six registered businesses, allowing them to attend two educational tours and three educational conferences, including the Kansas Bed and Breakfast Association Conference and the North American Farm Direct Marketing Association's Early Learning Retreat and Annual Conference.

Agritourism Scholarship Recipients

Company	Grant Award
Harvest Farms	\$3,590
Browndale Farms	2,200
Klausmeyer Dairy	1,630
Smoky Hill Vineyard & Winery	2,000
Walters' Pumpkin Patch	2,413
<u>Double Arrow C Ranch</u>	<u>800</u>
Total Grants Awarded	\$12,633

Progress Continues for Specialty Crops

The division continues to partner with the grape and wine industry and the Kansas Department of Agriculture to support this important segment of Kansas agriculture, as well as other "specialty" crops....such as organic products, locally grown projects, fruits and vegetables or artisan products.

The state's 16 currently operating wineries produce more than 50,000 gallons of wine. Kansas wineries are popular agritourism destinations, and use locally grown grapes, berries and other fruits to create unique wines. The passage of legislation allowing Kansas farm wineries to ship directly to out-of-state customers, and wine to be served and sold by the glass and the bottle at the Kansas State Fair, have helped the industry grow. Licensed wineries now are located in Eudora, Holton, Ellinwood, Whitewater, Louisburg, Basehor, McLouth, Lawrence, Wamego, Williamsburg, Salina, Paola, Udall and Mulvane. Read more about our wineries at winesofkansas.com.

Adding visibility to the industry has been a priority for the division. The State Fair Grape Stomp and People's Choice Wine Judging events, hosted by the division, showcased the Kansas grape and wine industries. We have featured specialty crops at a Department of Commerce display in the Bluestem Building at the fair. Displays portraying the grape and wine industries, agritourism in Kansas, farmers' markets, Kansas Travel and Tourism, and Kansas trademark products have been highlighted over the duration of the Fair.

We work closely with the Department of Agriculture to allocate USDA dollars for the specialty crop industry in the state, and we are always proponents of improving market opportunities for segments of agriculture.

We want Kansas producers to be able to take advantage of consumer trends for organic foods and locally grown foods whenever possible. A number of groups are interested in building on the natural and historic resources of the Kansas River Valley, and we helped them put on workshops in Topeka and Lawrence last fall looking at The Future of Food in the Kansas River Valley. We helped the group bring in speaker, Ken Meter, to discuss the value of our regional agricultural heritage and the potential of local food production to provide critical revenue, employment and entrepreneurial opportunities, expanding markets for local growers and ranchers, increased visitor traffic, enhanced community image and improved quality of life. We have been able to assist projects of this type through sponsorship dollars and in-kind support.

Agriculture Value Added Center – Service to Entrepreneurs

This program's goal is to improve wealth for agricultural producers through creation of value added marketing and processing opportunities that also retain and create jobs in rural Kansas. "Value added" is defined as the further processing or alternative marketing of agriculturally-derived products to capture additional value in the marketplace.

The ag value added loans can be market development funds for projects that explore a market or facilitate entry into a market; bridge funds for equity drives or escrow financing for start-up funds; or commercialization funds for projects that involve actual processing, equipment, physical structures and gap financing. These loans are interest-free for two years; the interest rate is fixed at one point over prime interest.

The Agriculture Value Added Center Program provides marketing assistance, technical support, information and research to create producer-based alliances and to assist Kansas agricultural producers with value added ventures. In Fiscal Year 2008, 10 Kansas companies and organizations received \$579,488 in loans and \$96,880 in grants. Matching funds of \$220,542 were reported. The economic impact of sales from the current recipients and those still reporting totaled \$233.5 million in sales.

We focus on loans, not grants in most cases, and have a healthy program that allows us to redeploy repayment dollars to other worthy projects. We are not the lender of last resort—our loan applicants are subject to the same credit checks, business and market plan requirements that

a bank would require. We try to be good stewards of state dollars. We are able to give valuable advice to folks looking for new opportunities in value added agriculture.

