

Approved: 3-9-94  
Date

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION AND ELECTIONS.

The meeting was called to order by Chairperson Marvin Smith at 9:00 a.m. on March 8, 1994 in Room 521-S of the Capitol.

All members were present except:

Committee staff present: Carolyn Rampey, Legislative Research Department  
Dennis Hodgins, Legislative Research Department  
Arden Ensley, Revisor of Statutes  
Nancy Kippes, Committee Secretary

Conferees appearing before the committee:

Stephen L. Jennings, Legislative Director, Kansas Grape Growers and Winemakers Association  
Larry Strelow, Twin Rivers Vineyards  
John Bottenberg, Kansas Wine & Spirits Wholesalers Association  
Rebecca Rice, Legislative Counsel, Kansas Retail Liquor Dealers Association  
Don Bird, Kansans For Life At Its Best  
Carol Williams, Kansas Commission on Governmental Standards and Conduct  
Martha Berner

Others attending: See attached list

Hearing on:

Sub. for SB 375 - creating the grape and wine industry advisory council.

Stephen Jennings, Kansas Grape Growers and Winemakers Association, provided testimony in support of Sub. for SB 375 (Attachment 1), stating Kansas needs this council to help give it a competitive edge with other states. The council would help by researching to identify and breed plant materials that would thrive in Kansas climate and soils, research to develop optimum winemaking techniques to produce quality wines from Kansas grown fruit, would make information developed available to grape growers and wine producers in the state and assist them in developing proper facilities and techniques to take advantage of the research, and would assist in marketing Kansas grown grapes and Kansas produced wines. Mr. Jennings provided a balloon amendment to SB 375 that would remove legislators as members on the council and have a representative from both licensed wine distributors and licensed retail liquor industry instead of one or the other and add a member from the public at large, and would also have the members serve without reimbursement for expenses, which removes all funding from the bill.

Larry Strelow, owner of Twin Rivers Vineyards, appeared in support of Sub. for SB 375 to enumerate uses for grapes other than wine as for jelly, juice, vinegar, vine cuttings, fresh and canned leaves, vines for wreaths and as tourist attraction (Attachment 2).

John Bottenberg, Kansas Wine and Spirits Wholesalers Association, testified in support of Sub. for SB 375 and concurred with the amendments proposed by Stephen Jennings (Attachment 3).

Rebecca Rice, Kansas Retail Liquor Dealers Association, provided written testimony as a qualified supporter of Sub. for SB 375, and in opposition to any tax that might be levied on wine in the future or as a result of passage of this bill (Attachment 4).

Don Bird, Kansans For Life At Its Best, testified in opposition to Sub. for SB 375 because even though funding would be eliminated by the amendment proposed, he feels this bill only opens the door for eventual funding. He also objects to funding of another special interest group (Attachment 5). He handed out a report

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION AND ELECTIONS, Room 521-S Statehouse, at 9:00 a.m. on March 8, 1994.

on Substance Abuse and stated the wine industry has contributed to this problem in American society.

Martha Berner, representing grape growers, spoke in favor of Sub. for SB 375, reminding the committee that they are one of the growers who grow grapes for purposes other than making wine. She stated she is a dietitian and knows the value of fresh fruits. She said the council set up by this bill would make it easier for grape growers to get help and communicate with organizations.

Terry Denker, Assistant Director of Marketing for Department of Agriculture, in response to a question, advised the Department of Agriculture does not presently provide assistance to grape growers but grape growers who use their grapes in the production of jams and jelly may be members of the Land of Kansas Program and receive help under that program in promotion .

SB 61 - governmental ethics; state officer or employee providing service for private compensation which could have been performed by office.

Carol Williams, Kansas Commission on Governmental Standards and Conduct, provided written testimony in support of SB 61. This bill would prohibit a state officer or employee from charging or accepting compensation directly or indirectly in competition with such officer or employee's state agency from any person for the performance of services which could have been performed in their official capacity as a state officer or employee (Attachment 6).

Chairman Smith advised committee members of the scheduled Post Audit Review during the 1995 session of the Department of Health and Environment, Kansas Water Office, and Kansas Water Authority, and if anyone has specific requests, they should make them known to committee, so those could be forwarded to Legislative Division of Post Audit (Attachment 7).

Rep. Ballard made a motion to approve the minutes of meetings on February 24, 1994 and February 25, 1994 as submitted. Rep. Gilbert seconded. The motion carried.

The meeting was adjourned at 10:10 a.m. The next meeting is scheduled for March 9, 1994.

## GUEST LIST

COMMITTEE: House Governmental Organization & Elections DATE: 3-8-94

[illegible]



SENATE BILL NUMBER 375  
Testimony in Favor of Passage

by  
Stephen L. Jennings  
Legislative Director

Kansas Grape Growers and Winemakers Association

The Kansas Grape Growers and Winemakers Association wishes to express our appreciation of your consideration of this legislation. We especially wish to thank Senator Vidrickson for assisting in the preparation and introduction of this proposed legislation.

Our organization as well as our industry is in the initial stage of development in Kansas. The legislature has been of great assistance with passage of the Farm Winery Bill a few years ago. Our industry has grown to the point where we now need expert assistance in the following areas:

- \* Viticultural research to identify and breed plant materials which will thrive in the prevalent Kansas climate and soils.
- \* Enological Research to develop the optimum winemaking techniques to produce quality wines from Kansas grown fruit.
- \* Extension services to make the information developed above available the grape growers and wine producers of the state and to assist them in developing the proper facilities and techniques to take advantage of the research.
- \* Assistance in the marketing of Kansas grown grapes and Kansas produced wines.

Many economic benefits will result to the citizens of Kansas through the proposed grape and wine program. The current leading producers of grapes and wine are the states of California and New York. In these states, many jobs are created in the growing of grapes and making of wine. Grape growing is a form of agriculture which has been traditionally one performed by hand labor as opposed to machines. Conditions in Kansas are ideal for growing grapes having excellent quality. Our climate and soils have been utilized to produce many superior agricultural products. Given sufficient funding and research, the grapes and wines of Kansas will undoubtedly rank among those of the finest produced throughout the world.

