

**In the Kansas House of Representatives  
Before the House Standing Committee on Agriculture and Natural Resources  
Topeka, Kansas  
February 8, 2011 at 9:00 AM**

**In Re: Committee hearing on HB 2099 - Creation of the Kansas goat council**

**Written Testimony of Kevin J. Wray, Secretary/Treasurer  
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Mr. Chairman, Mr. Vice-chairman, Mr. Ranking Member, and honorable committee members,

Thank you for providing the opportunity to participate in this legislative process. I am testifying as an officer of and on behalf of CLF Ranch, Incorporated. CLF is an Authorized Kansas Family Farm Corporation engaged in the commercial production of meat goats within Kansas. Our business model calls for production and sale of meat goats in substantial numbers into the national commercial meat goat market through sales at local sale barns, out of state sale barns or direct to order buyers regionally. We also offer direct to consumer sales. We do not breed or raise goats for show or for sale to show oriented buyers. We are not engaged in the production of expensive, national breed association registered goats. Genetics are very important in any production program, and we strive to reproduce and enhance genetic traits that result in quality, market desired offspring. We do not participate in the breeder or show goat markets. Those markets are simply too narrow and limited for our purposes. We raise goats for a market that buys them for meat consumption. The only papers our goats have are farm records and sale barn receipts.

We appear here today in firm opposition to HB 2099. We believe this bill is problematic for several reasons. We believe it is ill-conceived, fraught with anti-free market concepts, and may well be a subterfuge designed to advance the agenda of a limited group of people.

1. HB 2099, as presented, does not clearly define the objectives, purposes and methods of the Kansas Goat Council it creates. The markets for commercial meat goat producers are well established and very well defined. A legislatively established Goat Council is highly unlikely to change or improve those markets.
2. HB 2099, as presented, deals primarily with distributing money taken from private citizens and businesses statewide, under penalty of law, giving that money to and extending privileges to a very narrow and select group of people. Namely, the Kansas Meat Goat Association (KMGA) or its' designees. We do not believe that private association is geared toward the interests of the majority of Kansas goat producers. Neither does the membership of the KMGA represent a significant percentage of Kansas goat producers. To legislatively authorize the confiscation of monies, time, and compliance costs from all those involved in the production, transfer, sale and distribution of goats or goat products only to give the money taken to members of a non-representative group is, we opine, unfair on its' face. Even if all the monies taken are refunded, the compliance and record keeping costs remain essentially as non-reimbursed costs to the producer.

House Ag & Natural Resources  
February 8, 2011  
Attachment 5

3. Review of the KMGGA website lists only 22 members as of two days ago. We think that the KMGGA, in particular, falls far short of representing anywhere near the majority interests of Kansas meat goat producers. They surely don't represent ours. Additionally they don't appear to represent any interests of dairy or fur goat producers at all. This hardly qualifies the KMGGA, or its' membership to have the power or influence afforded it in HB 2099.

4. Commercial meat goat operations sell largely into a national market via sale barn auctions across the state. These producers contribute a food product to an increasing ethnic U.S. population and an export market, primarily into Mexico. Nothing in HB 2099 appears to address the needs of these operations by the newly created Goat Council. Auction prices won't be going up as a result of HB 2099. Nor will input costs be going down.

5. We do not believe that there is nearly enough end market demand in Kansas to absorb a significant portion of Kansas meat goat production. Actually that's good, as the lion's share of revenue generated by Kansas meat goat producers is new revenue being brought into the Kansas economy from outside Kansas. HB 2099 diverts part of that revenue and directs it to uses that do not appear to hold any substantial benefit for the majority of contributing producers.

6. Refunds notwithstanding, HB 2099 creates a forced contribution by the seller of fifty cents per head sold and gives that money to this non-representative Council taking it temporarily out of the producer's hands, interest free. Further it creates fines and jail penalties for non-compliance with a 'voluntary' program. We ultimately wonder if this process would satisfy the takings clause of the 4<sup>th</sup> Amendment to the U.S. Constitution. Even if it would, in private treaty sales, is this Bill really enforceable? If so, how? With compliance costs likely exceeding any increased producer revenues or benefits and with enforcement difficult (if not impossible), we suggest there will be little compliance incentive between individuals in private treaty sales. Virtually no enforcement is possible because of the very nature of private sales. Such sales aren't reported on a 'by head' basis anywhere that we know of that could be reviewed for enforcement absent a warrant or subpoena for private records. The end result is that private treaty sales, absent an honest established broker, would not be given the same scrutiny as an auction sale. The same applies to sales out of state. Unequal treatment?