Grants:

K-State Food Science, Manhattan	\$70,000
K-State Meat Science, Manhattan	\$16,880
<u>K-State Food Science-Equipment, Manhattan</u>	<u>\$10,000</u>
Total Grants: \$96,880	\$96,880

Loans:

2008-03	Linn Willow Creek Dairy LLC	17,750
2008-06	Hoelscher Agriculture Development	16,000
2008-07	Peaceful Prairie Farm LLC	6,000
2008-08	Anderson County Poultry Processing	16,099
2008-09	A-Pack	50,000
2008-10	Blackberry Mercantile	6,000
2008-12	Walters' Pumpkin Patch, LLC	79,250
2008-13	<u>Heartland Mill, Inc.</u>	<u>294,909</u>
Total Loans: \$579,488		

Renewable Energy

We have assisted with, and supported, sensible and sustainable development of the renewable energy industry, which encompasses ethanol, biodiesel and cellulosic technologies, as well as wind energy in Kansas. As a traditional agricultural leader; and a state blessed with tremendous natural resources, Kansas is positioned to be a forerunner in the area of renewable energy production. Although a number of forces slowed new development of biodiesel and ethanol during the last year, we believe that market forces will stabilize to allow renewable energy production to be successful in Kansas, bringing employment and related business activity to many rural communities.

Fiscal Year 2008 ended with 12 Kansas ethanol facilities in operation with a combined permitted output of 501 million gallons per year. The biodiesel industry is developing at a slower pace, with overall demand for soybeans and tallow making the feasibility of projects difficult. Both ethanol and biodiesel producers are able to draw on incentive funds. In Fiscal Year 2008, biodiesel producers received more than \$48,000 in payments and ethanol producers received more than \$5.2 million. In addition, a number of new tax credit programs have been put in place. Of these, the Alternative Fuel Tax Credit is the longest standing and has had the most activity. During the fiscal year, 49 people applied for credits totaling \$64,366. Other tax credit programs supporting biomass-to-energy, electric cogeneration, integrated coal gasification, nitrogen fertilizer plants, and storage and blending equipment have seen some application activity but had

no official payouts at the end of the fiscal year. The Agriculture Marketing Division looks for ways the Agriculture Value Added Loan Program can help determine the feasibility of projects that might have a broader application to other parts of the state.

Abengoa Bioenergy continues steps to develop one of six proposed cellulosic ethanol facilities partially funded by a U.S. Department of Energy grant in 2007. That cellulosic ethanol plant will be co-located with a conventional ethanol plant near Hugoton. Actual production from the plants is expected in 2011.

We continue to partner with Kansas Wheat and other stakeholders to fund the creation of the *Kansas Biomass Toolkit*, a reference guide for Kansas farmers to determine the marketplace for agriculture residues and address issues related to their collection, storage and transportation.

We continue to facilitate the Kansas Biofuels Working Group, which coordinates biofuels inquiries and activity and includes representatives from the Kansas departments of Agriculture, Health and Environment, Revenue and Transportation, as well as the Kansas Energy Council and the Kansas Securities Commission. Our cooperation has eased the burden of locating a facility in Kansas and keeps us up-to-date on the state of the industry.

Staff work closely with the Kansas Energy Office to ensure the Division is knowledgeable about trends and business realities of the renewable energy industry.

International Trade

We work to increase export sales of Kansas agricultural commodities and processed foods. Kansas exports grew during the fiscal year, partially fueled by the weak dollar, and led by agricultural products.

The Division's International Marketing programs promote Kansas agricultural products at the global level by conducting trade missions to target countries and coordinating itineraries for foreign buying teams. These programs are also a valuable information source, offering importer lists by product and country, providing product and supplier lists of importers and maintaining computer access to the U.S. Department of Agriculture databases and foreign market analysis data. Technical information regarding livestock shipment, health regulations, payment terms and other exportation requirements is also available from staff.

The Department conducts many of its international trade activities through Food Export-Midwest, a non-profit association that helps U.S. companies promote their Midwestern food and agricultural products in foreign markets. In conjunction with its 12 member-state agricultural promotion agencies, Food Export-Midwest offers a broad range of comprehensive programs and services to assist companies with the entire exporting process, from learning the fundamentals of exporting to identifying overseas opportunities and potential distributors. Food Export-Midwest also helps fund international marketing campaigns and promotes products overseas.

This year, the dues paid by the state of Kansas to Food Export-Midwest resulted in a projected export sales increase of slightly more than \$1.46 million and an overall return on investment of \$16:1 (money received through grant program to dues paid by state).

Fiscal Year 2008 Food Export-Midwest recipients were:

- Best Regards, Olathe; tea cookies
- Cereal Ingredients, Inc., Leavenworth; flavor bits used in baking
- Harvest Lark Company, Chapman; whole-grain, all-natural food bars
- Maser Industries, LLC, Stilwell; all-natural salsa
- New Grass Bison Co., Shawnee; bison jerky, sausage and other meat products
- Original Juan Specialty Foods, Inc., Kansas City; salsa, hot sauces, BBQ Sauce, dressings, etc.
- Premium Nutritional Products Inc/ZuPreem, Shawnee; pet food, food for zoo animals

Kansas Products Trademark Program

The trademark program is designed to promote the use and sales of Kansas-based products resulting in additional revenues for Trademark Program members.