A century ago, Kansas had at least one vineyard in each of its 105 counties and over 9,000 Kansas acres produced grapes of winemaking quality. (By contrast, the fabled Napa Valley wine country had only 4,000 acres of grapes during the same period.) In the last year before winemaking was prohibited in Kansas, production reached almost

*House Gov't Org + Elections*  
*March 8, 1994*

*Attachment 1*

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a quarter of a million gallons.

Over the past century, viticultural and enological experience has been concentrated in California. Grape varieties and hybrids have been developed to take advantage of the specific climate and soils prevalent to this region of the country. These varieties do not grow well in our continental climate and alluvial soils. Varieties from similar continental climates of Europe are not well adapted to the soils of Kansas.

The technology exists to develop grape varieties which will thrive in our soils and climate and which will also make world class wines. Part of the proposed program will consist of a breeding program to develop the specific varieties which will establish Kansas as one of the preeminent grape growing and winemaking states.

In 1988 California produced 63 million gallons of premium quality wine from grapes grown in-state. This amounts to a 4 billion dollar industry utilizing 95,000 acres. Despite the difference in size and population, the potential exists to develop an industry capable of having a strong positive effect on the economy of Kansas.

In order for Kansas grape production to reach its potential, a market must be created. The marketing division of the state board of agriculture has had significant success with other Kansas grown and Kansas made products. It is anticipated that a program will be developed to take full advantage of the superior fruit which will be produced by Kansas grape growers.

Evidence for the growth potential can be found in the highly successful development of our neighboring Missouri grape and wine industry over the past 25 years. Missouri presently has more than 30 wineries and over 1,500 acres of grapes and is still expanding.

The development of the Missouri grape and wine industry is significant in itself, but their contribution to growth of the tourism industry has been even more dramatic. A case in point is the small town of Hermann, Missouri (pop. 2,700), which in the 1960's had few restaurants and no hotels. Following the opening of Stone Hill Winery in 1965, the town has steadily developed its tourism industry to the present status of annually entertaining a quarter of a million visitors to the 4 wineries, 25 bed and breakfast inns, 3 motels, 10 restaurants and numerous antique, craft and gift shops. Kansas communities could likewise develop significant tourist attractions around farm wineries. In addition to stimulating tourism and the growth of numerous associated industries, expansion of the Kansas grape and wine industry would strengthen the State's agricultural base by increasing the diversity of crops grown in Kansas.

The Kansas Grape Growers and Winemakers Association as well as the individuals present with us, and who are active practitioners in the industry, heartily endorses this proposed legislation and we strongly encourage your continued support of our fledgling industry by the passage of the proposed Senate Bill No. 375.

## State's wines fare well in competition

patterns for grape growing.

But Fastrup expects Kansas wines will be specialized and have a "certain panache about their technique of wine production, some special flair, not just huge bottles rolling out one end of the factory."

Customers may think Fields of Fair produces corn or wheat wine, but it doesn't, Kimberly Fair says. A new blackberry wine — made from fresh Kansas blackberries — will be released soon, she says.

Fields of Fair's most popular wines are whites and blushes, although cherry and apple wines that taste like fruit juices also are produced.

The wines are sweeter than most because that's the way Kansans like them, Kimberly Fair says. After the winery added more sugar to its wines a couple of years ago, sales soared, she says.

Fields of Fair's wines have even won international recognition. Flinthearts Red wine took second place out

1-3

# Winemaking may boom again as Kansas industry

By The Associated Press

TOPEKA — Kansas was among the nation's leading grape- and wine-producing states before Prohibition, and industry members say conditions are ripe for another boom.

"People are excited about the industry and feel it's the way to go right now," said Frances Heim of Leavenworth.

She and her husband, William, opened the Heimhof vineyard and winery in rural Leavenworth in October 1992. The winery, the second largest of the three in the state, specializes in German wines and produces four white varieties.

Not far to the west outside Manhattan is Fields of Fair, Kansas' only major vineyard and home to the state's oldest and largest winery. Fields of Fair is testament to the potential success awaiting Kansas vineyards and wineries.

While Heimhof and the Ludwigshof winery in Eskridge are in their first year and expect to produce less than 1,000 gallons together in 1993, Fields of Fair likely

will turn out 23,000 gallons and nine varieties this year.

Fields of Fair began as a retirement diversion for self-described scotch-drinker Jim Fair. About 25 years ago, he planted grape vines behind his house for privacy because every time the neighbor stepped out his back door, he'd be looking at Fair's swimming pool.

The only problem was the friend from California who suggested he plant the vines didn't tell him what to do with the grapes, Fair said.

"You can't make very much grape jelly," he said.

One day, the lifelong piping contractor was sitting at his winter home in Phoenix and decided to try something different. First, he persuaded the 1988 Kansas Legislature to pass a law permitting winemaking. Then, he harvested his first crop of grapes on the eighth day of the eighth month of 1988.

The first year's product wasn't very good, Fair admits. He also had trouble drawing people to the winery located on a rocky road outside St. George, so he moved the winery to Paxico to draw traffic off the interstate. The cities are about 20 miles west of Topeka.

The Fairs now have a store at a Topeka shopping mall and recently opened an outlet near Colby in northwestern Kansas. The business is run by Fair's grandson, Todd, and his wife, Kimberly.

"We've come a long way in five years," she said.

But Kimberly Fair would like to go even further. She wants to see the St. George area develop into a town overflowing with wineries and bed and breakfasts.

And anything is possible.

"There is no question that the climate and soil conditions here in Kansas are conducive to raising very good quality grapes," said Eldon Fastrup, director of marketing for the State Board of Agriculture who works with the Kansas Grape Growers and Winemakers Association.

Conditions in Kansas are similar to those in California's vaunted Napa Valley region, Fastrup says. The only advantage the California region has is the slope of the land, which produces better cooling and heating

► See STATE'S, Page 23



The Associated Press

Kimberly Fair pours samples at the Fields of Fair winery.

# Substitute for SENATE BILL No. 375

By Committee on Agriculture

3-18

who shall be appointed by the secretary of agriculture. The membership of such council shall include

AN ACT creating the grape and wine industry advisory council; establishing the powers and duties thereof.