7. With auction market sales, enforcement is possible, but at what cost? Administrative, overhead, enforcement, verification and refund costs will severely limit the availability of funds for the still non-defined goals of the Council. Consider, if every goat believed to be in the state by the Kansas Ag Department were sold at auction, *twice* (once to a Kansas auction house account and then to an out of state buyer), the total checkoff revenue would be less than \$50,000. That won't pay for much. The example assumes no producer refunds are paid. The checkoff 'contribution' *is* going to have to go up substantially at the first opportunity. Yet more negative impact on the cash flows of producers in difficult times.

8. HB 2099 also creates more administrative regulation and compliance costs for goat producers and brokers and buyers of goats. Record keeping, rebate requests, postage, and labor costs of participation and compliance seem to fully outweigh the poorly defined benefits of this program. These costs will impact both sellers and brokers. Brokers will most likely increase sale commissions to defer their compliance costs. Thus, sellers will ultimately bear the brunt of the unintended negative economic effect. In our case, it could mean fewer seasonal part time jobs or lower wages on our ranch. I'm sure others will face the same painful choices. Yet

another cost to the producer. Aren't equipment, feed, medicine, transportation, commission, income tax, payroll tax, and death loss costs enough? The HB 2099 Goat Council is simply not economically responsible.

9. If sufficient revenues are eventually generated and retained by the Council, what is their function? To increase consumer awareness of and demand for goat meat, dairy and fur products? Significant increases in end user demand for goat meat, dairy and fur products in Kansas will likely become a very costly marketing effort. We seriously doubt the success factor. State Fair booths or 30 second public service ads won't sell much goat milk or meat. Goat health, breeding and care research is already being done in many venues across the United States. Producer education is readily available from hundreds of web sources (at least one outstanding website right here in Kansas) and various state university resources nationwide. What remains is volume sales and value added marketing. Those should be individual producer projects. If producers want to team up for such efforts, great! Not something for a government mandated program to become involved with in our view.

10. The KMGA itself appears to cater to a much more limited 'breeder' market. That is to operations who are geared to producing expensive, registered, genetically superior show goats. While important, this market is, by no means, representative of day to day commercial volume goat production businesses. Most highly bred goats don't seem stand up well to the rigors of a volume commercial operation. We suggest that in the near term the show breed producers contribute little to what drives the much larger national commercial meat goat market into which most Kansas meat goat producers likely sell their products. Again, HB 2099 gives control of a Kansas Goat Council to members of a private association that better represents the former, more limited, market. What agenda will KMGA involvement and control bring to a Kansas Goat Council? Their own website may provide the answer:

*"The Kansas Meat Goat Association has received numerous funding requests for support in the Goat industry including shows, fairs, research etc. As most of you know that KMGA does not have the funding available to support everything that was requested. In April the KMGA membership voted to establish an exploratory committee to pursue a Meat Goat check off program in Kansas...What will the check off monies be used for? The check off monies can only be used for purposes that fall within specific areas of production, marketing, promotion and education."*

It would appear that "shows, fairs, research etc." and nondescript "specific areas of production, marketing, promotion and education." are the intent.

And who will define these specific areas of production, marketing, promotion and education? According to HB 2099,

*"5 The council shall consist of seven members who shall be elected  
6 at the annual meeting of the Kansas meat goat association. The board of  
7 directors of the Kansas meat goat association shall act as interim council  
8 members until council members can be elected and qualified. Vacancies  
9 which may occur shall be filled for unexpired terms by the board of  
10 directors of the Kansas meat goat association from among the producers  
11 of the state. Each council member appointed on and after the effective  
12 date of this act, other than a council member appointed to fill a vacancy*

*13 for an unexpired term, shall be elected for a term of four years except that  
14 three of the council members first elected on and after the effective date  
15 of this act shall be elected for a term of two years."*

11. Since the KMGGA meetings are exclusively KMGGA functions, not well attended by even their own paying membership, it is far more likely that persons with a vested interest in the KMGGA (and its' association agenda) will be at the helm for some time. Fair, equitable and without spot of impropriety? We're not convinced.

12. Perhaps the most bothersome part of this is the sausage making involved in pursuing this bill that seems to begin with the bill's initial beneficiaries... the KMGGA Board of Directors. In a directors meeting held by teleconference on March 25, 2010. The someone had involved a Farm Bureau representative named Mark Nelson. Mr. Nelson's contribution to the meeting is reflected in publicly posted minutes from that meeting:

*Guest- Mark Nelson, KS Farm Bureau provided report on the out come of the March 19<sup>th</sup> KFB vote for reporting of markets.*

*Mark Nelson gave a report of the study for a " Goat Check Off" how it could be an advantage to KMGGA and KYMGA and what it would take to make it effective*

*Mark Nelson provided input, including statutory cites for other species check off programs. Suggested to not 'recreate' the wheel, but to fine tune it to fit our specific needs.*

*Mark exited the call.*

An advantage to whom? We were told the advantage was to be for all Kansas goat producers, not KMGGA and their youth program.

