

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on January 19, 2010, in Room 144-S of the Capitol.

All members were present except:

Senator Terry Bruce- excused
Senator Steve Morris- excused

Committee staff present:

Kristen Kellems, Office of the Revisor of Statutes
Corey Carnahan, Kansas Legislative Research Department
Raney Gilliland, Kansas Legislative Research Department
Judy Seitz, Committee Assistant

Conferees appearing before the Committee:

Carole Jordan, Director, Rural Development Division, Kansas Department of Commerce (KDOC)

Others attending:

See attached list.

Chairman Taddiken welcomed the Kansas Livestock Association (KLA) staff and Leadership Class to the Committee. Each person stated their name, town and/or county.

Vice Chairman Ostmeier introduced the KLA President, Mark Smith and President Elect, Kendall Grecian who are from his district.

Carole Jordan, Director, Rural Development Division, Kansas Department of Commerce (KDOC) (Attachment 1) reported on the agriculture products development activities. She said the Rural Development Division is an umbrella over about thirty different programs within Commerce that are focused primarily on rural communities. Included in these programs are the Community Development Block Grant, Community Assistance Services and agricultural marketing programs.

She also reported that the Division helps with business development and finance, marketing and communications and industry product research and development. The production of traditional commodities and livestock, the growth of the specialty crop industry, renewable energy and the biosciences will help take Kansas into a healthy economic future.

The Division has had challenges with the 15 percent cut from the submitted budget. The budget cuts have forced the Division to take a new look at how they do things.

Ms. Jordan said the Division has reinvigorated their international marketing efforts, marketed and grown the SimplyKansas trademark program and has been the lead state agency for the state's first MarketPlace conference of rural communities and entrepreneurs. Some other accomplishments include a dairy initiative, updated the Agriculture Value-Added Loan program, obtained a mapping and planning grant from the federal government to allow the state to expand rural high-speed internet access and co-sponsored the Kansas Energy Conference.

She reported that the KDOC assists and supports sensible and sustainable development of the renewable energy industry, which encompasses ethanol, biodiesel and cellulosic technologies, as well as wind energy. A map showing ethanol and biodiesel plant activity in Kansas as of December 2009 was included in the written report.

The Agriculture Value-Added Loan Program's goal is to improve income for agricultural producers through the creation of value-added marketing and processing opportunities, resulting in job creation and retention for rural communities. In FY 2009, four Kansas companies benefitted from value-added loans.

At the end of FY2009, 274 agritourism businesses had registered with the KDOC. A statewide agritourism conference was held last spring in Great Bend.

CONTINUATION SHEET

Minutes of the Senate Agriculture Committee at 8:30 a.m. on January 19, 2010, in Room 144-S of the Capitol.

Ms. Jordan encouraged the Committee to visit the following websites which promote Kansas products: SimplyKansas.com, DairyInKansas.com and ConnectKansas.org. She invited the Committee to a Kansas Agriculture Day luncheon on Thursday, March 18th sponsored by the Kansas commodity organizations, the Department of Agriculture and the Department of Commerce.

Ms. Jordan took questions from the Committee.

J.J. Jones, Economic Development Specialist, also answered questions from the Committee.

Chairman Taddiken recognized Wally Kearns, State Director, Kansas Small Business Development Center (KSBC) who reported that the KSBC collaborates with Commerce and has been successful in opening ten additional outreach centers located in rural areas. The KSBC utilized funds received three years ago with funds from cities, counties, community colleges, economic development corporations to establish these outreach centers. These centers have been very cost effective and resulted in people starting and growing businesses. Mr. Kearns said the KSBC has recently completed their accreditation review as required by federal statutes and were accredited without any conditions.

The next meeting is scheduled for January 20, 2010.

The meeting was adjourned at 9:20 a.m.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: January 19, 2010

NAME	REPRESENTING
BRAD HARRELSON	KFB
Ren Secher	KARA
JJ Jones	Commerce
Joe Mosimann	Pmca
Ligh Keck	Hein Law Firm
Carole Jordan	KDOC
Ryan Higbie	KLA
SCARLETT HAGINS	KLIT
Ken Breckan	KLA
WALLY KEARNS	KSBOC
PAUL Johnson	KS. Catholic Conf.
Clyde Parks	KLA
Mark Flory	KLA
Mark Flory	KLA
Mark Muller	KLA
Brian Reynolds	KLA
Brenda Reynolds	KLA
JD Hanna	KLA
Mark E Smith	KLA

Curt Heman

KLA

**Testimony on Agriculture Products Development
to
The Senate Committee on Agriculture**

**by Carole Jordan
Director
Rural Development Division
Kansas Department of Commerce**

January 19, 2010

Good morning, Chairman Taddiken and members of the committee. My name is Carole Jordan, director of the Rural Development Division of the Department of Commerce. Our division is the umbrella over a number of Commerce programs that focus on rural development, including our Community Development Block Grant program (HUD-funded grants for rural community infrastructure improvements); Community Assistance Services (state-funded grants and loans, collaboration with PRIDE, Office of Rural Opportunity); and agricultural marketing programs.