After 30 years of serving Kansas companies, the *From the Land of Kansas* trademark program was retired with 327 members entitled to the benefits of membership. The trademark program offered business assistance through the Business Enhancement Grant, technical assistance from Agriculture Marketing staff and promotion of Kansas companies in a variety of methods.

The new trademark program, *Simply Kansas*, was launched at the beginning of Fiscal Year 2009. The new program was developed after more than a year of research, surveys and focus groups to ensure that it will benefit its members and consumers searching for Kansas products. With an updated logo and expanded menu of benefits to Kansas producers, the trademark program is well situated to showcase member companies before consumers interested in purchasing from Kansas companies.

As a benefit of membership, grants are available. Fifteen companies received Business Enhancement Grants in Fiscal Year 2008. Funds in the amount of \$26,456.42 were awarded. So far, these grants have helped generate sales of more than \$103,822.07.

Grant Recipients

Project	Funds Awarded
2008-01 Davenport Winery	\$ 2,000
2008-02 The Flower Nook	1,170
2008-03 New Grass Bison	2,500
2008-04 Kaw Valley Farm Tour	2,200
2008-05 Renyer's Pumpkin Patch	1,454
2008-06 Longford Water Company	2,100
2008-07 Amore Chocolate Pizza Co.	2,500
2008-08 Prairie Harvest	1,072
2008-09 Pieroguy's Pierogies	2,500
2008-10 Depot Market	777
2008-12 Pendleton's Country Market	2,500
2008-13 Walters' Pumpkin Patch	2,500
2008-15 Lawrence Farmers' Market	2,500
2008-16 Images on Stone	<u>682</u>
TOTAL	\$ 26,456

In Conclusion

I've talked about the past year. I want to also talk a little about the upcoming year.

We will continue to utilize the budget dollars we have as efficiently and effectively as we can to benefit rural Kansas. We will work closely with our rural communities and our agricultural groups to maximize our efforts.

In the near future, I want to mention some activities we are planning, including:

- Agriculture Day Legislative Luncheon, in cooperation with the Department of Agriculture and Kansas commodity groups, in March at the Dillon House.
- The Kansas Agritourism Conference in Great Bend, March 25-26
- The first Kansas Marketplace, featuring workshops and exhibits for rural entrepreneurs, in cooperation with a number of groups in Great Bend in November 2009.

Thank you for your attention. Are there any questions?

Kansas Rural Development Resource Guide

“Small towns ... big plans.”



KANSAS

DEPARTMENT OF COMMERCE

Rural Development

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Rural Development in Kansas

Rural development rarely makes headlines in the big cities. But for the rural communities working to improve their quality of life, small towns are a big deal. Here in Kansas, rural communities remain crucial to our state's economy, culture and character. They're woven into our history, and they have a huge role to play in our future.

With this in mind, a number of public and private organizations have set out to help rural communities solve problems, achieve goals and remain viable. While these organizations often have different approaches and areas of expertise, they all work together in pursuit of the same goal — rural development in Kansas.

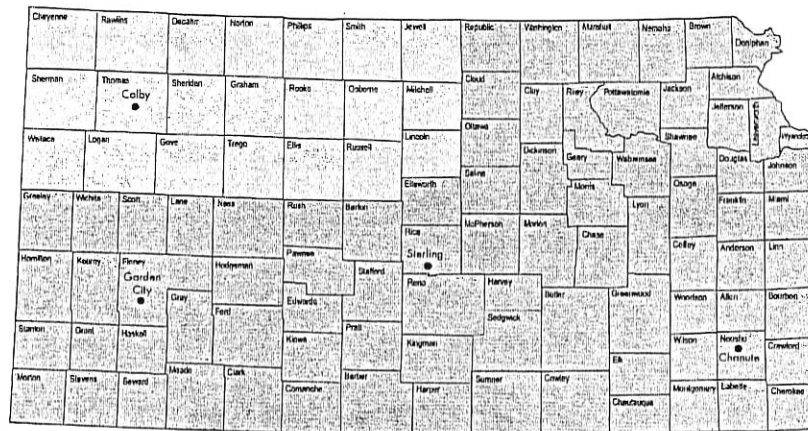
This brochure provides an overview of the rural development organizations and services available in Kansas. These resources are divided into the following four categories:

