

## MINUTES

### SPECIAL COMMITTEE ON AGRICULTURE

November 15, 2001  
Johnson County Community College  
Overland Park, Kansas

#### Members Present

Senator Derek Schmidt, Chairman  
Representative Dan Johnson, Vice Chairman  
Senator Stan Clark  
Senator Janis Lee  
Senator Larry Salmans  
Senator Mark Taddiken  
Representative John Faber  
Representative Bruce Larkin  
Representative Dennis McKinney  
Representative Sharon Schwartz

#### Members Absent

Representative Don Dahl  
Representative Gary Hayzlett  
Representative Dan Thimesch

#### Staff Present

Raney Gilliland, Kansas Legislative Research Department  
Amy Kramer, Kansas Legislative Research Department  
Jill Wolters, Revisor of Statutes Office  
Jo Cook, Committee Secretary

#### Conferees

Dr. Marc Johnson, Kansas State University  
Mark Drabenstott, Federal Reserve Bank of Kansas City  
Dr. William Heffernan, University of Missouri, Columbia, Missouri  
Janet McPherson, Kansas Farm Bureau

Steve Hunt, U.S. Premium Beef, Ltd.  
David Pfrang, Kansas Cattleman's Association  
Jim Koch, Peoples' Exchange Bank of Belleville, Clyde and Concordia  
Paul Johnson  
Bruce Vernon, Farmland Industries  
Gina Bowman-Morrill, Government Relations for Farmland  
Brian Harris, National Farmers Organization  
Representative Wes Shoemyer, Missouri House of Representatives  
Jamie Clover-Adams, Kansas Department of Agriculture  
Donn Teske, Kansas Farmers Union  
Diana Endicott  
Rob Ames, Certified Hereford Beef, LLC

### **Open Forum Speakers**

See attached list.

### **Others Attending**

See attached list.

### **Morning Session**

Chairman Schmidt opened the meeting by announcing that the final meeting would be at the Capitol on December 12. Minutes for the October 9 meeting were distributed. *Senator Clark moved to approve the minutes. Representative Johnson seconded the motion. The motion carried.*

Chairman Schmidt introduced the panel for the morning's discussion. They were Dr. Marc Johnson, Dean of Agriculture for Kansas State University; Mark Drabentstott, Federal Reserve Bank of Kansas City; and Dr. William Heffernan, University of Missouri at Columbia.

Dr. Johnson addressed the Committee on four areas: commodity prices and farm income; agricultural sector structural issues; continual entrepreneurial responses to the rapidly changing environment for agriculture; and the growing public responsibilities of farmers as property managers ([Attachment 1](#)). Detailing the first topic of commodity prices and farm income, Dr. Johnson explained that prices for Kansas commodities are determined by worldwide balances of production and consumption and we should consider the fact that commodity agriculture has been in a recession the last four years. Dr. Johnson's second topic, agricultural sector structural issues, shows a trend of consolidation in the commercial farming sector and the total number of farms falling slowly. Regarding the third topic of entrepreneurial responses, Dr. Johnson detailed various types of operations being explored. He noted that the creativity shown by farm producers was truly amazing. The final topic Dr.

Johnson addressed was that of the growing public responsibilities as property managers. He spoke of ways to conserve the land, protect wildlife, and contribute to clean air and water, along with being responsible for food safety.

Mark Drabenstott, Federal Reserve Bank of Kansas City, provided a power point presentation on Rural America in the 21<sup>st</sup> Century--New Challenges and New Policies. Mr. Drabenstott stated he had two basic messages: (1) we are seeing an enormous amount of change within agriculture and in fact are seeing two agricultures emerge--one based on commodities and the other that is increasingly focused on products; and (2) challenges go beyond the capacity of agriculture issues to address a much broader approach. Mr. Drabenstott addressed the problem of population and stated that half of the farm dependent counties lost population in the 1990s and that three-fourths of the farming counties have sub-par economic growth. Mr. Drabenstott stated that what was needed was a new rural policy framework with a focus on place, collaboration, and regional competitiveness. He concluded his remarks asking, "Is it time for a 21<sup>st</sup> Century Country Life Commission"?

