

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on January 24, 2000, in Room 423-S of the Capitol.

All members were present except: Representative Freeborn - excused
Representative Showalter - excused

Committee staff present: Raney Gilliland, Legislative Research Department
Gordon Self, Revisor of Statutes Office
Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Jamie Clover Adams, Secretary, Kansas Department of Agriculture
Neil Martin, Columbus, KS, Chairman, Kansas Soybean Commission (introductions)
Dean Stoskopf, Hoisington, KS, President, Kansas Association of Wheat Growers
Ron Westervelt, Columbus, KS, President, Kansas Soybean Association
Greg Shelor, Minneola, KS, President, Kansas Grain Sorghum Producers Association
Alan Peter, Tribune, KS, President, Kansas Corn Growers Association
Doug Wareham, Vice-President, Government Affairs, Kansas Grain and Feed Association
Brett Myers, Executive Vice-President, Kansas Association of Wheat Growers
(Statement from Stanley Larson, President, Kansas Agricultural Alliance)
Jere White, Ex. Director, Kansas Corn Growers Assn. and Kansas Grain Sorghum Producers Assn.
Bill Fuller, Associate Director, Public Policy Division, Kansas Farm Bureau
Ivan Wyatt, President, Kansas Farmers Union
Tom Giessel, Vice-President, Kansas Farmers Union

Others attending: See attached list

Chairman Johnson welcomed new member, Representative Bruce Larkin, to the House Agriculture Committee. Representative Vaughn Flora was moved to the House Financial Institutions Committee.

Minutes of the January 10, 12, and 19 meetings were distributed. Chairman Johnson asked members to notify the committee secretary of any corrections or additions prior to 5:00 p.m., January 25, or they will be considered approved as presented.

Representative Sharon Schwartz requested introduction of a committee bill to allow landowners to purchase their "hunt on your own land" deer permits over the counter or by electronic e-mail; secondly, to allow landowners to sell or transfer their deer permits to anyone, not just relatives; and third, to establish an 800 number for landowners to report wildlife damage to their property. Seconded by Representative Dahl, the motion carried.

Representative Schwartz requested introduction of another committee bill to allow non-resident bow hunters to purchase their deer hunting licenses over the counter. Seconded by Representative Dahl, the motion carried.

Representative Schwartz, also, requested introduction of a committee bill to increase fines for poaching of trophy deer. Seconded by Representative Dahl, the motion carried.

Representative Schwartz requested introduction of a committee bill to allow landowners the option of putting a 6-inch strip of purple paint on a tree, fence post, or pole to indicate to hunters that they need permission from the landowner prior to hunting or trespassing on their land; this would provide an option for landowners not to have to post all of their land to "no hunting without permission." Seconded by Representative Dahl, the motion carried.

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Hearing on HB 2674 - Structure of grain commodity commissions.

Chairman Johnson opened the hearing on **HB 2674** and asked Raney Gilliland to brief the committee on the bill. Mr. Gilliland provided background information on the four grain commodity commissions—the Kansas Corn Commission, the Kansas Grain Sorghum Commission, the Kansas Soybean Commission, and the Kansas Wheat Commission—and gave an overview of **HB 2674** to transfer administration from the Kansas Department of Agriculture to the private sector. Mr. Gilliland raised several issues of concern: (1) need to merge qualifications of the commissioners in Section 3 into Section 2; (2) amendment needed to section of law that imposes the 20% allocation; (3) questioned allowing the commissioners to prosecute in the name of Kansas; (4) should specify what is to be reported to the legislature annually; and (5) the provision concerning bank accounts probably should have additional language requiring that if deposits are made in an out-of-state bank, the institution must be licensed by a state or federal government. Gordon Self of the Revisors Office agreed that some technical changes will be necessary.

Jamie Clover Adams, Secretary, Kansas Department of Agriculture, appeared in support of **HB 2674** and outlined the history of this proposal and the department's role. She explained that with passage of this bill, the state budget will be reduced significantly; yet an appropriate level of accountability will remain with provisions included for funds management, record keeping, and annual reporting to the legislative and executive branches of government. The Secretary said this bill gives Kansas grain producers significantly more input, control, and effective use of their checkoff investments. ([Attachment 1](#))

Neil Martin, Columbus, Kansas, Chairman, Kansas Soybean Commission, testified in support of **HB 2674** to restructure the Kansas grain commodity commissions. He reported that the commissioners have participated in reviewing and preparing the concepts contained in this bill which he felt should improve the flexibility, operations, and benefits for producers. ([Attachment 2](#))

Dean Stoskop, Hoisington, Kansas, President, Kansas Association of Wheat Growers, testified in support of **HB 2674**. He said the grain commissions were created to help producers help themselves through the funding of research, the promotion and development of markets, and the education of producers and consumers about these commodities. He sees three main reasons for restructuring the grain commissions: increased flexibility, full access to checkoff funds, and increased accountability to the grain producers. ([Attachment 3](#))