The move toward a goat checkoff continues with the publicly published minutes of a KMGGA membership meeting held on April 23, 2010. The minutes report that 19 members were present at that meeting, representing a quorum (20% minimum according to their By-Laws) of their estimated 70 dues paying members. The motion to pursue a Kansas Meat Goat Check Off was approved by 14 of the 19 members present and privy to the motion. There was no provision for a proxy vote by almost 73% of the members not present on this significant decision. The drive to create what is now before this committee is the result of the voices of 14 people. Approximately 20% of an organization who's 70 members purported to know and represent the needs and best interests of the entire Kansas goat industry. Kansas meat and dairy goat producers as of January 1, 2010, (according to USDA & Kansas Ag Department Statistics) own and/or control some 45,800+ live meat and dairy goats and kids. This does not include those who raise goats for fur production. We are not convinced the KMGGA is really interested in Kansas goat production at large. Our skepticism comes from KMGGA facts and meetings. From that April 2010 meeting we read the following:

*" New Business-*

*Goat check off- with discussion of check off fund proposal, a goat commission, proposal 50 cent per head, benefits discussed; voluntary nature of*

*check off, could opt out, benefits discussed along with Farm Bureau's suggestions of how to proceed...*

*Additional discussion- (Name redacted)- concern - not in favor of it stated first- but if KMGGA decides to do so as an association, then need to make sure not making more enemies than friends, need persons with finesse, speaking abilities...*

*Point of order- motion on the floor- vote taken Motion carried 14 in favor, 3 opposed - pursuit of development of Ks Meat Goat Check off; (2 abstain);"*

(Source: KMGGA website at <http://www.kmgaonline.net/meetingminutes.htm>, as obtained on February 6, 2011)

Please note two things. First is the "*need to make sure not making more enemies than friends, need persons with finesse, speaking abilities*", and second are the non specified "*Farm Bureau's suggestions of how to proceed*". Articulate advocates are a good thing, but if one seems to know a course of action may 'make more enemies than friends' one must wonder about the real intent and effect of the action. Also, Farm Bureau, on their own website hold themselves out as actively involved "policy and political advocacy" for their individual members. They now appear to also provide policy and political advice & guidance for other small, private, non-profit associations who have or want to create legislative agendas. We don't know if the KMGGA is a member of the Farm Bureau

Casting no aspersions whatsoever, this bill was even introduced to the Kansas House by the House member who represents the District of the KMGGA's current President.

From its inception, HB 2099 appears to be, inside out, top to bottom, and front to back, a product *of the KMGGA, by the KMGGA, and for the KMGGA*. At least what remains of the KMGGA.

As of August 2009 the KMGGA website reported 110 members. In the fall of 2010, some 70 members. The current KMGGA website lists 22 members TOTAL as of 2/6/2011. That represents year to year membership losses of 36% growing to 68% and a total shrink in dues paying membership of 80% in the last two years! First, 22 people surely do not represent a statistically significant sampling of goat producers in Kansas. Second, annual dues at KMGGA of \$25.00 creating dues revenues of \$550.00 for calendar year 2011, not a substantial base of experience needed by the proposed goat council. Is this organization and its' leadership really experienced enough and successful at promoting the industry through their existing efforts at KMGGA? Or are they fading fast and looking for ways to breath new life into their organization? Where *will* they find money to do the things that interest *them*? Do those funds have to be in the KMGGA account? Or are there other ways to advance their association agenda? We don't wonder. They have already told us.

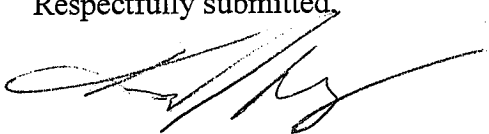
To the casual observer taking the information in total, it would appear as if HB 2099 was a thinly veiled attempt to give some form of legitimacy to a failed and dying private organization via legislative fiat and ultimately at the expense of Kansas goat producers from one end of Kansas to the other. Please consider the effects of codifying into law state endorsement, authority, influence, and the placing (if even temporarily) of other peoples money into the hands of individuals who, to date, manage a private, non-profit association that has lost 80% of its' own membership in just the last two years and who now

manages membership revenues that are less than the cost of a single, limited cell phone plan? Have they displayed some unique qualification for this control?

Ladies and gentlemen, the deeper one looks, the uglier some legislative sausage making becomes. Eventually it can become burnt, tasteless and of little or no value. This bill is one such case. Should elements of marketing, research, business education of the endeavors of private sector enterprises really be something that is facilitated under the force of law at the hands of a tiny sampling of people from a dying organization, all funded by government mandate? Or are those elements best left to individual producers and to the free market? We think, in America, the latter is the clear choice. This bill, clearly driven from the start by KMGGA, is not something the Kansas goat industry needs or wants. We at CLF Ranch surely don't.

Please don't move forward on yet another government endorsed intrusion that must be passed to determine what's really in it. Defeat House Bill 2099. Thank you.

Respectfully submitted,



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