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

Section 1. (a) There is hereby established within the division of markets of the state board of agriculture a grape and wine industry advisory council consisting of nine members as follows:

~~(1) A member of the house of representatives and a member of the senate appointed by the legislative coordinating council, and such members shall be from different political parties;~~

~~(2) a representative of the college of agriculture at Kansas state university, appointed by the dean of the college of agriculture;~~

~~(3) six citizens of Kansas appointed by the secretary of the state board of agriculture including two representatives from the commercial grape growing industry, two representatives from the licensed farm winery industry, one representative from the licensed wine distributor or licensed retail liquor industry and one representative from the tourism industry of Kansas.~~

~~(b) The members of the advisory council appointed under subsection (a)(1) shall be appointed for a term ending on the day preceding the commencement of the regular session of the legislature in the first odd numbered year following appointment. The members of the advisory council appointed by the secretary under subsection (a)(3) shall be appointed for terms as follows: (1) Three members shall be appointed for terms ending on June 30, 1994, and (2) three members shall be appointed for terms ending on June 30, 1995.~~

~~After the expiration of the initial terms of such members appointed by the secretary, all members shall be appointed for terms of two years. All vacancies in the office of appointed members shall be filled by appointment by the officer or council making the original appointment for the remainder of the unexpired term of the member creating the vacancy.~~

(c) The advisory council shall organize annually by the election from the council's membership a chairperson and a vice-chairperson. The advisory council shall adopt such rules of procedure as the council deems necessary for conducting the council's business.

- (1) One member representing the college of agriculture at Kansas State University;
- (2) two members representing the commercial grape growing industry;
- (3) two members representing the licensed farm winery industry;
- (4) one member representing the licensed wine distributors industry;
- (5) one member representing the licensed retail liquor industry;
- (6) one member representing the tourism industry of Kansas; and
- (7) one member representing the public at large having experience in marketing.

Four

1995

five

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*Recommended Amendment*

~~(a) The members of the advisory council shall be paid subsistence allowances, mileage and other expenses for attendance at meetings of the council, or subcommittee meetings thereof authorized by the council, as provided in K.S.A. 75-3223, and amendments thereto.~~

Sec. 2. The grape and wine industry advisory council shall have the following duties, authorities and powers:

(a) Advise the state board of agriculture and other state agencies on the grape and wine industry problems and needs;

(b) determine and recommend specific research priorities;

(c) facilitate improved communication and interaction among grape and wine producers, wine and liquor wholesalers and retailers, governmental agencies, both federal and state, and state tourism interests;

(d) determine and recommend specific marketing program priorities to assist in promoting and marketing the state's grape and wine industry;

(e) develop and recommend a long-term plan for financing the continued promotion and marketing of the Kansas grape and wine industry; and

(f) advise the state board of agriculture in support of the Kansas grape and wine industry.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

initiatives,

programs and

at Kansas State University

*Paragraph "E"*

report to

and the standing committees on agriculture of the senate and house of representatives on the status

(e) develop and recommend a long-term plan for financing continued programs for promotion, marketing, research and extension in support of the Kansas grape and wine industry; and

*Ben -*

*This is just a little more inclusive.*

*Thanks for your help*

*See you Tuesday*

*Steve*



March 7, 1994

Good Morning:

My name is Larry D. Strelow. I own a vineyard in northern Sedgwick county. It's about fifteen acres. That is not much compared to California, but for Kansas it is the largest in the state. I have planted about twenty (20) different varieties of grapes over the last ten (10) years. Some of the varieties do very well, and some not so well. It cost about \$5,000.00 an acre to plant grapes. I have spent alot of money finding out what little I know about grapes. Like most business owners, I consider what little I know to be a trade secret. It should not be that way. Kansas State University should know more about growing grapes then I do. I get most of my information from the Missouri Grape Research Station, but I only get general answers from them. For example, I get information on what kind of grapes produced the most in Missouri by tonnage or I can find out what variety survived ten below temperatures, but they cannot work with me because I am from Kansas.

That is just a little background information. The problem is we have a budding industry here in Kansas and no way to help

*House Hort Org & Elections  
March 8, 1994  
Attachment 2*



it out. Before prohibition, Kansas was the fourth (4th) largest grape producing state in the country. So we can grow grapes. The question is, can we make an industry of it? Wright now Kansas grape production is so small we do not even get a listing in most of the statistical printings. We rank forty-four in wine consumption per capita. Kansas buys about 1,700,000 gallons of wine per year. (1992 data) Kansas produces about 60,000 gallons from our own state wineries.

What I am working on here is to show you that we have the pieces and parts to put together an industry. What we lack is the plan and the funding. The funding would come from the gallonage tax and the plan would come from Kansas State University. By the numbers I think that would be about \$102,000.00 based on the 1992 data. That would be enough to hire a full time person for grape research and have plenty left over for research and promotion of a Kansas Grape Industry.

What I have always noticed about the grape industry, is that we always talk in terms of gallons of wine. Well, there is more to it than that. There is jelly, juice, vinegar, vine cuttings, fresh and canned leaves, vines for wreaths, and do not forget tourist attraction. Kansas could always use a few more tourist attractions. I have had people from England,



Germany, Hong Kong, California, and Washington, D.C. stop to visit, talk, and take pictures. In every conversation, I was told they did not know Kansas could grow grapes.

I am not sure what else you might want to know from me.

Hint:

Ask about: 2-4D, bird damage, what direction to plant grapes, can treated wood be used as fence post, irrigation, vineyard supplies, specialized vineyard equipment, canopy wire, chemical supplies, where I get my help from, noxious weed spraying programs, and ask how I did at the State Fair and the Kansas Amateur Wine Contest last week.

ned from 43.5 million gallons to 31.9 million, representing an average annual decline of 3.4%.

Last year, Italy, France, and Spain supplied 97.7% of all U.S. champagne imports. Italy shipped 3.2 million gallons, or 39.6% of all such imports. French sales totaled 2.4 million gallons, which represented 30.1% of the import market. At 2.3 million gallons, Spanish sparklers held a 28% market share. As with table wines, the value of champagne imports from France far surpassed that of any other country. At \$158.4 million (f.a.s. port of exportation basis), champagne and sparkling wines from France accounted for 63.2% of the value of all such imports. The values of U.S. champagne and sparkling wine imports from Italy and Spain were \$54.6 million and \$34.6 million, respectively.