- I. Business Development (Page 3)
- II. Community Capacity Building (Page 4)
- III. Community Development (Page 5)
- IV. Regional Assistance (Page 6)

Office of Rural Opportunity

The Office of Rural Opportunity is designed to spur rural development in Kansas communities of 5,000 or less. Housed within the Rural Development Division of the Kansas Department of Commerce, the Office serves rural communities seeking assistance in the development of strategic plans to attract businesses, workers and investment. The Office is also designed as a one-stop contact for information on all of the organizations and resources listed in this brochure.

The Office has four regional locations throughout Kansas. You can locate and contact your regional Office representative by using the map below.



Northwest Kansas

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I. BUSINESS DEVELOPMENT

No two businesses are exactly alike. But there are some things that every business needs to be successful — things like technical assistance, access to capital, an educated workforce and a statewide network of partners committed to businesses development. The following organizations and programs are designed specifically to help rural businesses access the resources they need.

Kansas Bioscience Authority (KBA)

The Kansas Bioscience Authority was created in 2004 to encourage the growth of Kansas' bioscience industry. The KBA works with a variety of public, private and academic institutions to increase the state's capacity to recruit biotech companies, help existing companies access capital investment, grow Kansas' biotech-related workforce and expand the state's capacity for high-level research and commercialization.

kansasbioauthority.org

Kansas Center for Entrepreneurship (NetWork Kansas)

NetWork Kansas is the nation's first statewide network devoted specifically to entrepreneurship and small business. Through its referral center, NetWork Kansas helps entrepreneurs tap a network of nearly 450 partners to find the resources they need. NetWork Kansas also provides funds for communities and businesses via matching grants and loans, including opportunities for rural communities to raise capital for projects.

networkkansas.com

Kansas Department of Commerce – Rural Development Division – Agriculture Marketing

Agriculture Marketing staff work to improve the economic condition of Kansas producers, who in turn boost the prosperity of rural communities. Staff offers expertise in ag-related fields such as agritourism, biofuels and product diversification. Technical and financial assistance is provided through the Agriculture Value Added Loan Program, Simply Kansas and other global and domestic marketing programs.

KansasCommerce.com

Kansas Department of Commerce – Business Development Division

The Business Development Division works to promote the growth and retention of existing business and industry in Kansas and is also responsible for the recruitment of new businesses and new jobs. The Division has four different sections: Business Assistance, Business Finance, Business Recruitment and the Office of Minority and Women Business Development.

KansasCommerce.com

Kansas Department of Commerce – Travel & Tourism Division

The Travel & Tourism Division encourages leisure travel in Kansas by promoting the recreational, historic and natural advantages of the state and its facilities. The Division also works with local tourism groups, organizations and businesses statewide to encourage the development of new or existing tourism attractions.

KansasCommerce.com

Kansas Small Business Development Center (KSBDC)

The Kansas Small Business Development Center helps small businesses, start-ups and entrepreneurs compete in today's global economy. Administered by Fort Hays State University, the KSBDC comprises eight Regional KSBDC Centers and various Outreach Centers, which combine the resources of the state's best educational institutions, the private sector and all levels of government.

kansas.gov/ksbdc

Kansas Technology Enterprise Corporation (KTEC)

KTEC is a public/private partnership established by the state to promote technology-based economic development. The group serves as a direct partner to Kansas businesses by supporting strategic research and development at Kansas universities, providing hands-on business assistance at business incubators and making direct equity investments in early-stage companies.

ktec.com

II. COMMUNITY CAPACITY BUILDING

Sure, you need to work hard to improve your community. But you also need to work *smart* — and that means building community capacity through strategic planning and grassroots organization before embarking on specific development projects. The following programs and services are available to help communities undertake capacity-building activities in preparation for specific development projects.