The third panelist was Dr. William Heffernan, Department of Rural Sociology at the University of Missouri, Columbia. Dr. Heffernan distributed copies of reports prepared for the National Farmers Union: *Consolidation in Food Retailing and Dairy and Consolidation in the Food and Agriculture System* ([Attachment 2](#)). Dr. Heffernan detailed several processor-to-retailer vertical integration and horizontal integration systems. He also outlined the details of joint ventures and strategic alliances, specifically those of Cargill/Monsanto and ConAgra. Dr. Heffernan defined power as the ability to achieve your will despite the will of others. He said that the party with the least to lose, if a relationship/contract/program is severed has the most power.

Responding to questions from the Committee, the panelists spoke about initiatives to start new programs; level of information from the federal government; and products versus commodity among other items.

### **Afternoon Session**

Janet McPherson, Assistant Director of Public Policy for Kansas Farm Bureau (KFB), addressed the Committee ([Attachment 3](#)). Ms. McPherson stated the KFB annual meeting would be convened the following day and the delegates would be debating and determining the policy for the coming year. She explained that KFB policy supports the opportunity for agricultural producers to operate under any business structure authorized and the farmers and ranchers in Kansas need the ability to adapt and operate their businesses in the manner they see fit. Ms. McPherson shared the KFB's appreciation for the Committee's diligence in reviewing issues of importance to Kansas agriculture.

Steve Hunt, Chief Executive Officer for U.S. Premium Beef, Ltd., spoke to the Committee on issues pertaining to the marketing of finished cattle ([Attachment 4](#)). Mr. Hunt detailed the background of U.S. Premium Beef and shared how the economic issues served as the motivation for its formation. Mr. Hunt stated his company has marketed over 2.3

million head of cattle, to date, with a membership of over 1,550 producers from 37 states. He said that the company's positive solutions to previous challenges helped them to realize the successes they have had. Mr. Hunt responded to questions from the Committee.

David Pfrang, member of the Kansas Cattleman's Association (KCA) and cattleman from Goff, Kansas, shared his concerns about the cattle industry ([Attachment 5](#)). Mr. Pfrang stated those concerns were: labeling, producer's portion of the total beef dollar, competition in the market, price reporting, and world trade issues. Mr. Pfrang responded to questions from the Committee.

James Koch, President of Peoples' Exchange Bank of Belleville, Clyde and Concordia, addressed the Committee ([Attachment 6](#)). Mr. Koch is also an active partner in a family farming operation that includes grain and cattle. He stated that he felt agricultural producers were divided into two groups--the "haves" and "have-nots." The "haves" being those long established, multi-generational operations and the "have-nots" are the younger farm families. Both are attempting to meet the same goals, and both are dependent on government assistance. However, there are many differences separating these two groups; specifically the level of gross income generated. Additionally, the "haves" are more likely able to be involved in "valued added" products. Mr. Koch also addressed the issues of the Kansas Agricultural Production Loan Program and the Farm Service Agency Guaranteed Loan Program. Mr. Koch responded to questions from the Committee.

Paul Johnson, market gardener from Perry, Kansas, spoke to the Committee about sustainable agriculture ([Attachment 7](#)). Mr. Johnson told how the state needs more farm research and agricultural planning and training. Mr. Johnson answered questions from the Committee.

Bruce Vernon, Regional Manager, Farmland Industries, addressed keys issues to the nation's agricultural and food industry ([Attachment 8](#)). Mr. Vernon provided a brief background on Farmland then listed four key issues. They were: food safety, globalization, environmental regulations, and state assistance. Mr. Vernon responded to questions from the Committee. Gina Bowman-Morrill, Director of Government Relations for Farmland, also answered questions.

