

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 29, 2008, in Room 783 of the DSOB.

All members were present except:

Representative Larry Powell- excused
Representative Vaughn Flora - excused
Representative Carl Holmes - excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department
Hank Avila, Kansas Legislative Research Department
Gordon Self, Revisor of Statutes
Kristen Kellems, Revisor of Statutes
Florence Deeter, Committee Assistant

Conferees appearing before the committee:

Mike Brown, Vice-Chairman, Kansas Wheat Commission
Bob Timmons, Chairman, Kansas Corn Commission
Kenlon Johannes, Administrator, Kansas Soybean Commission
Lance Russell, Chairman, Kansas Sunflower Commission, District 5

Others attending:

See attached list.

Annual Reports - Commodity Commissions

Staff Raney Gilliland briefed the Committee on the history and development of the commissions. The 1957 Legislature established the of Kansas Wheat Commission. Twenty years later saw the beginning of the grain sorghum, soybean and corn commissions. During those years the Kansas Wheat Commission operated freely as a state agency in Hutchinson, Kansas. Later, the agency located in Manhattan, Kansas, to be nearer research and the international grains program on the campus of Kansas State University.

Mr. Gilliland said that one of the most contentious issues has been the check-off program and the use of those dollars. The state charges fee funds for administrative services in the amount of twenty percent, or a maximum of \$200,000. The Kansas Wheat Commission regularly accrued the amount required, but did not feel the state provided service in kind, especially when the other agencies did not meet the requirement. He said the commissions became dissatisfied and requested a change. By request in 2000, the Legislature agreed to allow the commissions to be privatized. Mr. Gilliland said that if commissions want the assessed mil levy to be changed for first purchasers, a statutory change must come through Legislative action. In 2002 the Sunflower Commission was included and has similar purposes for market development and promotion. He said the Secretary of Agriculture is designated as the collection agency and deposits moneys in appropriate bank accounts.

Mike Brown, Vice-Chairman, Kansas Wheat Commission (KWC), and a farmer from Thomas County, said the KWC spends producers' money as follows: domestic marketing - 28%; international marketing - 42%; research - 31%; staff and facility support is 15% and is included in previous percentages ([Attachment 1](#)). Mr. Brown commented on the various areas of priority established by the KWC. He said the commission has a partnership with Kansas State University (KSU) for wheat varietal development and sequenced wheat genome. Biotechnology provides potential benefits to everyone in the marketing arena and is a top priority of the commission. Mr. Brown said the international market is extremely competitive and there is a strong demand for Hard Red Winter wheat, and Nigeria is the top market with purchases totaling of 69.2 million bushels of wheat. Mr. Brown referred to the article in *Kansas Wheat* commorating the 50 years the Kansas Wheat Commission has been serving Kansas wheat farmers ([Attachment 2](#)).

Mr. Brown spoke further of the newest area of commitment - working in the cellulosic ethanol industry. He said the commission is funding research at KSU for a more efficient conversion of wheat straw into cellulosic ethanol. They are working in a association with the Kansas Association of Wheat Growers to develop decision-based tools for producers of wheat to remove residue from their cropland. He reported the recent

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creation of seed companies, producers, research scientists and technology personnel into the Kansas Wheat Alliance. It is now incorporated and fully organized with founding members.

Mr. Brown spoke of the success of a new project completed in 2007 - the *Kansas Gold* book commemorating the 50th anniversary of the commission. Each decade's historical trends are featured along with wheat recipes. He said industry partners provided some sponsorship in the production costs of the book and it is for sale in various places across the state for \$30.00.

Bob Timmons, Chairman, Kansas Corn Commission (KCC), presented an update on the 2007 projects (Attachment 3). His report includes both the 2007 financial audit and the annual report given to producers. Mr. Timmons reported that 2007 was a banner year for corn production - up fifty percent over 2006. In addition, the checkoff refund was approximately sixteen percent and 1,157 producers received refunds. Mr. Timmons indicated that livestock feed continues to be the largest market for corn. He said international markets for corn and value-added products such as beef from Kansas ultimately benefit producers. Mr. Timmons spoke of the expanding ethanol industry in Kansas, saying there are presently nine ethanol plants showing production, and five more are in the construction stage.

Kenlon Johannes, Administrator of the Kansas Soybean Commission, stated that the commission is regulated by the federal checkoff program (Attachment 4). He indicated that after the one-half of one percent of net value in a soybean sale by a producer is collected by first purchasers in Kansas, then one-half of those funds are sent to the United Soybean Board for use in national and international projects.

Mr. Johannes spoke of the diversity found in soybeans: the results of production research eases the impact on the environment providing crop protection and pest control; feed manufacturing and soybeans as food are exported to Henan Province in China; approximately 94% of all soybean meal produced in the United States is consumed by animal agriculture; and the production of soy biodiesel as an alternative to diesel fuel. Mr. Johannes commented that soy seats are used in the new Ford Mustangs.

Lance Russell, Chairman, Kansas Sunflower Commission, introduced testimony saying thirty years ago there were many acres of sunflowers (Attachment 5). Sunflowers are a unique crop in Kansas; however the check-off is less than fifty percent of the amount refunded by first purchasers. He said research funding is inadequate at best and an increase in the checkoff amount would greatly benefit producers of sunflowers. He agreed to provide members a full financial audit as well as information on current research.

An annual report was provided in written form by:

Kansas Grain Sorghum Commission, with a list of projects funded by the Commission, an independent auditor's report, and the FY 2008 budget.

The Chairman requested audit reports covering the past two years from the Kansas Department of Agriculture for each of the Commissions.

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