Center for Community Support & Research (CCSR)

The CCSR at Wichita State University partners with communities and organizations to strengthen Kansas through education, leadership development, facilitation and research. CCSR's staff works directly with community coalitions, non-profit health and human services organizations and self-help groups to facilitate working sessions with these organizations.

ccsr.wichita.edu

Home Town Prosperity Initiative (HTPI)

HTPI is a grassroots initiative of the Kansas Farm Bureau designed to bring together communities and agencies across Kansas in a comprehensive rural development effort. The HTPI currently is dedicated to working with communities to identify local leaders and build community capacity to sustain ongoing projects.

kfb.org

Kansas Communities LLC

Kansas Communities LLC consults with cities and counties to improve capacity in four areas: business, education, health/human services and government. Service is provided through a grassroots process, utilizing interviews, goal setting, citizen action teams and public accountability. Expected outcomes include a change in community attitude, entrepreneurship and the development of new leaders and partnerships in all four areas.

kscomm.net

Kansas Leadership Center (KLC)

KLC's mission is to cultivate civic leadership in Kansas communities by creating and delivering educational programs to improve the leadership skills of civic-minded Kansans. Various leadership development programs are offered several times each year.

kansasleadershipcenter.org

Kansas PRIDE

PRIDE is a partnership of K-State Research and Extension and the Kansas Department of Commerce that helps local governments and volunteers improve their communities. Through PRIDE, local volunteers organize to implement an inclusive approach to community improvement. PRIDE is able to provide educational support, evaluation and public recognition for successful community efforts.

kansasprideprogram.ksu.edu

Kansas State University Center for Engagement and Community Development (CECD)

CECD links Kansas State University faculty and community leaders to address community challenges through University outreach and engagement. CECD organizes the research, teaching and program resources of KSU to meet community development needs in Kansas.

k-state.edu/cecd

KU Institute for Policy and Social Research (IPSR)

IPSR brings together social scientists from a broad range of disciplines to conduct research and reinforce local capacities for advancing economic development among Kansas communities. Staff also provides educational training and technical assistance, including property tax abatement assessment, to Kansas communities. IPSR works with the KU School of Business on the KU for KS Initiative, which is designed to strengthen economic competitiveness in underserved areas of Kansas.

ipsr.ku.edu

III. COMMUNITY DEVELOPMENT

For communities that have already come together and collaborated on a strategic plan, the next step is exploring financial and technical resources available to undertake community development projects. The following organizations and programs are designed specifically for communities engaging in community development projects.

Kansas Department of Commerce – Rural Development Division – Community Development

Community Assistance Services (CAS)

Community Assistance Services encompass all state-funded community development efforts within Commerce. Areas of focus include sustainable downtown districts, local planning efforts and projects that improve quality of life, increase local capacity and support rural development in collaboration with local partners. Assistance includes tax credits and a variety of financial and technical support.

KansasCommerce.com

Community Development Block Grant (CDBG)

The CDBG Program allows Commerce to distribute federal funds to Kansas cities and counties for community development. To qualify for funds, a community must demonstrate that a proposed project: benefits low- or moderate-income individuals; removes or prevents slum or blight conditions; or eliminates an urgent need created by a severe natural or other disaster when local funds are not available.

KansasCommerce.com

Kansas Main Street Program

The Kansas Main Street Program is a self-help technical assistance program that targets preservation and revitalization of historic downtown districts. Communities become Main Street cities through a competitive application process. The program offers management training, consulting, program evaluation, design assistance, business strategies and incentive dollars to designated communities under 50,000 in population.

KansasCommerce.com/MainStreet

Kansas Department of Commerce – Kansas Partnership Fund

The Kansas Partnership Fund provides financial assistance to Kansas cities and counties by making low-interest loans for infrastructure improvements that are deemed necessary to attract new business or expand existing businesses. This is a revolving loan fund available to all cities and counties in Kansas.

KansasCommerce.com

Kansas Department of Transportation (KDOT)

KDOT helps its partners identify and apply for state and federal funds for transportation projects throughout the state. A number of KDOT programs focus on important aspects of community development, including safety, economic growth and maintaining infrastructure. Specific funding is available for streetscapes, landscapes, safe school routes and other enhancements.

ksdot.org

USDA-Rural Development

USDA-Rural Development offers financial programs to support essential public facilities and services such as water and sewer systems, housing, health clinics, emergency service facilities and electric and telephone service. The office promotes economic development by supporting loans to businesses through banks and community-managed lending pools. Technical assistance is provided to help agricultural cooperatives and communities undertaking community empowerment programs.

rusdev.usda.gov/ks

IV. REGIONAL ASSISTANCE

Rural development begins at the local level with local organizations. But don't forget to explore the *regional* organizations and resources available here in Kansas. The following community and business development organizations and services are administered at the regional level throughout Kansas.

Kansas Department of Commerce – Enterprise Facilitation

Enterprise Facilitation is designed to utilize community intelligence, train local citizens and increase local capacity to develop new small businesses. Community Development Block Grant technical assistance and State funds are used for training, to hire an Enterprise Facilitator and to build capacity within a large community enterprise board.