We have a diverse group of programs and specialties in the rural development division, but what we all have in common is a passion for the rural Kansas community—whether it is about building successful Main Streets, helping a town build a new sewer system, administering federal stimulus dollars, getting more high speed Internet service out into rural areas of the state, helping build a strong dairy industry or encouraging a new grape and wine industry--members of our team are passionate about rural Kansas.

Today I'll focus on the agriculture products development portion of our activities. Everything we do is designed to add value to Kansas agriculture, agribusiness and our rural communities. We strive to build partnerships and collaborations among other public and private entities with an interest in rural development. We host meetings and conferences, connect resource providers, and research policy issues that can affect rural Kansas.

Agriculture Products Development

The Division helps with business development and finance, marketing and communications, and industry product research and development. We collaborate with other agencies and organizations to advocate for agriculture and rural communities of Kansas. We provide financial and technical assistance to agricultural businesses, ranging from assistance for food processing

expansions and renewable energy development to promoting agricultural products internationally and right here at home. We work with producers, lenders, educators and researchers to innovatively capture value from raw commodities.

Kansas was built on agriculture and it will continue to contribute to the state's 21st century economy with production of traditional commodities and livestock, the growth of the specialty crop industry, renewable energy and the biosciences. These industries will help take Kansas into a healthy economic future. There would be no Animal Health Corridor nor Bioscience Industry without our Kansas fields, and we want to make sure people remember that.

Challenges and Things to Celebrate

Like everyone else, we've had our challenges this year. Budget cuts have forced us to take a new look at how we do things to find ways to save EDIF dollars. Before the beginning of Fiscal year 2010, we took a 15 percent cut from the submitted budget. Since the start of 2010 we've reduced another three percent. We need to maintain our services in a balanced way with the staff we have to perform duties. One way we found to save dollars was a job-sharing agreement between us and the trade division, and we believe that has worked to the benefit of both programs and the clients we serve. Unfortunately, the last FY 2010 cut required us to lay off a position, and that person will be leaving us in February. I am just glad we have a great team and desire to work together creatively with the agriculture industry, so we can continue our work. But now, let's talk about some things to celebrate.

Highlights of the Past Year

Budget challenges aside, I am absolutely proud of the things we have accomplished in the past year. We have reinvigorated our international marketing efforts, marketed and grown our Simply Kansas trademark program, been the lead state agency for the state's first MarketPlace conference for rural communities and entrepreneurs, launched a dairy initiative in cooperation with wKREDA, brought our Agriculture Value-Added Loan program up-to-date, gotten a mapping and planning grant from the federal government to allow the state to expand rural high-speed internet access, hosted an agritourism conference, co-sponsored the Kansas Energy Conference, entered the world of social networking for our agriculture products, assisted the Kansas Commission on Rural Policy in holding its first meetings, and more.

Dairy Initiative

Although the status of the dairy economy has been distressing during the past year, we believe it will improve and we believe that increased dairy production and processing can add value to the state's economy. With that in mind, DairyInKansas.com was launched last July. Our analytics tell us we've had 845 views/490 unique visitors from 43 states and 19 countries visiting DairyInKansas.com. The average visitor visits five pages on the site and spends just under five minutes viewing the site. Since launch, the site has generated nine unique inquiries. Two of these have been dairymen looking to relocate or expand. Four ads were featured in Progressive Dairyman since July 2009 and will continue in 2010. All this work is in cooperation with wKREDA, which we supported at the 2009 World Ag Expo in Tulare. Commerce and wKREDA believe now is the time to reach out to dairymen who will be poised to expand/relocate when the dairy economy turns around.

Larger Markets, Exports and International Connections

We can help a company get started, and we can also help a company take the next step up to larger markets. Participation in national tradeshow can help companies move to larger production and sales in the national and international marketplaces. 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. The Pavilion project also led to a new marketing effort for us at the Kansas State Fair—our Simply Kansas Showcase in our own building, the Bluestem Building. As we speak today we are assisting Kansas companies, including Browniepops of Leawood, Pantry Shelf of Hutchinson, Original Juan's of Kansas City, Kansas, and New Grass Bison of Shawnee at the Fancy Foods Show in San Francisco.

