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House Committee on Agriculture and Natural Resources January 24, 2012

HB 2449 - Creating the equine promotion board.

Thank you, Chairman Powell and members of the House Agriculture and Natural Resources Committee for the opportunity to comment on behalf of our members regarding the creation of an equine promotion board. I am Leslie Kaufman, President/CEO of the Kansas Cooperative Council. The KCC is “neutral” on HB 2449 as introduced, but we do want to provide some background comments on the measure.

The Kansas Cooperative Council (KCC) represents all forms of cooperative businesses across the state -- agricultural, utility, credit, financial and consumer cooperatives. One of our most numerous member segments is our grain elevator/farm supply cooperative sector. Many of these farm supply cooperatives provide feed and supplements, mix feed, and may even sell other items for animal nutrition and care, including equine care.

The Kansas Horse Council (KHC) approached us this fall to discuss the creation of an equine promotion board. We sincerely appreciate the discussions we have had with their staff leading up to this hearing. Their willingness to mitigate many of our concerns has been extremely helpful.

We did have many strong concerns with the draft they shared with us this fall. Mainly, our retail members do not want to collect/remit for another “check-off” program. They do so now for various grain commodity “check-offs” and our members provide that administrative function “free of charge” to the commissions. They are not reimbursed for their cost to track, collect, and remit these monies to the proper authority. Nor is there reimbursement for any computing or accounting software changes our members undertake anytime there is a revision to collection rates or remittance procedures for any of these programs. Creation of another “check-off” program, such as the equine promotion board, would only add to this administrative burden our members would bear. As a cooperative, whose profits flow down to the member-owners, co-op producer-owners ultimately carry the burden of the administrative costs as they cut into the cooperative’s profit margins.

The KHC understood our ag retail members desire to be removed from the equine promotion board’s collection/remittance system. Thus, the bill before you has been drafted to apply to equine feed “labeled” for equine use. As we understand it, this provision will move the collection/remittance process up the supply chain, removing many of our retailers from the obligation to collect/remit. As such, our association is currently “neutral” on this measure. Should there be a move to bring our retailers back into the collection/remittance process, we would strongly oppose that effort.

We thank you for the opportunity to share this background with the committee and again, we do appreciate the KHC’s outreach to us ahead of the session. If you should have any questions for us regarding our testimony or HB 2449, please feel free to contact me at 785-220-4068.