KansasCommerce.com

Kansas Association of Certified Development Companies (KACDC)

The KACDC promotes the development of small-business concerns through its support of local Certified Development Companies (CDCs). Kansas CDCs assist businesses by developing loan packages that often contain more than one source of project funding (including federal and state government sources), thus providing the small-business customer with the best combination of rates and terms possible.

kacdc.com

Kansas Regional Foundations

Kansas Regional Foundations are certified by the Secretary of the Kansas Department of Commerce to receive Rural Business Development Tax Credits. All 105 counties are covered by one of these foundations. Tax credits are offered to the foundations for use in raising capital for local economic development initiatives.

ksrevenue.org/taxcredits-RegionalFoundation.htm

Kansas Association of Community Foundations (KACF)

KACF is dedicated to strengthening Kansas communities through charitable giving and building endowments that support current and future needs throughout the state. KACF helps individuals, families and businesses plan and implement their charitable giving via a network of local community foundations.

kansascfs.org

Kansas Association of Community College Trustees (KACCT)

KACCT is the organizational body for the state's 19 community colleges. These colleges provide many assets to communities and locally driven economic development endeavors through workforce development programs and apprenticeships. A number of colleges leverage resources with other state resource partners, including the Kansas Department of Commerce and the Kansas Small Business Development Center.

kacct.org

Kansas Farm Bureau (KFB)

KFB represents 40,000 farmers and ranchers who make their livings through production agriculture. KFB members have adopted policies supporting the development of rural community leaders, fostering entrepreneurship, retaining community wealth and attracting and retaining youth. With its county leadership systems already in place, KFB is positioned to help provide a strong support structure for rural development.

kfb.org

Kansas State University Research and Extension (Extension)

K-State Research and Extension provides education and outreach on issues related to rural environmental, economic, social, human and community health. Working to address the needs of the entire system of rural living, Extension provides various programs focused on creating and sustaining healthy people, food and agricultural systems and communities. Extension has at least one staff member living and working in each Kansas county.

oznet.ksu.edu

KANSAS

DEPARTMENT OF COMMERCE

Office of Rural Opportunity

The Office of Rural Opportunity supports the efforts of rural Kansas communities to achieve their goals by increasing awareness and access to available resources.

What is the Office of Rural Opportunity?

The Office of Rural Opportunity was created by the 2007 Kansas Legislature to spur rural community development in Kansas. Housed within the Kansas Department of Commerce, the Office serves as a contact point for rural communities seeking assistance with community development to help attract businesses, workers and investment. The Office has four regional locations throughout Kansas, which allows Office staff to maximize their time in the field and create a community-driven, bottom-up approach to rural development in Kansas.

How is the Office of Rural Opportunity structured?

The Office of Rural Opportunity has offices at Sterling College, Colby Community College, Neosho County Community College and Garden City Community College, with a regional representative assigned to each location. This approach allows Office staff to spend the majority of their time in rural Kansas communities rather than in Topeka.

Why are the Office of Rural Opportunity's four locations on college campuses?

The colleges at Sterling, Colby, Neosho and Garden City have all volunteered space, staff assistance and other resources to the Office of Rural Opportunity, creating a wonderful partnership for everyone involved. The Office benefits from low start-up costs and proximity to the community colleges' human and intellectual resources. Meanwhile, the community colleges benefit by getting their faculty and students involved in real-world rural revitalization efforts.

With whom does the Office of Rural Opportunity partner?

Because it is housed within the Kansas Department of Commerce, the Office has access to all of the Department's long-standing community and economic development services. The Office also partners with groups such as the Kansas Small Business Development Center, the Kansas Department of Agriculture and Network Kansas to provide comprehensive assistance to rural communities.

How does the Office of Rural Opportunity differ from other rural entities?

Many rural development organizations focus on luring businesses to rural communities through financial incentives. But the Office of Rural Opportunity takes a more holistic approach to rural development, focusing first on community development and community goal setting as a necessary precursor to business development. The Office will stress the importance of regional plans that incorporate volunteerism, grassroots activism and community pride. Another key difference is that Office of Rural Opportunity staff network with existing resources in Topeka and surrounding states, as well as those at the national level, to maximize financial and technical assistance for rural Kansas.