During the past decade, dessert wines sales in the U.S. fell at an annual average rate of 7.1%. These wines have been in decline for decades, as consumer preference has shifted to table wines, champagne and sparkling wines, and other lower alcohol wines. In 1992, dessert wines fell to 19.7 million gallons, 16% below their 1991 level of 23.5 million. These wines now account for only 4.2% of the entire

U.S. wine market. Twenty years ago, dessert wines represented 19.1% of the market.

The market for other special natural (OSN) wine not over 14% alcohol has shown significant growth in each of the past two years. After a 41.6% increase in 1991, the category rose 6.6% last year. In 1992, California produced 92.1% of the 17.8 million gallons of OSN not over 14% alcohol wines sold in the U.S. The import market share of foreign OSN wines such as flavored

wines from Italy and Spain hit 5% in 1992, and wines produced in other states accounted for 2.9% of the total OSN market.

In 1992, the market for OSN wines over 14% alcohol contracted again. At 9 million gallons, sales fell 20.1% below their year earlier level. The 5-million-gallon vermouth category posted an 8.8% gain last year. During the past decade, all wine categories over 14% alcohol in the U.S. market (dessert, vermouth, and OSN over 14% alcohol) have declined 40.8%.

In 1992, the top ten per capita consumption states (including the District of Columbia) were: District of Columbia, 4.65 gallons; Nevada, 3.91 gallons; New Hampshire, 3.22 gallons; California, 3.07 gallons; Massachusetts, 2.95 gallons; Washington, 2.85 gallons; Oregon, 2.84 gallons; New Jersey, 2.78 gallons; Connecticut, 2.77 gallons; and Vermont, 2.75 gallons. In areas such as the District of Columbia, Hawaii, and Nevada, per capita consumption is overstated due to the high level of non-resident consumption. The most notable per capita consumption change in 1992 was New Hampshire's move to third place among the states, a position California had held for many years.

#### CONSUMER PRICE INDEXES FOR WINE CALENDAR YEAR AVERAGES 1983 to 1992<sup>1</sup> 1982-84 = 100

Year	Wine	Alcoholic Beverages	Food	All Items
1983	100.5	100.4	99.4	99.6
1984	99.1	103.0	103.2	103.9
1985	100.2	106.4	105.6	107.6
1986	102.4	111.1	109.0	109.6
1987	105.7	114.1	113.5	113.6
1988	107.8	118.6	118.2	118.3
1989	110.9	123.5	125.1	124.0
1990	114.4	129.3	132.4	130.7
1991	129.9	142.8	136.3	136.2
1992	132.6	147.3	138.0	140.3

<sup>1</sup>Consumer Price Indexes for All Urban Consumers.

Sources: Economic Services Department, Wine Institute and Bureau of Labor Statistics, U.S. Department of Labor.

#### Per Capita Wine Consumption in the U.S. by States<sup>1 2</sup> 1990, 1991 and 1992

State	1990	1991	1992 <sup>3</sup>	Change from 1991	1992 Rank	State	1990	1991	1992 <sup>3</sup>	Change from 1991	1992 Rank
		Gallons		Percent <sup>4</sup>				Gallons		Percent <sup>4</sup>	
AL	1.13	1.07	1.15	7.8	37	MT	1.77	1.67	1.60	-4.1	24
AK	2.66	2.44	2.39	-1.9	13	NB	1.22	1.05	1.09	3.8	39
AZ	2.36	1.95	1.99	2.1	19	NV	4.31	3.91	3.91	0.2	2
AR	0.80	0.71	0.77	9.3	47	NH	3.03	3.01	3.22	6.8	3
CA	3.54	3.17	3.07	-3.1	4	NJ	3.07	2.71	2.78	2.5	9
CO	1.90	2.07	2.34	13.1	14 <sup>T</sup>	NM	1.65	1.55	1.51	-3.1	26
CT	2.80	2.63	2.77	5.4	9	NY	2.59	2.31	2.34	1.1	14
DE	2.33	2.18	2.26	3.6	16	NC	1.72	1.51	1.42	-5.4	29
DC	5.02	4.05	4.65	14.7	1	ND	1.03	0.95	0.94	-1.6	41
FL	2.48	2.20	2.18	-1.1	17	OH	1.33	1.14	1.05	-8.7	40
GA	1.46	1.36	1.32	-3.0	32	OK	0.83	0.78	0.79	2.1	46
HI	2.48	2.46	2.40	-2.4	12	OR	2.88	2.70	2.84	5.3	7
ID	1.93	1.87	1.87	0.3	20	PA	1.19	1.05	1.12	6.8	38
IL	2.27	2.09	2.14	2.4	18	RI	2.79	2.39	2.51	4.9	11
IN	1.23	1.18	1.25	5.7	34	SC	1.58	1.39	1.24	-10.3	35
IA	1.12	0.94	0.80	-14.3	45	SD	1.06	0.90	0.87	-3.6	43
KS	0.81	0.78	0.85	8.6	44	TN	0.91	0.84	0.89	5.3	42
KY	0.73	0.67	0.69	2.9	48	TX	1.59	1.41	1.46	3.6	28
LA	1.40	1.27	1.35	5.7	30	UT	0.68	0.65	0.66	1.8	49
ME	2.11	1.96	1.79	-8.5	22	VT	3.00	2.87	2.75	-4.3	10
MD	2.11	1.91	1.85	-3.2	21	VA	1.89	1.74	1.74	-0.1	23
MA	2.88	2.72	2.95	8.3	5	WA	3.11	2.92	2.85	-2.5	6
MI	1.74	1.35	1.33	-1.6	31	WV	0.66	0.56	0.57	1.7	50
MN	1.65	1.44	1.51	4.7	26 <sup>T</sup>	WI	1.87	1.67	1.52	-8.8	25
MS	0.55	0.56	0.56	-1.0	51	WY	1.32	1.21	1.21	-0.1	36
MO	1.38	1.33	1.31	-1.4	33 <sup>U</sup>	US Total	2.05	1.85	1.86	0.5	

<sup>1</sup>Based on resident population of all ages. Includes military services personnel stationed in the U.S. but excludes U.S. civilians and military services personnel living abroad. <sup>2</sup>Per capita wine consumption for 1990 is based upon population figures from the 1990 U.S. Census of April 1, 1990. The 1991 and 1992 per capita consumption data is based upon Bureau of the Census estimated population for July 1 for that year. <sup>3</sup>Preliminary. <sup>4</sup>Percent change is calculated from unrounded data.

