

## HOUSE BILL No. 2467

By Committee on Agriculture

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AN ACT concerning agriculture; enacting the agricultural opportunities and value-added partnerships act.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. This act shall be known and may be cited as the agricultural opportunities and value-added partnerships act.

Sec. 2. (a) The legislature finds that:

(1) There is a serious economic crisis in the agricultural and rural sectors of the economy of Kansas;

(2) there is a need in such sectors to develop strategies and programs to create genuine economic opportunities that enable people to improve their incomes, avoid poverty, build assets and develop their capacity to contribute to the betterment of their communities;

(3) strong communities enable local residents to be more self-sufficient, which contributes to the overall strength and well-being of Kansas; and

(4) adding value to agricultural products offers farmers and ranchers the potential to obtain a larger share of food dollars.

(b) The legislature further finds that there is a need to:

(1) Support self-employment and small-scale entrepreneurship in both agricultural and nonagricultural activities;

(2) enhance income and opportunities for farming and ranching operations to stem the decline in the number of such operations;

(3) develop strategies and programs to increase the farming and ranching operations' share of the food-system profit;

(4) build the capacity of farming and ranching operations and small rural businesses to benefit from the development of electronic commerce; and

(5) strengthen value-added enterprises by promoting strategic partnerships and networks through multigroup cooperation.

Sec. 3. As used in this act:

(a) "Farming or ranching operation" means the active use, management and operation of real and personal property for the production of crops or raising of livestock;

(b) "project" means any activity in the areas specified in section 7,

1 and amendments thereto, designed to promote the purposes specified in  
2 section 4, and amendments thereto. Project does not mean, and grant  
3 funds shall not be used for, any activity primarily designed to contribute  
4 to a single business, enterprise or individual or designed to subsidize an  
5 existing farming or ranching operation; and

6 (c) "value-added" means increasing the net worth of food or nonfood  
7 agricultural products by processing, alternative production and handling  
8 methods, collective marketing or other innovative practices.

9 Sec. 4. The purposes of this act are to:

10 (a) Support small enterprise formation in the agricultural sector of the  
11 rural economy of Kansas, including innovative cooperative efforts for  
12 value-added enterprises;

13 (b) support the development of agricultural communities and eco-  
14 nomic opportunity through innovative partnerships among farming and  
15 ranching operations, rural communities and businesses for the develop-  
16 ment of value-added agricultural products;

17 (c) encourage collaboration between farming and ranching opera-  
18 tions and between farming and ranching operations and communities,  
19 government and businesses as well as between communities and regions;

20 (d) strengthen the value-added production industry by promoting  
21 strategic partnerships and networks through multigroup cooperation for  
22 the creation of employment opportunities in the value-added agriculture  
23 industry;

24 (e) enhance the income and opportunity for farming and ranching  
25 operations in Kansas in order to stem the decline in their numbers;

26 (f) increase the farming and ranching operations' share of the food-  
27 system profit;

28 (g) enhance the economic and social viability of rural communities in  
29 Kansas that depend on agricultural production; and

30 (h) enhance opportunities for farming and ranching operations to  
31 participate in electronic commerce and new and emerging markets that  
32 strengthen rural economic opportunities.

33 Sec. 5. (a) The state department of agriculture, with assistance pro-  
34 vided by the department of commerce and housing, shall establish and  
35 administer a competitive grant process to provide grants under this act.  
36 Grants may be made for up to \$75,000 annually to eligible entities under  
37 section 6, and amendments thereto, that directly address one or more of  
38 the purposes specified in section 4, and amendments thereto, in the areas  
39 specified in section 7, and amendments thereto, and which meet the  
40 requirements of this section and section 8, and amendments thereto.

41 (b) A minimum of 25% of the funds appropriated for the act shall be  
42 for grants for purposes specified in subsections (1) through (4) of section  
43 4, and amendments thereto. A minimum of 25% of such funds shall be

1 for grants for purposes specified in subsections (5) through (8) of section  
2 4, and amendments thereto. The remaining funds may be used for grants  
3 for any purpose specified in section 4, and amendments thereto.

4 (c) Priority for the awarding of grants within the provisions of this  
5 section shall be given to projects that make the greatest contribution in  
6 increasing the number and quality of self-employment opportunities for  
7 farming or ranching operations. The secretary of agriculture shall also  
8 award grants to pilot cooperative efforts for the promotion of value-added  
9 products. The secretary may recommend projects for recognition by the  
10 governor.

11 (d) A recipient of a grant shall not receive more than one grant in  
12 any one calendar year for the same project.