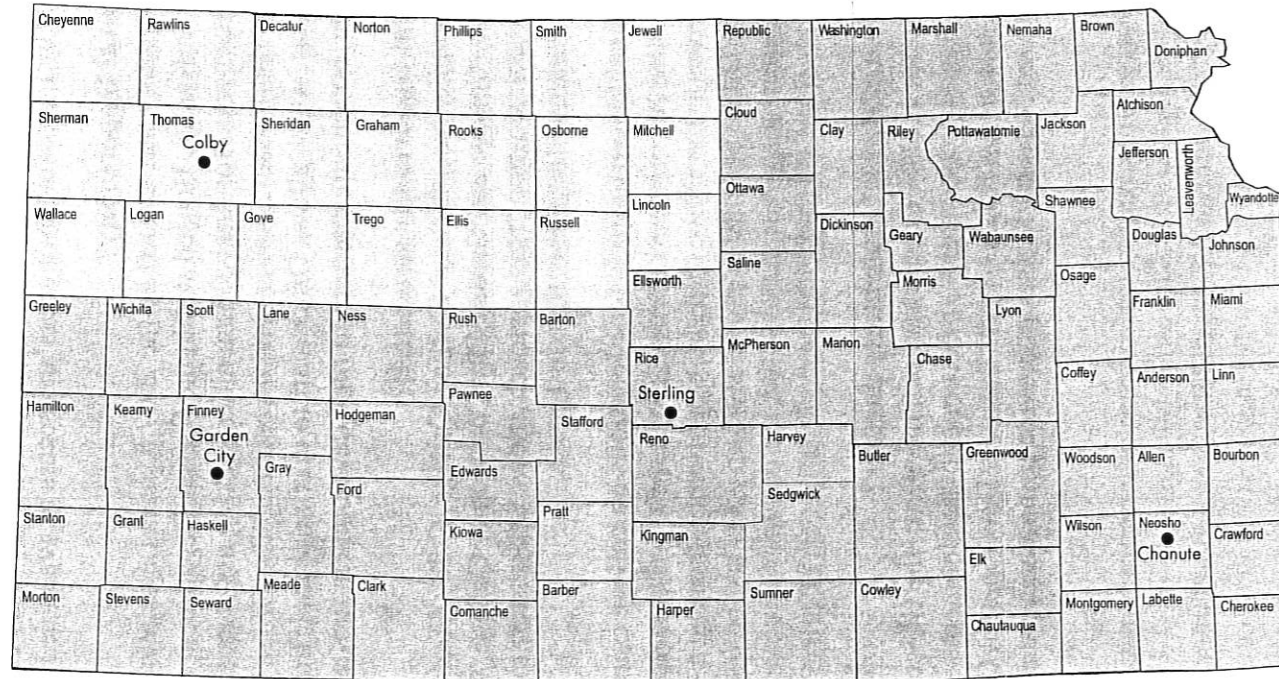
Finally, the Office of Rural Opportunity is dedicated solely to communities with 5,000 or fewer residents.

KANSAS

DEPARTMENT OF COMMERCE

Office of Rural Opportunity

The Office of Rural Opportunity supports the efforts of rural Kansas communities to achieve their goals by increasing awareness and access to available resources.



REGIONS

Northwest Kansas

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Agriculture Value Added Loan Program

Kansas Department of Commerce Rural Development Division



81-1

The Agriculture Value Added Loan Program provides financial support for the creation and expansion of producer-based alliances and value added businesses. Dollars from the program may be used by agricultural producers and entrepreneurs for such things as business planning, product development, marketing and product sourcing. Loans may not be used for production costs, land acquisition or to pay off any existing debt.

The Division of Rural Development is focused exclusively on rural development, with a mission to provide easier access to Kansans seeking assistance and encourage more collaboration among existing rural development organizations.

Three competitive loan programs are available for ag producers:

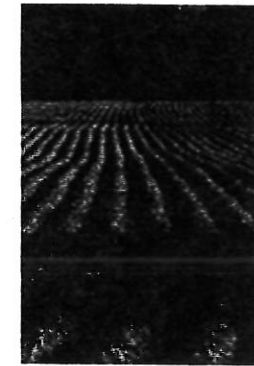
The Division of Rural Development serves as the umbrella for all of the department's rural development entities, including the Ag Marketing Division, Community Development Division and the Office of Rural Opportunity. The Division works closely with its partners – including the Department of Agriculture, Kansas Small Business Development Center and Network Kansas – to avoid duplication of services. As such, the Division is better equipped to tackle the unique challenges faced by rural Kansas.

