

MINUTES OF THE HOUSE AGRICULTURE & NATURAL RESOURCES COMMITTEE

The meeting was called to order by Chairman Larry Powell at 9:00 a.m. on January 25, 2012, in Room 783 in the Docking State Office Building.

All members were present except:

Representative Michael Peterson
Caryn Tyson (Excused)

Committee Staff Present:

Sean Ostrow, Office of the Revisor of Statutes
Raney Gilliland, Kansas Legislative Research Department
Christopher Sevedge, Kansas Legislative Research Department
Joyce Hladky, Committee Assistant

Conferees appearing before the committee:

J.J. Jones – Department of Agriculture (Proponent)
David Widmar – Department of Agriculture (Proponent)
Tim Stroda – Kansas Pork Association (Proponent)
Lea Ann E. Seiler – Economic Development – Hodgeman County
Brad Harrelson – Kansas Farm Bureau (Neutral)
Representative Sharon Schwartz (Proponent)
Dean Teske, Kansas Farmers Union (Opponent)
Julie Mettenberg, Kansas Rural Center (Opponent)

Others attending:

See Attached List.

Chairman Powell welcomed the committee.

Chairman Powell turned the floor over to Raney Gilliland of Legislative Research Department to provide background on **HB2502 amending the procedure for a county to grant permission to establish swine production facilities.** Mr. Gilliland distributed a handout summarizing the former and current corporate farming statutes in Kansas. Mr. Gilliland answered questions of the Committee. (Attachment 1)

CONTINUATION SHEET

Minutes of the HOUSE AGRICULTURE AND NATURAL RESOURCES Committee at 9:00 a.m. on
January 25, in 783-DSOB

Chairman Powell opened the floor for hearings on **HB2502 amending the procedure for a county to grant permission to establish swine production facilities.**

J. J. Jones of the Kansas Department of Agriculture presented testimony in favor of **HB2502**. Mr. Jones serves on a seven-member Agricultural Marketing team that works with ranchers and agribusinesses in assisting them in marketing their products in Kansas, across the U.S. and around the world.

One such project is Governor Brownback's goal of growing animal agriculture in Kansas. Since announcing the goal over a year ago their agency has received multiple inquiries from around the world about starting or expanding animal agriculture-focused businesses in Kansas. These inquiries have come from small family-operated businesses to large Fortune 500 companies.

The Department of Agriculture believes **HB2502** will better position Kansas to strengthen its lead in global animal agriculture. According to Food and Agricultural Organization of the United Nations, global food production will need to double by 2050 to feed and estimated global population of 9 billion people. Additionally, according to the United States Department of Agriculture, the number of "middle class" households in the world will increase 104 percent from 2010 to 2020. (Attachment 2)

David Widmar of the Kansas Department of Agriculture presented testimony in favor of **HB2502**. Mr. Widmar reported that in 2010 the value of Kansas pork production was \$441 million. Based on the Department of Agriculture estimates, the pork industry created 3,900 jobs and contributed \$416 million to the State's GDP. On average, in Kansas, a pig has an economic impact of generating an additional \$135 in state GDP.

Mr. Widmar also reported that Pig Improvement Company (PIC) is a swine genetic company has identified Kansas as a preferred location for expanding their so multiplier production. Another opportunity is a publically traded company's plans to expand pork production. This company is also considering Kansas. Department estimates have found that this single investment alone could have an economic impact of expanding the state's GDP by more than \$200 million and create nearly 2,000 Kansas jobs. (Attachment 3)

Tim Stroda of the Kansas Pork Association presented testimony in favor of **HB2502**.

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Minutes of the HOUSE AGRICULTURE AND NATURAL RESOURCES Committee at 9:00 a.m. on
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The Kansas Pork Association's policy is that it supports all pork-producing farms and any business structure that encourages cooperation among entities or individuals. As we look forward a step in right direction but when putting together an operation you need four basic things and they are a land base, water, electricity and roads. Kansas will need the structure to support corporate farming. Other states such structures were "stoppers" and presented legal challenges which stopped growth. By requiring county approval, there is still a great deal of uncertainty tied to a new project and this extra step may be the reason some investors will look to other states.

The Kansas Pork Association supports **HB2502** and requests the Committee to give favorable consideration to the bill. (Attachment 4)

Lea Ann Seiler, Economic Development Director for Hodgeman County presented testimony with respect to her findings upon her visit to Thompson Farms in Broken Bow, Nebraska. Thompson Farms has a partnership with PIC, a subsidiary of Genus International. She provided an overview of her trip and provided her findings.

Hodgeman County may be uniquely suited for a swine multiplier unit for similar reasons to why they are overlooked for other opportunities, including distance from Interstate highways, isolation and low population, strong agricultural base and workforce.

Lea Ann Seiler thanked the committee for the opportunity to present her findings. Ms. Seiler presented her findings on upon her visit to Thompson Farms in Broken Bow, Nebraska. Thompson Farms has a partnership with PIC, a subsidiary of Genus International. PIC is the North American Pig Improvement Company – a Swine Genetics Development Company. While they do not fall under the Kansas definition of Corporate Hog farm or the regulations as such, she was invited to share her findings and she discussed opportunities for diversified Agriculture in Kansas. (Attachment 5)

Brad Harrelson presented neutral testimony on behalf of Kansas Farm Bureau. Mr. Harrelson reported that the Kansas Farm Bureau represents over 40,000 farm and ranch families through the 105 county Farm Bureau Associations.

The Kansas Farm Bureau believes that it is fitting and appropriate that the Kansas legislature thoroughly review **HB2502**.

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This is a time when rural areas of Kansas are desperate for economic growth and opportunity and it is essential that potential barriers be examined. There have been many technological advances in the livestock industry in the last two decades, and maybe the need to differentiate between dairy and swine sectors is not longer the best approach when determining where a facility may locate. Kansas Farm bureau believes that as their policy states that a uniform process makes sense. (Attachment 6)

Representative Sharon Schwartz testified on behalf of **HB2502** as a proponent of the bill stating that times have changed and other countries want to do business with Kansas. She reported that her farm was visited by ambassadors from Viet Nam interested in touring a swine farm. They are a growing country with over one million people per year and they are not going to get the protein they need. They understand that Kansas is a state from where they can import pork. They were very impressed with how things have changed in pork production today, including ventilation. how hogs are fed and the biosecurity.

Chairman Powell welcomed Dean Teske to provide testimony on behalf of the Kansas Farmers' Union. Mr. Teske testified as an opponent of the **HB2502** stating that he believes the enactment of the bill is a transfer of wealth. He shared a story about a dairy that he visited and the less than desirable conditions that he witnessed.

Julie Mottenberg presented testimony on behalf of the Kansas Rural Center as an opponent to **HB2502**. We would like to see more work on the language in the bill. Her testimony is that the proposed bill removes the democratic nature from the rural communities. The small business in agriculture is not gone and we are working to reactivate it. There is a fledging, small business sector out there that is trying to make it. We would like to advocate for the small business sector. We would still like to have the ability to make our own decisions and are requesting that the bill be studied further and based on the inevitability of moving to the model of corporate farming.

There being no other conferees, the hearing on **HB2502** was closed.

Representative Powell announced that hearings on **HB2503 Amending the membership and responsibilities for certain agricultural boards and advisory bodies** would be held on Thursday, January 26, 2012.

Meeting adjourned at 10: 38 a.m.