

## MINUTES OF THE SENATE AGRICULTURE COMMITTEE.

The meeting was called to order by Chairperson Derek Schmidt at 8:30 a.m. on January 24, 2001 in Room 423-S of the Capitol.

All members were present except:

Committee staff present:       Raney Gilliland, Legislative Research Department  
  Jill Wolters, Revisor of Statutes  
  Betty Bomar, Secretary

Conferees appearing before the committee:

  Connie Fischer, Director, Agriculture Products Development Division,  
  Department of Commerce and Housing (DOC&H)  
  Rebecca Reed, Assistant to the Secretary of Agriculture  
  Ken McCauley, Chairman, Kansas Corn Commission  
  John Ratzlaff, Chairman, Kansas Grain Sorghum Commission  
  Neil Martin, Chairman, Kansas Soybean Commission  
  David Frey, Kansas Wheat Commission

Others attending:                See attached list

Connie Fischer, Director, Agriculture Products Development Division, DOC&H, stated the Division is committed to improving the economic condition of Kansas producers and boosting the prosperity of rural communities by acting as a catalyst for economic development through the Agriculture Value Added Center (AVAC), the From the Land of Kansas (FLOK) trademark program, the International Trade program, the Domestic Marketing program and the Garden City field office. (Attachment 1)

The objective of the AVAC is to provide technical and financial support for the creation and expansion of producer-based alliances and value added businesses. The AVAC provided \$406,238 in commercialization loans during FY 2000, committed \$87,250 to Kansas State University pilot plant facilities to provide additional technical assistance to clients statewide. The AVAC also granted \$77,900 to assist market development efforts for the beef, wheat, sunflower, corn, and sorghum industries. In FY2000, client sales, patronage & premiums surpassed \$14.5 million.

The FLOK trademark program is designed to help Kansas companies market their services and products. Membership in the program increased by ten percent in FY2000, rising from 623 to 680 companies. The program clients take advantage of marketing opportunity such as *Buy Kansas First!* Exposition, the FLOK Trade Show Assistance, and financing that is available through AVAC.

The Division focused significant effort on helping Kansas agricultural producers and processed food companies gain access to foreign markets. They worked with, and/or hosted, 19 separate foreign trade groups that included representatives from Australia, Austria, Brazil, China, Iran, Japan, Mexico, and numerous ambassadors from their respective embassies in Washington D.C.

Rebecca Reed, assistant to the Secretary of Agriculture, testified that HB 2674, passed during the 2000 legislative session, privatized the four Kansas grain commodity commissions: Kansas Corn Commission; Kansas Grain Sorghum Commission; Kansas Soybean Commission; and Kansas Wheat Commission. The Secretary is an ex-officio member of each of the commission and has been actively involved in their transition from state-run commissions to commissions operating in the private sector. The commissions' transition has been productive and the dollars now go toward research and other activities that directly benefit the producers. (A copy of the full Report is on file in the Office of the Legislative Research Department.)

Ken McCauley, Chairman, Kansas Corn Commission (KCC), testified the new provision of the law allows the commission to choose how to most efficiently govern itself in the private sector for the maximum

benefit for Kansas corn producers, By-Laws have been approved, Officer and Commissioner roles and responsibilities have been defined and the FY 2001 Budget approved. A financial and cash-

## CONTINUATION SHEET

flow analysis to determine operating needs and a reserve has been placed in two certificates of deposit. The CD's were invested pursuant to the pledging requirements statutorily required for public funds and have maturity dates timed to coincide with the commission's contractual requirements when they become due. The KCC elected to contract with a private sector association for the administration of the checkoff's contracts and refunds. Financial controls on both main and operating accounts include the requirement of two signatures for all disbursements and the bonding of two staff members of the contractor responsible for processing payments. (Attachment 2)

A process has been created to ensure that those who choose not to participate in the voluntary programs receive refunds if requested accurately within five days or less of receipt of the request at the commission's administrative office. Mr. McCauley stated the KCC is aggressively moving forward to position itself on behalf of Kansas producers to respond quickly to new market opportunities, and has created a flexible structure with both financial and oversight controls.

John Ratzlaff, Chairman, Kansas Grain Sorghum Commission (KGSC), stated the Commission has contracted with Kevin Lickteig to provide administrative services. The KGSC is committed to responsible management of the industry's checkoff dollars always keeping in mind that its purpose for existence is to enhance the profitability of the Kansas grain sorghum growers. As an industry, grain sorghum is losing to both corn and soybeans. The KGSC is countering this challenge by investing research dollars into developing cold tolerance in grain sorghum and to allow for earlier planting, thereby, sorghum can more effectively compete with corn. Mr. Ratzlaff stated that grain sorghum grown in Kansas is used to feed livestock, however, the KGSC is working to increase the use of food grade sorghum to expanding its markets.

Neil Martin, Chairman, Kansas Soybean Commission (KSC), testified the new law has allowed the KSC to choose how to govern in the private sector for the maximum benefit of the Kansas soybean industry. KSC approved its by-laws, their officer and commissioner roles and responsibility, their commissioner reimbursement guidelines, and the FY 2001 budget. The KSC contracts with a private sector association for the administration of the checkoff's and are contracting at the present time with the same association as the Kansas Corn Growers Association. Financial controls on both main and operating accounts have been established requiring for two signatures for all disbursements and the bonding of two staff members of the contractor who are responsible for processing payments. The KSC is proceeding with the appointment of two additional commissioners to accomplish a more complete representation of all soybean production areas. Mr. Martin stated the Commission is positioning itself to benefit Kansas producers by being more responsive to new market and research opportunities. (Attachment 3)

Dave Frey, Kansas Wheat Commission (KWC), stated that last year the KWC was the only one of 18 wheat commissions in the nation that was not allowed to earn interest on funds. HB 2674 passed during the 2000 legislature, changed that. During the first six months of this FY, Kansas wheat producer programs have earned \$113,571 in interest for market development and research. Since reorganization, the board has adopted the following mission statement "The Kansas Wheat Commission strives to increase wheat producer productivity and profitability through research, education and domestic and international market development". (Attachment 4)

Mr. Frey stated the KWC believes that the demand for Kansas wheat this year will exceed the Kansas production of 348 million bushels. There was a market demand for 413 million bushels in FY 2000 while the 5-year average state production was only 393 million bushels. The KWC has worked with the USDA to encourage the government to support grain cleaning which has resulted in cleaner wheat being exported. The KWC is focusing on projects that include government and industry partnerships to maximize the wheat producers investment.

Greg Foley, Assistant Secretary of Agriculture, provided a listing of Current Registered Meat Brokers, Pet Food Manufacturers, Public Warehousemen and Wholesalers, which was distributed to members of the Committee. (Attachment 5)

The meeting adjourned at 9:30 a.m.

The next meeting is scheduled for January 30, 2001.