On the international front, our team hosted five teams or individual international visitors this year. Last spring we hosted a team from New Zealand. This gave us new potential global partners; New Zealand agriculture is mainly pastoral and could be a prime opportunity for some of our precision agribusinesses. In July, we hosted an Indian food buyer here for a two-day reverse trade mission. She left with at least two companies she was planning to work with to explore building a market for their products in India. The two companies were Cereal Ingredients of Leavenworth and Rabbit Creek Gourmet Products of Louisburg. We also worked with delegations from Henan Province, China, and a delegation from the Taiwan Flour Mills Association. The Taiwan reverse trade mission went very well with a memorandum of agreement signed for Taiwan to purchase approximately \$425 million worth of hard red winter wheat from the U.S., much of that wheat coming from Kansas.

Renewable Energy

We assist and support 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. In addition, the availability of wind energy production in Kansas offers endless possibilities for growth and expansion.

Fiscal Year 2009 ended with 12 Kansas ethanol facilities in operation, with a combined permitted output of 519 million gallons per year, and another three plants, with a combined permitted output of 241 million gallons per year, under construction. The biodiesel industry, developing at a slow pace, ended Fiscal Year 2009 with two plants in operation, with a combined permitted output of 6.2 million gallons per year, and one plant, permitted to produce 72 million gallons per year, under construction.

Both ethanol and biodiesel producers are eligible to receive incentive funds for production and sales. In Fiscal Year 2009, biodiesel producers received more than \$30,219 in payments, and

ethanol producers received approximately \$1 million. In addition, a number of new tax credit programs were put in place in anticipation of new energy industries. Of these, the Alternative Fuel Tax Credit is the longest standing and has had the most activity. Since Tax Year 2003, there have been 257 filings for the credit, with more than \$632,742 in credits allowed. Other tax credit programs supporting both renewable and conventional energy development have seen application activity. Credits are allowed for renewable energy projects such as biomass-to-energy, electric cogeneration, integrated coal gasification, nitrogen fertilizer plants and storage and blending equipment, as well as for pipeline and refinery projects in conventional energy.

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 Office and the Kansas Securities Commission. Renewable energy of all sorts, both production and associated manufacturing, can have real benefits for rural Kansas.

Agriculture Value-Added Loan Program

This program's goal is to improve income for agricultural producers through the creation of value-added marketing and processing opportunities, resulting in job creation and retention for rural communities. "Value-added" is defined as the further processing or alternative marketing of agriculturally derived products to capture additional value in the marketplace.

The Agriculture Value-Added Loan Program provides marketing assistance, technical support, information and research to create producer-based alliances and assist Kansas agricultural producers with value-added ventures. In addition, the Agriculture Marketing Division looks for ways the Agriculture Value-Added Loan Program can assist with the feasibility of projects that might have a broader application in the entire state.

In collaboration with the Food Science and Meat Science departments of Kansas State University, the loan program provides grant funding for assistance with value-added products, including product screening, packaging, processing, product safety and consumer testing and screening. This commercial benefit to clients is valued at \$568,030 for FY 2009.

This year, the value-added loan program also funded a new grant to the KSU Meat Science department for a study to determine the chemical characteristics of trimmings from hot processed and traditionally processed cull meat goats, as well as to investigate composting as a viable means of disposing of goat tissue resulting from the slaughter and fabrication process. This study will provide valuable data for the emerging goat specialty livestock production in Kansas.

In Fiscal Year 2009, four Kansas companies benefited from value-added loans. Funds provided assistance for flour mill equipment, a feasibility study for the development of a grain sorghum functional foods and nutraceuticals processing facility, specialty livestock production and an agritourism operation. In total, Kansas companies and organizations received \$264,619 in loans and \$77,095 in grants. Matching funds of \$89,401 were reported. The economic impact of sales, from both the current loan recipients and those previous recipients still reporting, totaled \$128 million.

Agriculture Value-Added Grants	
K-State Meat Science-- Manhattan	\$16,880
K-State Meat Science--Equipment, Manhattan	\$4,999
K-State Meat Science –Meat Goat Project, Manhattan	\$36,216
K-State Food Science-Equipment, Manhattan	\$19,000
Total Grants	\$77,095

Agriculture Value-Added Loans

Farmer Direct Foods	\$73,637
Nu Life Market, LLC	\$13,975
Penn Acres Farm	\$7,000
Boot Scootin' Barn, LLC	\$109,792
Total Loans	\$204,404
Total Grants and Loans	\$264,619

Dollars repaid from value-added loans can be used to promote special projects and events that benefit the various segments of Kansas agriculture.

