

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 February 19, 2008, in Room 783 of the DSOB.

All members were present except:

Representative Carl Holmes - excused
Representative Larry Powell - excused
Representative Joshua Svaty - excused
Representative Vaughn Flora - 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:

Dusti Fritz, CEO, Kansas Association of Wheat Growers
Kenlon Johannes, Administrator, Kansas Soybean Commission
Jere White, Executive Director, Kansas Corn Growers
Leslie Kaufman, Executive Director, Kansas Cooperative Council
Duane Simpson, Chief Operating Officer, Vice President, Kansas Grain and Feed Association
Kendall Hodgson, Farmer and Rancher, Little River, Kansas, and Past President, Kansas Association of Wheat Growers
Jay Armstrong, Farmer, Muscotah, Kansas
Dan Cain, Farmer, Topeka, Kansas

Others attending:

See attached list.

The Chairman opened the meeting requesting consideration of revisions to **HB 5028- request to form a partnership with the federal government in order to preserve the productivity of Kansas reservoirs (Attachment 1)**. Staff Kristen Kellems explained the stricken language was re-inserted in the balloons; the remainder is the original language. **Motion was made by Representative Knox to approve the amendment to HB 5028. Representative Schroeder seconded the motion. Motion passed. Representative Grange motioned to approve the resolution as amended to pass favorably out of committee. Representative Palmer seconded. Motion passed.**

The Chairman directed members to look at the documents requested in a previous committee meeting: information from Kansas Grain Sorghum Producers Association and an informational piece from Representative Powell regarding issues being considered in the Texas Legislature which are pertinent to issues and questions discussed earlier in the committee.

**Hearing On: HB 2897 - Commodity Commission Assessment rates; voting process.
HB 2898 - Commodity Commission Assessment refund process.**

The Chairman requested conferees address both bills in their testimony. Dusti Fritz, CEO, Kansas Association of Wheat Growers, spoke holding a position supporting **HB 2897**, and a neutral position on **HB 2898**. (**Attachment 2 and 3**). She stated that the majority of wheat producers in the association support the assessment program. Ms. Fritz indicated the importance of having research and development as a top priority for wheat producers. She said the biotechnology trait of wheat would be accepted by members, should that become available in the future. She indicated there are many scientific tools in the biotechnology arena that will help increase the productivity and quality of wheat varieties.

Ms. Fritz explained the current Wheat Commission refund procedure and requested that all commissions have a consistent process for reporting refunds. Included in her testimony are graphs showing refunds, vouchers requested and completed, a copy of the voucher, a monthly comparison report, a commissioner's report, and the Kansas Wheat Commission income statement for May/June 2007.

Kenlon Johannes, Administrator, Kansas Soybean Commission (KSC), indicated the rewriting of the checkoff legislation in **HB 2897**, which refers to the soybean section of the bill, did not change the rate from two cents per bushel to one-half of one percent of the net market value as was requested by the Kansas Soybean Association (Attachment 4). He said that as long as the national soybean checkoff is in effect, there is no checkoff collected by the state. His concern is for first purchasers having to alter computer programs should there be a suspension or repeal of the national checkoff. Mr. Johannes said the KSC supports the change which allows the continuation of the current rate.

Jere White, Executive Director, Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association, said the testimony given previously in support of **HB 2661**, to give the commissions authority to increase assessments, remains the same (Attachment 5). He said his concern with the language in **HB 2897** allowing the optional appointment of a first purchaser to the commission does not specify if one of the at-large positions is to be used. Mr. White affirmed the association's position of suspending the collection of assessments for state programs when a national checkoff program is in effect.

Mr. White said the commissions are currently following the requirements for refund forms given to first purchasers, and they are available on the commission's website (Attachment 6). Mr. White provided a copy of an assessment statement from a first purchaser (Attachment 7).

Kendall Hodgson, a farmer and rancher from Little River, Kansas, said that both **HB 2897 and HB 2898** allow for the increase of the cap in the wheat mil levy that commissions may assess at first purchase (Attachment 8). Mr. Hodgson is in full support of the raise in the assessment to two cents per bushel. He expressed hope that the bill will not make refunding to producers readily available.

Duane Simpson, Chief Operating Officer and Vice-President of the Kansas Grain and Feed Association (KFGA), and the Kansas Agribusiness Retailers Association (KARA), expressed support for **HB 2897**, saying each of the commodity commissions should have the opportunity to appoint a commissioner who is a first purchaser (Attachment 9). He said their expertise in marketing would benefit all members. Mr. Simpson said he represents another association, Kansas Association of Ethanol Processors, with interest in **HB 2897**. The cellulosic research is not specifically included in any checkoff moneys; however, the Wheat Commission report indicated including this area of research as a future goal.

Leslie Kaufman, Executive Director, Kansas Cooperative Council (KCC), spoke in support of **HB 2897**. She said that agriculture members of KCC who are first purchasers would be eligible to serve on the commission, and, as experienced dealers in grain commodities, they have the qualifications to make decisions regarding assessments (Attachment 10).

Jay Armstrong, a corn, soybean and wheat farmer from Muscotah, Kansas, and elected to the Kansas Wheat Commission, expressed support for **HB 2897** (Attachment 11). He indicated that both Canadian and Australian wheat boards, who buy fifty percent of Kansas wheat products, are important international markets for grain farmers. Mr. Armstrong said it is important to keep Kansas known as the "Wheat State" and passage of this bill will give the authority to the commission to raise the assessment rate as needed.

Dan Cain, owner of Cain Land and Grain, L.L.C., and a local farmer, serves on the board of Kansas Technology Enterprise Corporation. Mr. Cain advocates raising the checkoff assessment level, perhaps even more than requested. He said the bio-initiatives in place at the universities provide a wide range of research capability in developing agriculture products. (Attachment 12).

The Chairman closed the hearing on **HB 2897 and 2898**.

The meeting was adjourned at 5:10 p.m. The next meeting is scheduled for February 20, 2008, at 3:30 p.m.

