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Testimony on HB 2404
to
The House Committee on Agriculture and Natural Resources
By Secretary of Agriculture Dale Rodman
Kansas Department of Agriculture
March 20, 2013

Good afternoon, Chairwoman Schwartz, and members of the committee. I am Dale Rodman, Kansas Secretary of Agriculture. I am proud to work for all Kansas citizens involved in agriculture, including you. They are my customers. I am here to express the Kansas Department of Agriculture's support for HB 2404, legislation that will set the stage for growth in Kansas agriculture.

Agriculture is the largest economic driver in Kansas, valued at more than \$33 billion in annual economic value to the state. Agriculture in Kansas is not just about growing crops and raising animals. The Kansas agricultural sector includes renewable energy production, food processing, research and education, agribusiness and more. In 2011, Kansas exported nearly \$5.3 billion in agricultural products. The top four exports include wheat, beef and veal, soybeans and corn. But as the world population grows and demand for protein continues increasing, we cannot become complacent with what we have done in the past and what we are doing right now, we need to adapt and grow. The current restrictive corporate farming laws in Kansas have been identified as an impediment to growth and even to maintaining our existing farmers and ranchers. The day has arrived to remove this unnecessary hurdle.

For the past two years, KDA has worked to grow agriculture in Kansas. We work daily to support the farms, ranches and agribusinesses that are already here and to help them grow if that is their desire. We also work to recruit new agricultural entities to Kansas. Kansas has long been recognized as a leader in the beef cattle sector but we are facing the smallest cattle herd in 70 years, so we must continue working to support and grow the beef cattle sector in Kansas. But we cannot stop with just cattle. Meeting protein demands from growing middle classes around the globe will require beef, pork, dairy and poultry.

We have seen some growth in the dairy sector in recent years. We have had interest from pork and poultry farms. Unfortunately, the restrictive corporate farming laws on the books are prohibitive and driving that business to other states. Not only are we losing the agricultural operation itself, we are losing the benefit that farm will have on its community. Passing HB 2404 will send a loud and clear message to farmers, ranchers and agribusinesses that Kansas is open for their business.

Each of you is here today because you want to do the best for your constituents. We are all aware of the need to grow and expand private sector jobs. Kansas agricultural operations will expand, adapt and grow to meet demand. The opportunity for internal growth in Kansas agriculture is huge. We just need to ensure Kansas laws aren't prohibiting that from happening. You as legislators have a unique opportunity to help move agriculture forward, to prepare the industry to grow and help strengthen and support our state's farmers and ranchers, Kansas communities and schools, to increase the property tax base. The legislation before you can move our state in that direction. Our state's report card 20 years from now will be determined by our effort's and results today.

There are several key facts that need to be highlighted to understand this issue fully.

First, after hearing concern about the current laws and after an internal review of them, KDA asked Attorney General Derek Schmidt to review the law. His response on January 2, 2013, indicated that specific pieces of the law are likely unconstitutional.

It is possible that there are agricultural operations in the state that are out of compliance with the current law already. Why would we keep a law on the books that is unconstitutional? Repealing the current law is the commonsense action to take.

Second, the myriad of confusing rules prevent the transfer of agricultural operations across generations, to employees and other contributors to the business. With each passing generation it becomes more complex to keep the farm. Why should we cause this burden for our farmers and ranchers?

Third, the present law picks winners and losers. There are 18 exemptions built into the law. Some species, including dairy and pork, have additional hoops to jump through to operate in Kansas. This is not the role of government. We should not be in the business of picking winners and losers.

Fourth, we have heard concern about the fact that HB 2404 takes away control at the county level. I am a firm believer that the best government is local government. Unfortunately, the current language allowing a county level vote is the very piece of the law that doesn't pass constitutional muster.

Business – whether involved in agriculture or not – thrives when it is allowed to adapt and adopt new technologies and grow without unnecessary involvement by government. Many parts of the economy today are struggling due in part to too much government involvement. I'm not claiming there is no role for regulation, especially when it comes to public health and safety, but the government should not be in the business of restricting economic growth. The Kansas corporate farming laws are restricting growth and sending potential new Kansans and Kansas business away. That is unacceptable.

Repealing the state's corporate farming laws, unlike what has been claimed, is not an environmental issue. We have environmental protection laws and regulations managed by the Kansas Department of Health and Environment. HB 2404 has nothing to do with those issues.

Members of the committee, passing HB 2404 will not change the face of Kansas agriculture or destroy family farms. The family farm has continued to change over the years and will continue to do so in the future. HB 2404 will ensure Kansas farmers and ranchers can continue growing crops and raising animals and passing their operations on to the next generation. By correcting the inequalities created by the current law, we will see rural investment, a raised property tax base, and more jobs and careers in rural Kansas. A farmer with a closer market for his grain will save money on freight and, therefore, have more money in his pocket to invest in the local community.

More than 96 percent of our customers are outside the United States. In the agricultural sector, we not only compete with Nebraska and Iowa, but with Brazil, Argentina and Russia as well. Many of our competitors are investing to increase their competitiveness, which is resulting in fewer markets for us. Kansas cannot be left on the sidelines and laws like the corporate farming laws in Kansas are an unnecessary impediment that makes us less competitive.

I have heard recently that we should wait until next year to consider this issue. I have heard that we should tweak the present law. Neither of those options solves the problems I just highlighted. The time to act is now. It is the time to move Kansas forward and start building an economy on our base core business – agriculture.

Thank you for your time and I will stand for questions at the appropriate time.