Agritourism

At the end of Fiscal Year 2009, 274 agritourism businesses had registered with the Department of Commerce. Registration is a voluntary process that allows agritourism businesses to access many resources, including agritourism scholarship funds, agritourism attraction development loan program, limited liability signage and entry to the Simply Kansas program. We are now working to re-register businesses after their first five years.

In Fiscal Year 2009, \$13,080 in agritourism scholarships were awarded to eight registered businesses. These funds allowed the participating farms to attend four different educational conferences, including the MAiZE Site Owners Conference in Houston, TX and North America Farm Direct Marketing Association annual conference in Savannah, GA.

To measure the impact of agritourism in Kansas, an online survey of agritourism businesses in Kansas was completed in February 2009. More than 60 percent of the respondents indicated growth in both the number of visitors and their gross revenues in 2008. More than 70 percent indicated that they have been in business for more than five years.

We sponsored a statewide agritourism conference last spring in Great Bend, and continue to support this special opportunity to bring agriculture and entertainment experiences together to add value to rural areas. Last year we instituted a program in which a registered agritourism business can also become a part of the Simply Kansas trademark program. We are within days of launching a brand new Kansas Agritourism Web page.

Specialty Crops—Grapes and Wine

We continue to support the Kansas grape and wine industry. The number of licensed farm wineries has grown from 15 to 19 in the past year. These 19 wineries produce more than 50,000 gallons of wine. Kansas winemakers use locally grown berries, grapes and other fruits to create a wide variety of unique wines. In 2009, passage of legislation allowed for sales of Kansas wines at approved Kansas farmers' markets, wine manufacturing at farm winery outlets, and shipment of wine direct to Kansas wine consumers.

Kansas Products Trademark Program

Simply Kansas was launched in 2008 as the new trademark program for marketing and promotion of value-added agricultural products from Kansas. Complete with an updated logo and expanded menu of benefits to its members, Simply Kansas promotes quality-made Kansas products to consumers. Benefits available to members include the Business Enhancement Grant, presence of a company profile on SimplyKansas.com, access to Simply Kansas point-of-purchase materials, and the chance to be featured at various Department of Commerce functions throughout the year.

We're excited about this program. The 125 companies that now are registered are receiving a good deal of media and consumer attention. We have been able to invest in some selective advertising for Simply Kansas. We have sponsored Simply Kansas receptions at several events including MarketPlace and the annual statewide Travel and Tourism Industry convention and have developed a Simply Kansas toolkit to help other groups put on such popular events at their own meetings.

Funds for marketing and consulting fees may be awarded to eligible companies through the Business Enhancement Grant program. Two companies participated in the Business Enhancement Grant program in Fiscal Year 2009. Funds in the amount of \$3,145 were awarded.

In Conclusion

We are grateful that the Department of Commerce, our state's premier economic development agency, recognizes the importance of agriculture and rural Kansas to the overall economic health of the state, and we will continue our efforts in the coming year.

We would urge you to visit SimplyKansas.com, to become a fan of Simply Kansas on FaceBook, to have a look at DairyInKansas.com and ConnectKansas.org. We would also like to remind you to join us on March 18th for the Kansas Agriculture Day luncheon sponsored by Kansas commodity organizations and the departments of Agriculture and Commerce. We will have a nice Simply Kansas lunch and maybe some surprises designed to draw some attention to Kansas agriculture.

Holidays Simplified

Holidays are magical, but they can also be pretty hectic. Simplify things with a great gift from Simply Kansas.

