

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 16, 2008, in Room 783 of the DSOB.

All members were present.

Committee staff present:

Raney Gilliland, Kansas Legislative Research Department
Emalene Correll, Kansas Legislative Research Department
Ryan Hoffman, Kansas Legislative Research Department
Gordon Self, Revisor of Statutes
Kristen Kellems, Revisor of Statutes
Florence Deeter, Committee Assistant

Conferees appearing before the committee:

Constantine Cotsoradis, Deputy Secretary, Kansas Department of Agriculture
Representative Tom Sloan, District 45
Norm Jennings, Chairman, Kansas Grape and Wine Industry Advisory Council

Others attending:

See attached list.

Chairman Faber called the meeting to order and welcomed members and guests.

Constantine Cotsoradis, Deputy Secretary of the Kansas Department of Agriculture, requested introduction of a bill to ameliorate the budget of the petroleum inspection fee fund. The State General Fund receives the first \$250,000 of fees collected. Mr. Cotsoradis requested the amount be reduced to \$100,000, which will adequately cover expenses based on the data of the past year. There being no objection from the committee, the bill will be introduced.

Representative Sloan, District 45, requested the introduction of a resolution delineating a partnership with the United States Congress and the State of Kansas in extending the operation and sustaining of certain water reservoirs in Kansas. In addition, Representative Sloan requested a bill be introduced to impose certain fees and surcharges for managing and sustaining the state's use of water from reservoirs by the Corps of Engineers to facilitate barge usage on the Missouri River. There being no objections, both the resolution and bill will be introduced.

Carole Jordan, Director, Kansas Department of Agriculture Rural and Legislative Affairs, introduced Norm Jennings, Chairman of the Kansas Grape and Wine Industry Advisory Council, is a winemaker and the owner of Smoky Hill Winery near Salina. The council is a statutory body; Secretary Polansky was instrumental in initiating the council. Members on the council met beginning in 2004, to advise Mr. Polansky on marketing, regulatory, research and legislative issues.

Mr. Jennings gave some historical background on wine production in Kansas. The 1904 Annual Report of the State Board of Agriculture recorded a production of 86,000 gallons of wine valued at \$64,000. At present, there are thirteen wineries licensed to sell Kansas wines, and many hold national and international awards for their products. Sales in the wine industry in 2000 totaled \$510,000 and grew to \$1.5 million by 2006, revealing a 294 percent increase in production.

Mr. Jennings indicated the council's partnership with the Departments of Agriculture and Commerce is proving successful in the promotion of wine products made available at various events in Kansas. He answered questions from members by stating:

- An owner can only sell personally owned wines in a sales room; other wines cannot be introduced for sale.
- Wilson, Kansas, is the largest selling outlet of wines in the state.
- Grapes need a four to five year growth for mature vines and production.
- Cost of establishing a wine farm varies from \$5,000 to \$7,000, excluding the procuring of land and

CONTINUATION SHEET

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- labor; profit per acre is about \$4,500.
- The need for grapes is increasing exponentially, allowing for the possibility of many more vineyard owners to supply wine producers.
- Irrigation levels at Smoky Hill Winery are low - 10 gallons per minute with a total of 240 hours of irrigation on 10 acres of grapes.
- Harvesting of grapes at the proper time is a challenge because of the limited amount of time for acquiring the best produce. Some charitable organizations provide harvesters as an opportunity to raise funds. Mechanical harvesting will become the norm as the industry continues to grow.
- Vineyards and wineries contract with each other to establish the dollar amount of the sale of grapes and fruit.
- Shipment of wines to individuals within the state has benefitted the wine industry.

The Chairman invited Representative Mah to speak on a bill setting the limits on boating noise. Older boats cannot meet the existing inspection levels. A more boater friendly bill is being introduced and signatures are requested in her office, seventh floor of the Docking State Office Building, or in Representative Faber's office, 161-W in the Capitol.

The Chairman announced that next week's agenda will include an update on the Conservation Reserve Enhancement Program. The Chairman requested that members peruse the 2008 Legislative Report. In addition, staff will bring an update on the disposition of litigation moneys concerning the Republican River.

The Chairman adjourned the meeting at 4:35 p.m. The next meeting is scheduled for Thursday, January 17, 2008, at 3:30 p.m.