Ron Westervelt, Columbus, Kansas, President, Kansas Soybean Association, spoke in support of **HB 2674** and the privatization of the commodity commissions. He reported that several states already have this form of supervision with regard to the soybean checkoff, including Missouri, Iowa, Minnesota, Illinois, Indiana, and Nebraska. He said that because there is a national soybean checkoff program, soybeans and collected funds from the checkoff actually fall under the jurisdiction of the USDA and the United Soybean Board; annual audits are performed, therefore, credibility and accountability are still present. ([Attachment 4](#))

Greg Shelor, Minneola, Kansas, President, Kansas Grain Sorghum Producers Association, appeared in support of **HB 2674**. He said the concept of having the administration of the commissions in the private sector is not new or unique as most checkoff programs in other states are operated in the private sector. He said the commissions certainly are not broken, but they can be improved; this proposal is good for the state and good for the growers. ([Attachment 5](#))

Alan Peter, Tribune, Kansas, President, Kansas Corn Growers Association, testified in support of **HB 2674** stating that this proposal to transfer the administration of the commissions out of state government to the private sector is in the best interests of Kansas producers. He believes farmers must provide for the promotion and research of the crops they grow. He said it is time to let growers have more input as to what programs are supported and who will represent them; it is time to spend checkoff funds and the interest on those funds to make farming more profitable for farmers. ([Attachment 6](#))

Doug Wareham, Vice-President of Government Affairs, Kansas Grain and Feed Association, appeared in support of **HB 2674**. He said that since the inception of farmer-supported commodity checkoff programs in Kansas, grain elevator operators have played the role of "first purchase collectors" of checkoff funds. He reported that KGFA's support for **HB 2674** is based on the following: 1) This proposal would allow for the consolidation of checkoff collection, and 2) This proposal would shift the administration of the commodity checkoff programs to the private sector. KGFA believes that economic efficiencies and improved services

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can be provided by the private sector. ([Attachment 7](#))

Brett Myers, Executive Vice-President, Kansas Association of Wheat Growers, presented a letter from Stanley Larson, President, Kansas Agricultural Alliance, listing the member organizations in the Ag Alliance and their unanimous support for **HB 2674**. ([Attachment 8](#))

Jere White, Executive Director, Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association, testified in support of **HB 2674**. He said that passage of this bill to make changes in the structure of the Kansas Commodity Commissions should provide more flexibility, consistency, opportunities for cooperation, responsiveness to market and grower needs, and better return on producer investment. He said that accountability would remain as there would still be state oversight for auditing and investments; refund provisions would not change; annual reports to the growers, Secretary of Agriculture, and the House and Senate Agriculture Committees; and the election procedure would provide for grower oversight. He agreed that several changes need to be made in **HB 2674**. ([Attachment 9](#))

Bill Fuller, Associate Director, Public Policy Division, Kansas Farm Bureau, appeared in support of **HB 2674** to restructure the grain commodity commissions of Kansas. Kansas Farm Bureau members believe that restructuring the commissions will allow more of the producer checkoff dollars to be directed, on a more timely basis, to issues and projects that will result in more Kansas grain being marketed and utilized. They believe this is even more important during these times of low grain prices, caused at least in part from high yields in many areas, dwindling exports, inadequate storage, and transportation challenges. Kansas Farm Bureau outlined and asked that the committee examine and possibly amend several provisions in the bill. ([Attachment 10](#))

Ivan Wyatt, President, Kansas Farmers Union, testified in opposition to **HB 2674**. He stated that if government uses its power to place a tax on production, it should be the responsibility of the Governor and his appointed people to assure those paying the tax that their money is being well invested for a purpose that benefits all producers. He questioned whether a Kansas generic commodity can be promoted that will benefit producers in an international market. He said that if the legislature is set on taxing the grain commodity producers, there would be greater support if the money were used to investigate market concentration, market infrastructure, and anti-trust issues. ([Attachment 11](#))

Tom Giessel, Vice-President, Kansas Farmers Union, expressed his opposition to **HB 2674**. He doesn't believe a major overhaul of the commissions is necessary and suggested that the commissions negotiate with the state to distribute and handle the money in a more efficient manner. He said taxes should be set and regulated by the government; it is a lot of money and accountability is crucial to the success of these programs. He feels producers are much more comfortable with tax money passing through a government entity. He suggested a full legislative review and audit of each commission before making any changes in the law. ([Attachment 12](#))

Chairman Johnson closed the hearing on **HB 2674**.

A summary of Economic Development Initiatives Fund expenditures for FY 1999 and estimates for FY 2000 were distributed to committee members. The 1999 Interim Special Committee on Agriculture suggested directing additional EDIF funds to the Agriculture Products Development Division in the Department of Commerce and Housing. Members were asked to review the information for future discussion. ([Attachment 13](#))

Committee members voted to hear a review of the Kansas v Colorado and Kansas v Nebraska water lawsuits by Attorney General Carla Stovall. This review is scheduled for February 7.

The meeting adjourned at 5:20 p.m. The next meeting is scheduled for January 26, 2000.