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KANSAS



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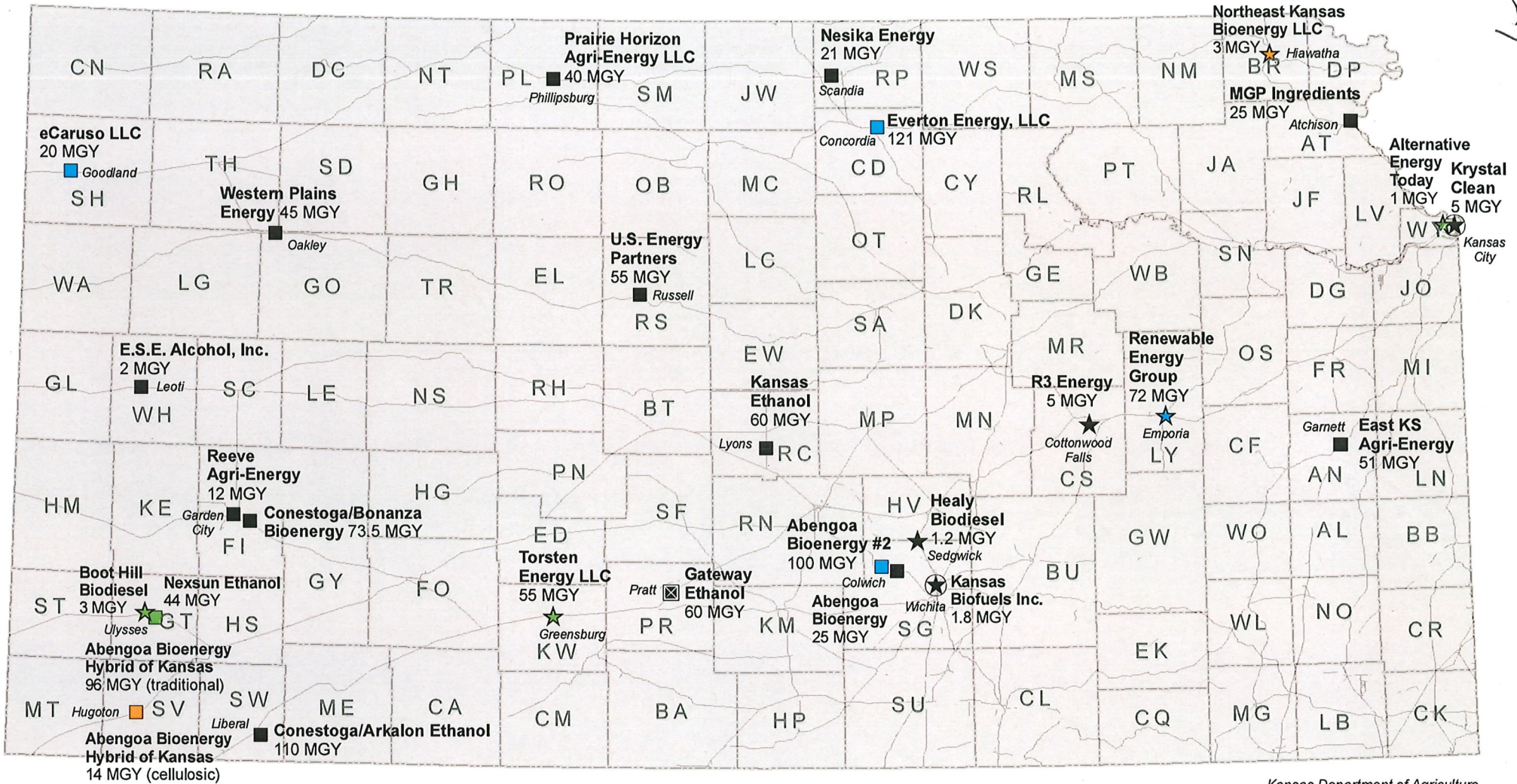
DairyInKansas.com

(785) 296-3737 ext. 121

Sometimes the **grass** really is **greener** on the other side.

Ethanol and Biodiesel Plant Activity in Kansas December 2009

6-1



Kansas Department of Agriculture
Administrative Services, GIS
December 2, 2009



MGY = Millions of gallons per year of permitted capacity.
Data courtesy of Kansas Department of Health and Environment and the Kansas Department of Revenue.

* Permitted and Permit Pending codes refer to KDHE Bureau of Air and Radiation - Air Construction permits.

Ethanol Plants

- Existing: 12 plants, 519.5 MGY
- Under Construction: 3 plants, 241 MGY
- Permitted*: 1 plant, 44 MGY
- Permit Pending*: 1 plant, 110 MGY
- Idle: 1 plant, 60 MGY

Biodiesel Plants

- ★ Existing: 2 plants, 6.2 MGY
- ★ Under Construction: 1 plant, 72 MGY
- ★ Permitted*: 3 plants, 59 MGY
- ★ Permit Pending*: 1 plant, 3 MGY
- ★ Idle: 2 plants, 6.8 MGY



adments, for which proof of product accuracy must be provided before products are offered for sale; anhydrous ammonia, the sale of which is monitored, and the storage, handling and transportation of which is inspected, and which staff try to prevent and reduce the impact of accidental releases of anhydrous ammonia through a strong industry training program; and agricultural lime, compounds that contain calcium or magnesium for neutralizing soil, are monitored for effectiveness and accuracy in labeling.

The **Agricultural Laboratory** establishes, maintains and improves analytical laboratory services for the Meat and Poultry Inspection, Dairy Inspection, ACAP, and the Pesticide and Fertilizer programs. It ensures that submitted samples are subjected to the highest possible testing standards of accuracy and precision. This is done to protect the health and safety of Kansans and to facilitate accuracy in labeling of products offered for sale.

Water Resource Programs

The water resource programs provide a public safety function through inspection of water structures and management of the quantity of the state's scarce water resources.