Sources: Prepared by Economic Services Department, Wine Institute, from reports of state beverage and tax agencies; Bureau of Alcohol, Tobacco and Firearms, U.S. Treasury Department; and Bureau of the Census, U.S. Department of Commerce.

**PRODUCTION**  
(Standard Wine Removed from Fermenters, by States)  
Crop Years 1988 Through 1992<sup>1 2 3</sup>

	1988		1989		1990		1991		1992 <sup>4</sup>		% Change 1991-92		1988-92 Average <sup>5</sup>
	1,000 Gallons	% of Total	1,000 Gallons	% of Total	1,000 Gallons	% of Total	1,000 Gallons	% of Total	1,000 Gallons	% of Total			1,000 Gallons
California	433,569	90.8	367,914	89.8	379,726	91.0	369,305	92.3	377,000 <sup>6</sup>	91.4	2.1		385.503
New York	26,733	5.6	24,944	6.1	24,005	5.8	13,716	3.4	13,987	3.4	2.0		20,677
Washington	5,362	1.1	6,796	1.7	2,992	0.7	4,437	1.1	8,173	2.0	84.2		5,552
South Carolina	3,581	0.8	3,622	0.9	4,264	1.0	3,859	1.0	3,947	1.0	2.3		3,855
Georgia	1,356	0.3	1,560	0.4	1,473	0.4	1,960	0.5	2,147	0.5	9.5		1,699
Oregon	876	0.2	841	0.2	654	0.2	1,261	0.3	1,242	0.3	-1.4		975
Texas	591	0.1	563	0.1	546	0.1	1,013	0.3	1,240	0.3	22.4		791
Ohio	700	0.1	752	0.2	590	0.1	752	0.2	767	0.2	2.0		712
New Jersey	334	0.1	87	0.0	280	0.1	573	0.1	603	0.1	5.3		375
Florida	492	0.1	379	0.1	445	0.1	608	0.2	601	0.1	-1.1		505
Virginia	1,337	0.3	268	0.1	334	0.1	450	0.1	412	0.1	-8.5		560
Pennsylvania	405	0.1	351	0.1	266	0.1	356	0.1	402	0.1	12.8		356
Michigan	218	0.0	279	0.1	281	0.1	315	0.1	319	0.1	1.4		282
Missouri	208	0.0	181	0.0	152	0.0	249	0.1	316	0.1	26.7		221
Idaho	370	0.1	313	0.1	214	0.1	115	0.0	277	0.1	139.7		258
New Mexico	86	0.0	79	0.0	127	0.0	155	0.0	195	0.0	25.5		128
North Carolina	88	0.0	122	0.0	105	0.0	146	0.0	168	0.0	15.1		126
Arkansas	258	0.1	199	0.0	133	0.0	113	0.0	107	0.0	-5.4		162
Vermont	52	0.0	6	0.0	59	0.0	44	0.0	72	0.0	63.5		47
Tennessee	35	0.0	65	0.0	59	0.0	77	0.0	68	0.0	-12.0		61
Massachusetts	30	0.0	40	0.0	56	0.0	73	0.0	65	0.0	-11.6		53
Wisconsin	62	0.0	52	0.0	51	0.0	57	0.0	61	0.0	6.1		56
Illinois	25	0.0	26	0.0	16	0.0	29	0.0	52	0.0	78.3		29
Maryland	44	0.0	36	0.0	44	0.0	69	0.0	52	0.0	-25.6		49
Rhode Island	100	0.0	3	0.0	26	0.0	56	0.0	47	0.0	-14.9		46
Indiana	54	0.0	42	0.0	35	0.0	66	0.0	43	0.0	-35.0		48
Iowa	43	0.0	36	0.0	38	0.0	40	0.0	37	0.0	-7.0		39
Connecticut	77	0.0	25	0.0	43	0.0	60	0.0	28	0.0	-53.2		47
Colorado	25	0.0	11	0.0	21	0.0	14	0.0	28	0.0	99.1		20
Arizona	7	0.0	10	0.0	20	0.0	14	0.0	13	0.0	-4.9		13
West Virginia	10	0.0	10	0.0	6	0.0	8	0.0	11	0.0	41.0		9
Mississippi	24	0.0	13	0.0	18	0.0	11	0.0	9	0.0	-22.6		15
Minnesota	1	0.0	9	0.0	4	0.0	6	0.0	8	0.0	22.4		6
Maine	15	0.0	16	0.0	8	0.0	7	0.0	6	0.0	-15.7		11
Alabama	0	0.0	2	0.0	2	0.0	2	0.0	4	0.0	112.1		2
Other States	211	0.0	66	0.0	65	0.0	79	0.0	87	0.0	11.3		101
Total	477,380	100.0	409,715	100.0	417,157	100.0	400,098	100.0	412,595 <sup>6</sup>	100.0	3.1		423,389

<sup>1</sup>Removals of still wine from fermenters. Excludes substandard wine produced as distilling material. Also excludes increases after fermentation by amelioration, sweetening, and addition of wine spirits.

<sup>2</sup>Crop year is July 1 to June 30.

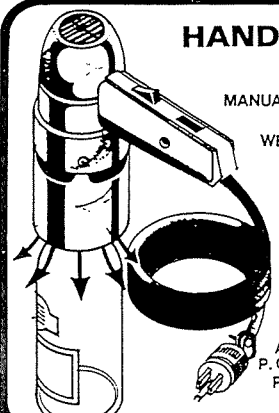
<sup>3</sup>Percentages less than 0.05 percent are rounded to zero.

<sup>4</sup>Preliminary. February-June removals estimated.

<sup>5</sup>Average crop year production during 1987-1991.

<sup>6</sup>Wine Institute estimate.

Sources: Economic Services Department, Wine Institute.