Brian Harris, Livestock Director for the National Farmers Organization, spoke of the important role producers play in feeding the world ([Attachment 9](#)). Mr. Harris shared concerns he hears daily from producers. He asked that the Committee take action to strengthen anti-trust investigations and enforcement at the state level. Mr. Harris responded to questions from the Committee.

Representative Wes Shoemyer, Chairman of the Missouri House of Representative's Committee on Agriculture, addressed the Committee. Representative Shoemyer shared a copy of the Missouri General Assembly's 1999-2000 Agricultural Legislation for Rural Agricultural Development and Marketing (copy available from the Kansas Legislative Research Department). He shared his concerns for the nation's agriculture communities and responded to questions from the Committee.

Jamie Clover-Adams, Secretary of the Kansas Department of Agriculture, discussed two issues she feels impact the future viability of the food system in Kansas ([Attachment](#)

10). Secretary Adams explained those issues are: (1) the strength of our plant and animal disease prevention infrastructure; and (2) the long-term viability of our water resources. She stated that since the attacks on September 11, her concerns have increased and we face not only the same challenges but new ones as well. She outlined several plant and animal disease issues both within and outside the terrorist realm along with addressing her concerns about water resources. Secretary Adams responded to questions from the Committee.

Donn Teske, President of the Kansas Farmers Union, spoke to the Committee about the general state of agriculture in Kansas (Attachment 11). Mr. Teske also included a five-year trend analysis showing the decline in farm income and the rise in farm expense.

Diana Endicott, a certified organic farmer, shared her family's experience in various marketing programs. Ms. Endicott responded to questions from the Committee.

Rob Ames, Director of Certified Hereford Beef, LLC in Kansas City, provided background information on his organization and outlined the company's future activities.

### **Evening Session**

Lee Alexander, member of the Coordinating Committee for the Kansas City Food Circle, spoke to the Committee about her organization (Attachment 12). Ms. Alexander said that the organization educates the public on the advantages of purchasing locally grown organic vegetables and natural, free range meats. She stated that they even had a couple of chain restaurants using their products, even when the price is higher for that product. Ms. Alexander then outlined four ways the state can help. They include: assisting farmers' markets, low-cost loans and grants to set up cooperative meat processing facilities, increase fund to KSU's Center for Sustainable Agriculture and Alternative Crops, and assist in setting up certified kitchens near urban areas that allow farmers to process value added products.

Greg Stephens provided written remarks to the Committee (Attachment 13). He asked the Committee to address legislation in six areas.

Michael R. Miller, MD, spoke about his concerns with the increasing resistance of bacteria to antibiotics and the link to current agricultural practices (Attachment 14). He provided a history of antibiotic resistance to two bacteria transmitted from farm animals to humans. Dr. Miller responded to questions from the Committee.

Dave Smith, Friends of the Kaw and Kansas Canoe Association, addressed the Committee on his concerns of biological contamination of the state's waterways (Attachment 15).

Dan Nagengast, Kansas Rural Center in Lawrence, distributed three initiatives to assist Kansas family farmers (Attachment 16) that are supported by his organization.

Kelly Beard-Tittone, President of the People for Animal Rights in Kansas City, shared issues important to her organization (Attachment 17). Ms. Beard-Tittone listed four points they would like the Committee to consider: (1) legislation that supports family farmers and the production of locally grown organic foods; (2) support mandatory labeling of all genetically engineered foods that originate in Kansas; (3) consider changing law allowing officials to enter property without owner's permission to eradicate prairie dogs; and (4) evaluate non-agriculture legislation, *i.e.*, a felony animal cruelty law. Ms. Beard-Tittone responded to questions from the Committee.

Dr. Arlo Hermreck provided a slide presentation on his concerns about the proposed location of a large scale dairy farm in Franklin County. Dr. Hermreck responded to questions from the Committee.

Mr. Pfrang appeared again before the Committee to share his thoughts on the use of eminent domain rights in watershed districts. Mr. Pfrang responded to questions from the Committee.

There being no further business, the meeting was adjourned.

Prepared by Jo Cook

Approved by Committee on:

April 15, 2002