The **Water Appropriation** program manages the state's water supplies through a system of permits, reviews and inspections. It issues water rights, maintains data about water usage and administers water rights during times of shortage.

The **Water Structures** program inspects and regulates the safety of dams that

could, if they failed, endanger lives and property. The program also monitors activities affecting the flow of rivers and streams to ensure these activities are properly planned, constructed, operated and maintained.

The **Water Management Services** program administers the four interstate river compacts and the subbasin resource management plan, which is developed in conjunction with local agencies working toward a long-term, statewide water usage plan.

The **State Water Plan** program encompasses activities from other programs, including interstate water, and basin and floodplain management.

Administrative Services and Support

Under the direction of the secretary of agriculture, the administrative services and support section provides the general policy, outreach, coordination and management functions for the department. This includes the office of the secretary, central fiscal and records center, personnel, legal, automation and telecommunications, research, information and education.

Within the administrative services grouping is the statistical services and support program, also known as the **Kansas Agricultural Statistics Service**, a cooperative federal-state program involving the Kansas Department of Agriculture and the U.S. Department of Agriculture. Through KASS, data about the many segments of Kansas agriculture are collected, analyzed and disseminated.

Administrative Services and Support

Office of the Secretary (785) 296-3556
 Legal Section (785) 296-4623
 Personnel Section (785) 296-4171
 Kansas Agricultural Statistics Service (785) 233-2230

Program Directory

ACAP (785) 862-2415
 Agricultural Laboratory (785) 862-0108
 Dairy Inspection (785) 296-3511
 Grain Warehouse (785) 296-3511
 Meat and Poultry Inspection ... (785) 296-3511
 Pesticide and Fertilizer (785) 296-3786
 Plant Protection and Weed Control (785) 862-2180
 Retail Food Inspection (785) 296-3511
 Water Resource Programs (785) 296-3717
 Weights and Measures (785) 862-2415



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agency



1-10

Agency Mission and Secretary's Role

The Kansas Department of Agriculture is a regulatory agency that serves all Kansans. It is charged by law to ensure: a safe food supply; responsible and judicious use of pesticides and nutrients; the protection of Kansas' natural and cultivated plants; integrity of weighing and measuring devices in commerce; and, that the state's waters are put to beneficial use.

The strong foundation provided by the agency's regulatory programs allows the secretary of agriculture to effectively advocate and educate on behalf of Kansas agriculture.

Food Safety and Consumer Protection Programs

Governor Kathleen Sebelius issued Executive Reorganization Order 32 transferring certain food safety responsibilities from the Kansas Department of Health and Environment to the Kansas Department of Agriculture effective October 1, 2004. The Kansas Legislature followed the governor's ERO with Senate Bill 296, which provided changes in statute to reflect the change in responsibilities.

Before the Executive Reorganization Order, the Kansas Department of Agriculture guaranteed public safety by regulating the production and sale of meat, poultry, dairy

products, eggs, agricultural seeds and feeding stuffs. Our new responsibilities include licensing and inspecting grocery stores, restaurants in grocery stores, food processors and manufacturers, food wholesalers and warehouses, convenience stores, mobile ice cream vendors, and food vending machine companies and dealers.

Although many food safety functions transferred to the Kansas Department of Agriculture, the Kansas Department of Health and Environment will continue to inspect restaurants, school food service operations, senior meal sites, mobile food units and all lodging facilities.

Many of our department's new inspection duties fit well in our existing food safety programs. Where possible, we assigned new responsibilities to established programs to use available staff more efficiently. The remaining we addressed with a new addition to our food safety program lineup.

The **Retail Food Inspection** program is new. It is responsible for food safety inspections at grocery stores, restaurants in grocery stores, convenience stores, food wholesalers and warehouses, food processors and food manufacturers.

The **Agricultural Commodities Assurance Program** is responsible for food safety inspections involving eggs. ACAP also contributes to food safety by verifying that inputs to agriculture are safe, quality products that are not misrepresented to their consumers. These products include: seeds, which must meet label guarantees and contain no noxious or restricted weed seeds exceeding the quantity allowed; commercial feeding

stuffs, including pet foods, which are analyzed and registered to prevent contaminants and adulterants from entering the human and animal food chain; eggs, which are regulated to ensure safe and properly identified products for human consumption; FDA medicated feeds, which are monitored for good manufacturing practices and compliance at feed mills to prevent adulterated, misbranded or unhealthy animal feeds from entering the human food chain; and, FDA tissue residue tests, which are performed on beef and pork products when cases of misuse of federally regulated livestock medications are reported.