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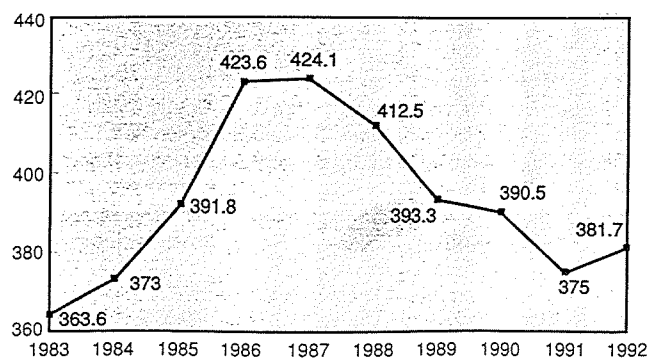
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**CALIFORNIA WINE SHIPMENTS TO ALL MARKETS<sup>1</sup>**  
1983-1992  
(Million Gallons)



Source: Wine Institute <sup>1</sup>Includes wine coolers.



Resume:

Larry Strelow 400 N. Dexter Valley Center, KS 316-755-1403  
Owner of Twin Rivers Vineyard of Sedgwick County

Grape Growing Experience:

21 years as a amateur and 10 years as a professional.  
Twin Rivers Vineyard is one of if not the largest vineyards in Kansas with ten acres in vines and fifteen more acres in the development stage. I have lived in Sedgwick county most of my life.

Expense:

It cost about \$5,000 to \$6,000 dollars per acre to plant a vineyard.

Time Element:

It take a grape plant about three to four years to reach juvenile maturity. It takes four to seven years to find how well or poorly a plant will do in any one given soil condition and climate location.

Kansas History:

Before Prohibition Kansas was ranked fourth in the nation for grape production.

Legal Issues:

2-4,D is very harmful to grapes. There are several laws in effect for Kansas to cover over spray and drift damage issues. BUT, Why not try and develop a grape plant for Kansas that is not so sensitive to 2-4,D.

Education:

Bachelor of Art Degree Business Management from Western Washington State University 1972  
Bachelor of Science Degree Electrical Engineering from Wichita State University 1979  
Master of Science Degree Electrical Engineering from Wichita State University 1985

Military History:

Air Force 1966 to 1972

Direction for grape industry in Kansas:

My thought for the use of the funds being generated by the new wine tax are. Develope a plan and provide for a long term research program at Kansas State for grape plant development and grape by-products suitable for the development of a Kansas based industry. I would like Kansas State to use some of the money used to keep track of sales of Kansas Wines in detail of contents (ie grape, apple, peach, ect.) and the production volume of grapes in Kansas. I would like to see some of the money provided to assist with an development of a vinegar and jelly making industry for the state of Kansas. I would like to see some of the money used to promote ALL of the Kansas Wineries. Not as individuals but as a Industry Group. I want to see the money used to develop an industry in Kansas.

• A • N • S • A • S  
**WINE & SPIRITS**  
WHOLESALE ASSOCIATION, INC.

**To: House Committee on Governmental Organization**  
**From: John Bottenberg and R.E. "Tuck" Duncan**  
**Kansas Wine & Spirits Wholesalers Association**  
**RE: Senate Bill 375**

The Kansas Wine and Spirits Wholesalers Association has favorably supported a variety of measures relating to the farm winery industry over the years. We support the advisory board proposal in the substitute bill that is before you. This substitute bill resulted from extensive hearings last year before the Senate Agriculture Committee.

However, we are aware that members of the grape growing industry may suggest that the board be funded by a tax on all wine products sold in Kansas. This approach was rejected by the Senate. We oppose such a suggestion for several reasons. First, earmarking of taxes is inappropriate. State program priorities should be established and funding provided as appropriate. The extent to which wine taxes contribute to the state general fund should be based upon the economic ability of the industry to contribute, not upon a desire to finance a particular activity. Consumers ultimately pay all taxes. Already wine prices, like other commodities, are effected by state and federal taxes, fees and other assessments applicable to all businesses. In addition, unlike many other industries, wine has imposed upon it federal excise taxes, state gallonage taxes and various license fees. Based on data provided by the Alcoholic Beverage Control last year (see graph on reverse side) industry sales are flat.

Secondly, it was brought to the Senate's attention that there is no plan as of this time for the expenditure of any monies. The suggestion was made, and we concur, that the board should first be established, then develop their plan, and then look at avenues for funding. We believe that is a proper approach.

Thank you for your attention to and consideration of this matter.

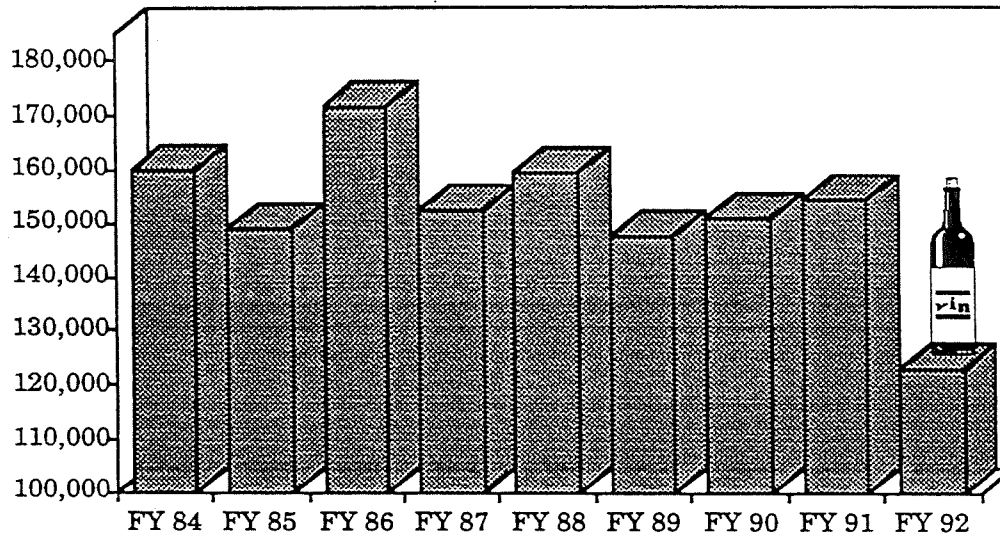
*House Gov't Org & Elections*  
*March 8, 1994*  
*Attachment 3*