13 (e) Grants shall be awarded on a one-year basis but may be renewed  
14 on an annual basis for no more than three years. The secretary of agri-  
15 culture, with the necessary assistance provided by the secretary of com-  
16 merce and housing, shall develop an annual performance review process  
17 and a program for grant renewal of approved projects determined to have  
18 continued necessary statewide application and success.

19 (f) Grant funds shall not be used to replace other funding for the  
20 administrative support of the recipient or the administrative support of  
21 the project or for administrative costs relating to the planning of the  
22 project or for any activity primarily designed to contribute to a single  
23 business, enterprise or individual. Grant funds for a project may be  
24 awarded to a cooperative, group, association or other entity if the entity  
25 is involved in an activity designed to promote the purposes specified in  
26 section 4, and amendments thereto.

27 Sec. 6. Eligible entities for grants under this act include communi-  
28 ties, counties, agencies, educational institutions, economic development  
29 providers, nonprofit corporations, agricultural cooperatives, agricultural  
30 associations, agricultural marketing associations or entities, resource con-  
31 servation organizations, development districts and farming or ranching  
32 operations in collaborative arrangements with other operations, entities  
33 or organizations that meet the purposes of section 4, and amendments  
34 thereto.

35 Sec. 7. (a) Grants under this act shall be used to support projects in  
36 the following areas:

- 37 (1) Research;
- 38 (2) education and training;
- 39 (3) market development;
- 40 (4) nonadministrative business planning assistance, feasibility and  
41 market studies, capitalization plans and technical assistance;
- 42 (5) development of cooperatives;
- 43 (6) community and multicomunity initiatives;

1 (7) creation, retention and transfer of value-added agricultural busi-  
2 ness initiatives in rural communities;

3 (8) efforts to obtain startup or working capital or other capital ex-  
4 penditures necessary for the development of the project;

5 (9) community-based, farmer-owned or rancher-owned value-added  
6 initiatives; and

7 (10) other activities that are deemed necessary to fulfill the purposes  
8 specified in section 4, and amendments thereto.

9 (b) Such projects shall demonstrate the ability to provide private new  
10 enterprise formation or expanded incomes and economic opportunities  
11 for existing enterprises.

12 Sec. 8. To be eligible for a grant under this act, an applicant shall:

13 (a) Document a matching amount in money or in-kind contributions  
14 or a combination of both equal to 25% of the grant funds requested;

15 (b) specify measurable goals and expected outcomes for the project  
16 for which the grant funds are requested; and

17 (c) specify an evaluation and impact assessment process or procedure  
18 for the project for which the grant funds are requested.

19 Sec. 9. The secretary of agriculture shall submit an annual report to  
20 the governor and the legislature on or before January 1 of each year listing  
21 the recipients and grant amounts for grants made under this act in the  
22 previous year, the documented and measurable impacts of the grants, and  
23 an evaluation of the performance of the grant program based on the  
24 measurable goals and expected outcomes of the recipients of such grants.  
25 Copies of the program performance evaluation shall be made available  
26 through print and electronic media.

27 Sec. 10. The secretary of agriculture shall, with the necessary assis-  
28 tance provided by the secretary of commerce and housing, promulgate  
29 rules and regulations to carry out the provisions of this act. The secretary  
30 of agriculture shall coordinate projects funded by grants under the act  
31 with other organizations or institutions working on similar projects in the  
32 state.

33 Sec. 11. There is hereby created in the state treasury the agricultural  
34 opportunities and value-added partnerships fund. The fund shall be used  
35 by the secretary of agriculture for grants awarded pursuant to this act.  
36 Money credited to the fund shall include any monetary gifts, grants, do-  
37 nations, proceeds from contracts for services and reimbursement of ex-  
38 penses. The secretary shall seek money from sources such as, but not  
39 limited to, federal funds, commodity checkoff funds, private donations  
40 and private grants. All such funds shall be credited to the fund. All ex-  
41 penditures made pursuant to this act shall be made in accordance with  
42 appropriation acts upon warrants of the director of accounts and reports  
43 issued pursuant to vouchers approved by the secretary of agriculture. No

1 funds shall be received or accepted for the fund that are designated for  
2 the purpose or the benefit of a single business, enterprise or individual.  
3 On or before the 10th of each month, the director of accounts and reports  
4 shall transfer from the state general fund to the agricultural opportunities  
5 and value-added partnerships fund interest earnings based on:

6 (a) The average daily balance of moneys in the agricultural oppor-  
7 tunities and value-added partnerships fund; and

8 (b) the net earnings rate for the pooled money investment portfolio  
9 for the proceeding month.

10 Sec. 12. The provisions of this act shall expire on January 1, 2004.

11 Sec. 13. This act shall take effect and be in force from and after its  
12 publication in the statute book.

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