The **Meat and Poultry Inspection** program licenses and inspects meat and poultry plants in a manner that is "equal to" federal inspection. It also responds to consumer food safety concerns involving meat or poultry products.

The **Dairy Inspection** program conducts inspections, collects samples for analysis, and issues permits and licenses to ensure that milk and dairy products are produced, processed and distributed to reach consumers in a safe, wholesome and unadulterated form. To help us meet our new food safety responsibilities, they also inspect ice plants, and beer, wine and cider producers and bottlers.

The **Weights and Measures** program protects consumers by inspecting and certifying large and small scales, scanners and gasoline pumps, by testing fuel quality and by calibrating weights. They also are responsible for food safety inspections involving ice cream trucks and food-dispensing vending machines.

The **Grain Warehouse Inspection** program operates to ensure the quantity of

all stored commodities to all producers of grain in Kansas, and to ensure that grain producers have solvent, licensed warehouses in which to store their grain. Staff examine licensed warehouses at least once a year as required by law, and examine warehouses that meet only minimum financial requirements more than once a year, to protect each warehouse's depositors of grain.

Environmental Protection Programs

These programs focus on protecting the health of the state's natural and cultivated plant resources, and the environment, through preventive actions and activities designed to ensure the safe and proper use of agricultural chemicals.

The **Plant Protection and Weed Control** program protects Kansas' natural and cultivated plants from introduction of foreign plant pests. It works with county noxious weed departments to help control or eradicate destructive weeds in Kansas.

The **Pesticide and Fertilizer** program protects the public's health by promoting the safe use of pesticides and fertilizers. Regulated under the Pesticide and Fertilizer program are: pesticides, by licensing and certifying pesticides and pesticide applicators; commercial fertilizer, by ensuring fertilizer products are labeled accurately, and by allowing program staff to issue stop sale/stop use orders to prohibit further sale of a fertilizer, or further use of facilities or equipment used in the transport, handling, distribution, dispensing, selling, storage or disposal of fertilizer; soil



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Agriculture Value Added Loan Program

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 processing equipment. Loans may not be used for production costs, land acquisition or to pay off any existing debt.

Three competitive loan programs are available for ag producers:

- Agriculture Value Added Loans
- Agritourism Attraction Development Loans
- Diversified Farm and Specialty Production Loans

Kansas Department of Commerce Rural Development Division

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

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

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

KANSAS

DEPARTMENT OF COMMERCE

Rural Development

1000 S.W. Jackson St., Suite 100

Topeka, KS 66612-1314

Phone: (785) 296-6080

TTY: 711

Fax: (785) 296-3776

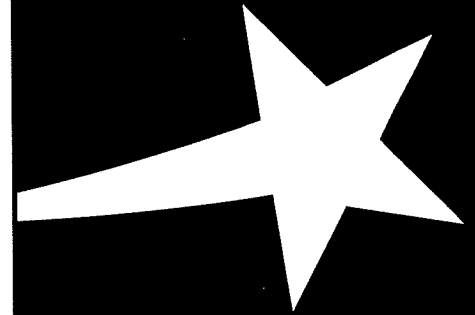
E-mail: mtucker@kansascommerce.com

KansasCommerce.com

Agriculture Value Added Loan Program



Photo by Keith Riggs



KANSAS

DEPARTMENT OF COMMERCE

Rural Development

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 processing equipment.

Agriculture Value Added Loan Program

"Value added," simply defined, amounts to further processing or alternative marketing of agriculturally derived products to capture additional value in the marketplace. This category provides a funding source for those ventures not meeting the criteria for either the Agritourism or Diversified Farm and Specialty Production Loan programs.

Agritourism Attraction Development Loan

"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. Eligible recipients 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. Eligible recipients must exhibit the potential for the project to generate and sustain additional revenue streams for the farm.

Loan Guidelines for Value Added Funds

- Interest will not accrue until after 24 months from the date the contract is enacted.
- The interest rate will be fixed at one point over Kansas City prime rate on the day the contract is enacted and is compounded quarterly.
- Applicants are eligible for no more than two loans within a four-year period and are limited to one loan per fiscal year (exception given for feasibility study loans). Commerce will take first lien position on any assets purchased with loan proceeds.
- The deadline for submitting applications is May 25. All applications received after that date will be considered in the following fiscal year (July 1- June 30) with loan proceeds available after July 25.
- 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 loans.

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 and mortar."

How do I apply?

Applications, which are available by mail or on our Web site (KansasCommerce.com), are submitted for review. If necessary, 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?

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 Senior Director of Rural Development and then to the Secretary of Commerce.

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Simply Kansas Toolkit

Use the Simply Kansas toolkit as a guide for planning the perfect Simply Kansas reception or meal. The toolkit provides sample menus as well as suggestions for using Simply Kansas products.

