

MINUTES OF THE HOUSE AGRICULTURE AND NATURAL RESOURCES COMMITTEE

The meeting was called to order by Chairman John Faber at 3:30 P.M. on January 17, 2008, in Room 783 of the DSOB.

All members were present.

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department
Emalene Correll, Kansas Legislative Research Department
Ryan Hoffman, Kansas Legislative Research Department
Gordon Self, Revisor of Statutes
Kristen Kellems, Revisor of Statutes
Florence Deeter, Committee Assistant

Conferees appearing before the committee:

Jeannie Stinson, Interim Director, Kansas Agriculture Products Development Division, Kansas Department of Commerce
Corey Mohn, Agribusiness Development Specialist, Agriculture Marketing

Others attending:

See attached list.

The Chairman welcomed Jeannie Stinson, Interim Director of Kansas Agriculture Products Development Division, Kansas Department of Commerce. Ms. Stinson stated the mission of the Agriculture Marketing Division, and introduced four major programs (Attachment 1). She gave brief comments on each program: the Agriculture Value Added Center provides loans, matching funds, and technical assistance; the *From the Land of Kansas* trademark program promotes product lines made in Kansas; the Food Export-Midwest is an international marketing and partnering organization; and the Agritourism Registration initiative is an expanding sector of the Value Added Market Center. Ms. Stinson said the amount of sales generated through the Value Added Center in 2007 totaled \$245,157,700.

Ms. Stinson introduced Corey Mohn, Agribusiness Development Specialist, who presented information on two energy projects that received funding in the past fiscal year. Matching funds were allocated to help developers explore the feasibility of biodiesel and ethanol projects. The South Central Kansas Bioenergy Group (Cowley & Sumner Counties) received \$20,000 and at the present time has not shown developmental progress. Kansas Wheat, working in coordination with Avondale Iowa Energy to explore ethanol production in Hugoton, Kansas, received \$50,000 in matching funds. Kansas Wheat is planning to explore an analysis tool to be used in the collection of agriculture residue in the production of ethanol.

Mr. Mohn stated that, along with the Kansas Department of Revenue, Ag Marketing has the responsibility of managing six tax credit programs for promoting the growth of energy industry in Kansas. He indicated that at the present time there is activity in three of those programs; as marketing procedures are put in place, the remaining three will begin to increase. He explained the various divisions in the Ag Marketing Division and said that funding since 2001 totaled \$9,296,720.

Mr. Mohn commented on five other agriculture based projects: the Kansas State University Animal Identification System; the Four Star Hydroponics program in St. Johns, Kansas, which is producing tomatoes; Harvest Lark, a cereal bar company in Chapman, Kansas, which is using Kansas grown products; Kansas Park Trust, which used grant money for the Kansas Symphony on the Prairie; and Trees 2 Trim based in Concordia, Kansas, a logging and milling business using Kansas timber to produce custom wood products.

Mr. Mohn responded to questions by stating:

- Biodiesel fuel expenses in the community division the past year totaled \$750,000.
- The market trend in biodiesel fuel is declining as a result of higher corn prices and lower ethanol prices.
- The amount of dollars given back to clients is greater than the allocation designated by the Legislature.
- When the Agritourism program was initiated, there were no parameters indicating how much sales

CONTINUATION SHEET

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tax was to be paid by out-of-state participants who hunted on private lands.

The Chairman requested further information on the following topics:

- Growth during the past three years; balance sheet with data.
- The director's time frame with agriculture marketing and community development and the number of staff involved.
- Where the Agriculture Marketing is in relation to the Commerce Department.

The Chairman adjourned the meeting at 5:00 p.m. The next meeting is scheduled for Tuesday, January 22, 2008, at 3:30 p.m.