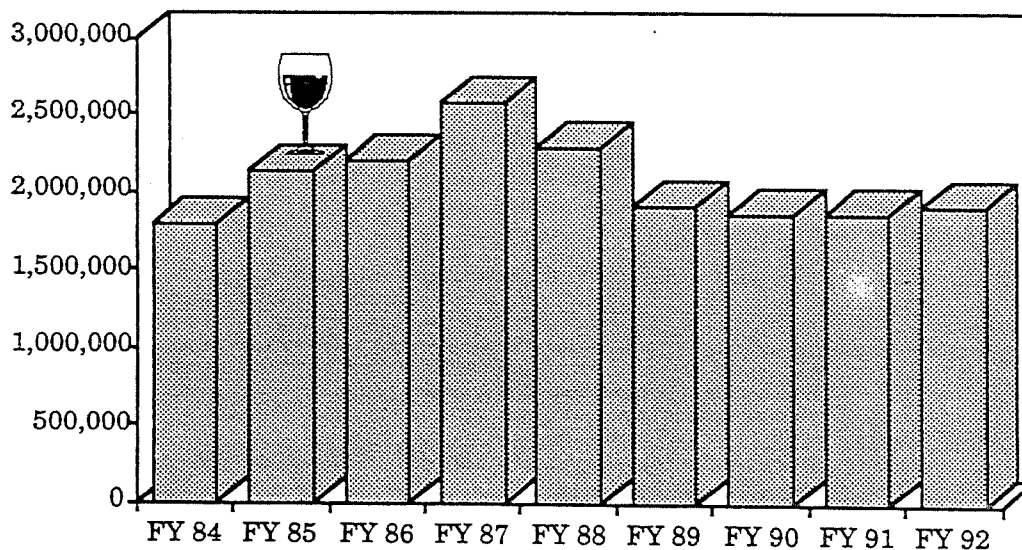
SOURCE: Overview of the Kansas Liquor Industry  
Kansas Department of Revenue,  
Alcoholic Beverage Control, January 1993

# Gallons of Wine Shipped into Kansas

## Fortified Wine



## Light Wine



TESTIMONY PRESENTED TO THE  
HOUSE GOVERNMENTAL ORGANIZATION AND ELECTIONS COMMITTEE  
re: SB 375

March 8, 1994

by: Rebecca Rice  
Legislative Counsel for the Kansas Retail Liquor Dealers Association

Thank you Mr. Chairman and members of the committee. My name is Rebecca Rice and I appear before you today on behalf of the Kansas Retail Liquor Dealers Association. Thank you for allowing me to appear as a qualified supporter of SB 375.

The Kansas Retail Liquor Dealers Association appeared as an opponent to this legislation last year before the Senate Agriculture committee. We were expressly opposed to singling out specific alcohol products for a tax increase to fund a research or chair for research at Kansas State University. We suggested at that time that any such funding should come from an additional tax on domestic wine only, such as the beef checkoff and other programs of this type.

The KRLDA has cooperated with the Kansas farm wineries in past sessions as they have attempted to establish a market for their product, and we are not opposed to this legislation provided no additional tax revenue is requested. We have been assured the minimal amount of funding needed by the Department of Agriculture can be found within their present budget. We remain opposed to any tax money being used to assist in funding any trade association or the activities of such organization.

Finally, Mr. Chairman, we wish to express our concerns in the record that this advisory board might be used in the future as a tool to lobby the legislature to increase taxes on wine to fund the board or its activities. We hope this is not an effort to "back door" any such tax and would appreciate your support in expressing the same.

Thank you for allowing me to appear today to express our qualified support of SB 375.

*House Gov't Org. & Elections*  
*March 8, 1994*  
*Attachment 4*

TO: The Honorable Marvin Smith, Chairperson  
House Governmental Organization and Elections Committee

FROM: Don Bird  
Kansans For Life At Its Best

DATE: March 8, 1994

RE: Senate Bill No. 375

---

I appear before the committee today as an opponent to SB 375. I am here today on behalf of the citizens of this state who believe that it's time to draw the line.

Earlier in the session, I did a little investigation and was astounded at the number of advisory councils, committees, commissions, and boards that the legislature has created. Each, of course, carries its own price tag.

What I don't understand in the case of the proposal before us today is why the taxpayers of this state should fund a support group for a special interest industry that already rakes in billions of dollars?

Moreover, it is an industry whose product has contributed to a multitude of problems in American society; including early death, strain on the nation's health care system, family problems, burdens on the workplace, and crime.

I direct you to the recently released study "Substance Abuse: The Nation's Number One Health Problem, Key Indicators For Policy" by Brandeis University for The Robert Wood Johnson Foundation. Of the more than \$238 billion cost to this nation, the largest portion (approximately \$99 billion) is accounted for by alcohol problems.

When extra budget dollars in this state are already hard to come by, we ask the committee to withhold its approval to SB 375.

*House Gov't Org + Elections  
March 8, 1994  
Attachment 5*





## KANSAS COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT

### Testimony before House Governmental Organization and Elections on Senate Bill 61 by Carol Williams, Executive Director

Senate Bill 61 which is before you this morning would amend a provision of the state conflict of interest statutes, K.S.A. 46-235. This amendment is a recommendation made by the Commission in its 1992 Annual Report and Recommendations.

Under current law, a state employee who in his or her official capacity provides services to the public free of charge or at a reduced rate, can contract with a person to perform these same services on the employee's personal time. Situations have arisen where state employees on their off-duty time have provided, for a fee, the same services to an individual or organization the state could provide. These state employees have claimed they could provide the services sooner on their personal time than if performed during official state time. In actuality, the state employee is being paid for providing services which could be provided by the state at no cost or at a reduced rate.

Since the Commission made this recommendation in 1992, it ruled in Opinion No. 93-30, that a trooper with the Kansas Highway Patrol could in his off-duty time offer his services as a safety consultant to the private sector, which included some of the same individuals and businesses which he helped to regulate while on duty with the Patrol. A majority of the members believed that his activity, though legal, was inappropriate. A copy of Opinion 93-30 is attached for your review.