Kansas consumers looking for the perfect Kansas-made item can look for the Simply Kansas logo any time they need a unique product or service.

Business Enhancement Grant

The Business Enhancement Grant is a competitive grant program, available to Simply Kansas companies, which provides funding for projects that foster business and marketing development. Companies may apply once a year for a matching grant up to \$2,500.

Funds can be used for:

- Business consulting fees
- Marketing consulting fees and/or efforts
- Web site development or expansion
- Brochure or catalog development
- Trade show displays, signage and/or decorations
- Other business enhancement expenses deemed appropriate by the Department of Commerce Rural Development staff

Kansas Department of Commerce Rural Development Division

The Rural Development Division strives to enhance the quality of life in Kansas' rural communities by partnering with local stakeholders to encourage the development of strategic plans, to support grassroots volunteerism and community capacity building and to secure funding for economic and community development projects. To this end, the Division provides financial and technical assistance to community leaders, governments, agricultural producers and businesses.

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.

For information on the Rural Development Division, please visit our Web site at **KansasCommerce.com**.

For further information on the Simply Kansas trademark program, please visit **SimplyKansas.com**.

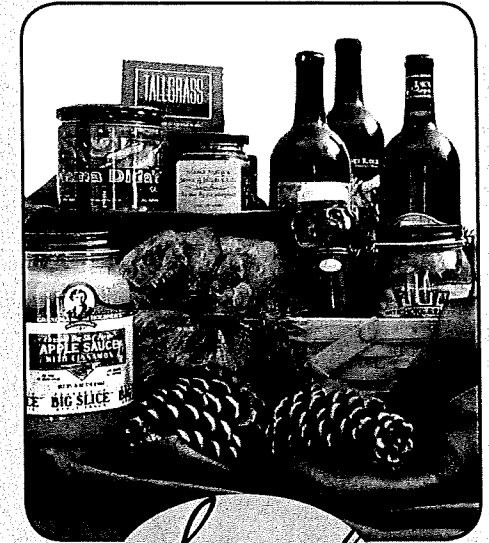
KANSAS

DEPARTMENT OF COMMERCE

Rural Development

1000 S.W. Jackson St., Suite 100
Topeka, KS 66612-1314
Phone: (785) 296-6080
Fax: (785) 296-3776
E-mail: ruraldev@kansascommerce.com

Simply Kansas Trademark Program



SimplyKansas.com

KANSAS

DEPARTMENT OF COMMERCE

Rural Development

Simply Kansas... The Simply Kansas program promotes Kansas food and agricultural products and experiences. We promote the program and trademark to a variety of groups:



- 1. Potential member companies;**
- 2. Consumers of products and services; and**
- 3. Restaurants, hotels and retailers who would use these products at events, on menus and in retail outlets.**

Through promotion we add value to the Simply Kansas brand and create opportunities for member companies to be successful.

Membership Categories

Simply Kansas membership offers five categories, and applicants may qualify in more than one category of membership. Kansas producers can apply for membership in the program, provided at least 75 percent of their item's ingredients or processes are Kansas-based. All categories require products and businesses to be in good standing and meet the standards set forth by the appropriate regulatory agency (i.e., Kansas Department of Health and Environment, Kansas Department of Agriculture, etc.)

Categories include:

1. Grower/Producer

Examples include: vegetable producer, direct meat sales or processed products utilizing Kansas grown items

2. Artisan/Crafts

Examples include: wheat weavings or soy candles

3. Vendor/Retail

Examples include: restaurants, retail stores or gift shops

4. Manufacturer/Processor

Examples include: food manufacturers or food processors

5. Agritourism

Examples include: pumpkin patches, horseback riding, hunting experiences or ranch experiences



Member Benefits

For just \$25 per year, you can enjoy a variety of exclusive membership benefits, including:

- Inclusion in the Simply Kansas online product directory, available to buyers worldwide
- Use of the Simply Kansas logo on packaging, marketing materials and company Web sites to help consumers quickly identify Kansas-made products
- Marketing and technical assistance
- Opportunities to list company events on the Simply Kansas calendar of events
- Ability to purchase Simply Kansas point-of-purchase materials
- Receipt of the Simply Kansas quarterly newsletter
- Eligibility for the Business Enhancement Grant
- Promotion of your Simply Kansas product at Kansas Department of Commerce events
- Opportunities to be featured as a Simply Kansas Company of the Month
- Educational opportunities designed for business owners and entrepreneurs

To become a Simply Kansas member, visit **SimplyKansas.com** and download the application, which is found under the "Member Benefits" tab.