- **Agritourism Attraction Development Loans**
- **Diversified Farm and Specialty Production Loans**
- **Agriculture Value Added Loans, including:**
 - 1) Marketing Development funds for projects that explore a market or facilitate entry into a market.
 - 2) Bridge funds for equity drives or escrow financing for start-up funds.
 - 3) Commercialization funds for projects that involve actual processing, equipment, physical structures and gap financing.

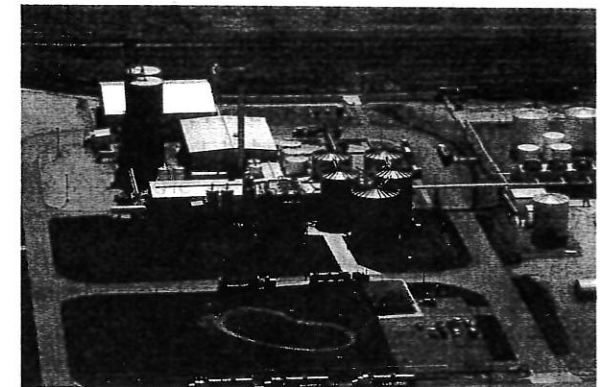
For further information on the Rural Development Division, please visit our web site at:
www.kansascommerce.com

For further information on the Agriculture Value Added Loan program, please contact:

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Agriculture Value Added Loan Program



Rural Development Division

Agritourism Attraction Development Loan

The Agritourism Attraction Development Loan Program is designed to assist new and existing agritourism operators enhance their business operations. "Agritourism" is often defined as the crossroads of traditional agriculture and tourism, when tourists visit a working farm, ranch, winery or any agricultural operation for enjoyment, recreation, activities, education, shopping, dining or lodging. Applicants must be registered with the Kansas Department of Commerce as an Agritourism Operation.

Diversified Farm and Specialty Production Loan

The Diversified Farm and Specialty Production Loan Program assists agricultural producers' transition to non-traditional crops or livestock as a means to add value to the farm. Non-traditional crops or livestock are defined as those not currently tracked by the Kansas Agriculture Statistics Service. Projects cannot be an expansion of an existing operation. Applicants must exhibit the potential for the project to generate and sustain additional revenue streams for the farm.

Agriculture Value Added Loan Program

The Agriculture Value Added Loan Program is designed to assist agriculture producers with value added ventures that do not qualify for the Agritourism Attraction Development Loan Program or the Diversified Farm and Specialty Production Loan Program. "Value added," simply defined, amounts to further processing or alternative marketing of agriculturally derived products to capture additional value in the marketplace.

Loan Guidelines for Value Added Funds

- Interest will not accrue until after 24 months from the date the contract is enacted.
- Interest will accrue, compounded quarterly, for the duration of the loan.
- The interest rate will be fixed at one point over Kansas City prime on the day the contract is enacted and compounded quarterly. For phase-funded loans, interest will accrue, compounded quarterly for the date the company utilizes the balance of the loan, or, beginning on a date specified in the contract, whichever date is earliest.
- No penalties will be assessed for early repayment.
- Quarterly reports will be due by January 15, April 15, July 15, and October 15 following the respective quarters.
- Projects are subject to program requirements and must exhibit a high probability of return on investment.
- Eligible expenses include (but are not limited to): building construction, purchase or improvement; equipment; professional service fees; and supplies and materials.
- Loans may not be used for production costs, land acquisition or to pay off any existing debt.
- A substantial match is required for all loan types.

Frequently Asked Questions

Who are eligible recipients?

Agricultural producers in Kansas with value added ventures.

What is the definition of "value added"?

Further processing or alternative marketing of agriculturally derived products to capture additional value in the marketplace.

What types of projects receive funding?

Projects that are likely to commercialize, with demonstrated business plans and management, those which seek to explore a market, fund an equity drive or purchase equipment and/or "bricks & mortar."

How do I apply?

Applications, which are available by mail or on our web site (www.kansascommerce.com), are submitted for review. If need be, our staff will offer assistance with the application process.

What happens next?

Upon receipt of a completed application, an interview will be scheduled in our Topeka office to further review and consider the application.

What can I expect in the interview?

Typically, you'll give a brief presentation of your proposal and the staff will ask questions. While it is a formal meeting, we strive for a relaxed, friendly atmosphere and to assist with making the project successful. Usually, the interview takes no more than an hour.

How are funding decisions made?

The staff evaluates the proposal in the areas of feasibility, utilization, innovation, location and level of need. If a majority of the staff approves the proposal, the funding recommendation will be made to the Director and then to the Secretary of Commerce.

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