The Commission believes the amendatory language to K.S.A. 46-235 found on lines 25-33 would rectify these situations. The new language would prohibit a state officer or employee from charging or accepting compensation directly or indirectly in competition with such officer or employee's state agency from any person for the performance of services which could have been performed in their official capacity as a state officer or employee.

The Commission urges your support of Senate bill 61.

*House Gov't Org + Elections  
March 8, 1994  
Attachment 6*



## KANSAS COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT

September 14, 1993

Opinion No. 93-30

John W. Campbell  
Deputy Attorney General  
Chief--Litigation Division  
Office of the Attorney General  
2nd Floor, Kansas Judicial Center  
Topeka, Kansas 66612-1597

Dear Mr. Campbell:

This opinion is in response to your letter of July 16, 1993, in which you request an opinion from the Kansas Commission on Governmental Standards and Conduct concerning the conflict of interest laws (K.S.A. 46-215 et seq.).

We note at the outset that the Commission's jurisdiction on this matter is limited to the applicability of the above statute. Thus, whether some other common law, statutory system or agency rule & regulations relate to your question is not covered by this opinion.

### FACTUAL SITUATION

We understand you request this opinion in your capacity as the attorney for the Kansas Highway Patrol. You advise us that a situation has arisen where a trooper on his off duty hours offers his services as a safety consultant to the private sector, which includes some of the same individuals and businesses which he helps to regulate while on duty with the Patrol. This potential conflict has drawn the attention and concern of the federal agency which funds the trooper's position with the state. You also advise us that other troopers are expressing desires to be involved in off-duty businesses.

### QUESTION

Does the provision of consultation services for valuable consideration by a state employee during his off-duty hours, to persons or businesses which that employee helps to regulate in the course of his official duties, violate the Kansas State Governmental Ethics Act?

Opinion No. 93-30  
September 14, 1993  
Page 2

## OPINION

There are three sections of the statute which may apply to the situation you describe.

K.S.A. 46-241 states:

"No state officer or employee shall disclose or use confidential information acquired in the course of his or her official duties in order to further his or her own economic interest or those of any other person."

K.S.A. 46-238 states:

"No state officer or employee or candidate for state office or associated person shall charge to or accept from a person known to have a special interest a price, fee, compensation or other consideration, for the sale or lease of any property or the furnishing of services which is substantially in excess of that which other persons in the same business or profession would charge in the ordinary course of business."

K.S.A. 46-286(a) states:

"No state officer or employee in the officer's or employee's official capacity, shall participate directly in the licensure, inspection or administration or enforcement of any regulation of or in any contract with any outside organization with which the officer or employee holds a position."

The first section cited above is fairly self-explanatory. Confidential information obtained during official duties may not be used for a state officer or employee's financial gain. We have insufficient information to determine whether any of the information being used by the officer meets the definition of "confidential", although we would note that any information contained in statutes, rules or regulations or government publications would not meet this definition.

The second section places a restriction on the price which may be charged to someone with a special interest and limits that amount to an amount not substantially in excess of what others would charge. Please note this section does not speak to the issue of when it may be illegal to contract with someone with a special interest. That issue is covered by K.S.A. 46-286(a), the last section set out above.

In reviewing the application of K.S.A. 46-286(a) to the situation you have described, the issue is whether an individual who provides goods or

Opinion No. 93-30  
September 14, 1993  
Page 3

services to an organization can be said to "hold a position" with the organization. Clearly, an employee of an organization, or a member of the board of directors, can be said to "hold a position". It is our opinion, however, that this language is not specific enough to extend to an independent business person who sells goods or services to an organization.

In sum, it is our opinion that K.S.A. 46-286(a) does not prohibit the situation you have described, but that there is a limitation on the amount that can be charged under K.S.A. 46-238 and the information the trooper may use under K.S.A. 46-241.

Please note that we express no opinion on whether the situation may constitute a conflict of interest under applicable federal law. It is clear, however, that no action should be taken by the trooper or others in similar situations until clearance is received from the appropriate federal agency since federal law certainly could preempt the limited prohibitions in the state law.

In addition we note that a majority of this Commission believes the activity, though legal, is inappropriate and will make a recommendation to the legislature to prohibit this activity in the future. Also, the patrol itself may have or could impose policies against this behavior.

Sincerely,



Richard C. Loux, Chairman

By Direction of the Commission

RCL:DDP:dlw



## *Legislative Division of Post Audit*

February 16, 1994

MERCHANTS BANK TOWER  
800 S.W. JACKSON, SUITE 1200  
TOPEKA, KANSAS 66612-2212  
TELEPHONE (913) 296-3792  
FAX (913) 296-4482

Representative Marvin E. Smith  
Chair, House Governmental Organization and Elections Committee  
Statehouse, Room 115-S  
Topeka, Kansas 66612

Dear Representative Smith:

As you may know, the Kansas Governmental Operations Accountability Law (K-GOAL) passed by the 1992 Legislature requires this office to conduct performance audits of certain agencies each year. The agencies scheduled for review under K-GOAL during the 1995 session are the Department of Health and Environment, the Kansas Water Office, and the Kansas Water Authority.

To comply with the law, the K-GOAL audits must be completed no later than the 30th day of the session. We have started to develop possible scope statements for the Legislative Post Audit Committee's approval so that the audit work can be scheduled and completed as staff resources become available.

Because the House Governmental Organization and Elections and Senate Governmental Organization Committees likely will be receiving and reviewing both K-GOAL audit reports, we wanted to get those committees' suggestions about specific issues or topic areas they would like to see covered in the audits. I would appreciate your thoughts. If you have no specific suggestions, I would appreciate knowing that as well.

For your information, I have enclosed a listing of the audit work we have done related to the Department of Health and Environment or related to water topics in the last five years. If you would like to have copies of the reports or more information about any of the audits or about the K-GOAL audit, please call me at 296-3792.

Sincerely,

A handwritten signature in cursive script that reads "Barb Hinton".

Barbara J. Hinton  
Legislative Post Auditor

Enclosure

cc: Members, House Governmental Organization and Elections Committee  
Julian Efird, Legislative Research Department

*House Gov't Org & Elections*  
*March 8, 1994*  
*Attachment 7*