



Kansas
2020 AGGROWTH
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SPECIALTY LIVESTOCK

The specialty livestock industries in Kansas are relatively small, compared to more traditional livestock production in Kansas; however, the industries that do exist are successful and have benefited from increased consumer demand. Specialty livestock in Kansas is an evolving sector that typically includes bison, goats, sheep, alpaca and llamas, but is also growing to include other species. These livestock operations benefit from many of the same advantages Kansas offers traditional livestock production: abundant land and feed supplies, a strong transportation infrastructure, state support for the livestock industry, and a wealth of research and knowledge about livestock health and management within the state.

Just as the advantages facing larger operations help specialty livestock, the challenges facing the entire livestock industry also present possible barriers to growth for the specialty livestock industries. Access to an abundant water supply is critical, and laws regulating water use can be problematic for new or expanding livestock operations, along with concerns



relating to workforce and transportation. The specialty livestock industries face additional challenges, because the size and unfamiliarity of these industries may make them seem a less reliable investment. There are few in-state processing facilities that cater to specialty livestock. Also, while consumer demand is increasing, that demand is accompanied by an expectation of consistency of product which is difficult for smaller producers.

Growth within the specialty livestock industries will require input and discussion among key partners to develop a long-term growth strategy. Coordination between the specialty livestock industries will be an important component, as they work toward increased access to processing and value-added facilities. Economic development and marketing programs could assist in the enhancement of existing businesses as well as the recruitment of new businesses to expand the industry. A collaborative effort between public and private stakeholders to create a strategic growth plan is critical to the future of this agricultural sector.

STATUS

Kansas is home to many livestock species such as goats, sheep, bison, alpaca, llamas and other specialty livestock. Compared to more traditional livestock production in Kansas, the size of these industries is relatively small. In 2018, Kansas is ranked 12th and 22nd in the nation in meat goat and sheep inventory, respectively. Kansas ranks 10th in bison with just over 3 percent of the U.S. bison herd. In 2017, Kansas had 1,551 alpacas and 514 llamas.

According to estimates prepared by the Kansas Department of Agriculture and based on the IMPLAN economic data model, the specialty livestock (bison, sheep and goat) industries in Kansas combine for a direct output of \$17.9 million and create 128 jobs in the state. Through indirect and induced impacts, the industries support a total of 180 jobs and create a total economic contribution of approximately \$25.2 million.

OPPORTUNITIES

In order to develop a strategic growth plan for the specialty livestock industries it is important to understand the areas where Kansas has a comparative advantage and the best opportunities for growth or expansion.

Factor	Implications for Growth and Development Opportunities
Biosecurity	Kansas is recognized as one of the best exercised states in foreign animal disease. The construction of the National Bio and Agro-Defense Facility and the existing Biosecurity Research Institute enhance the research capabilities for animal health and biosecurity for the state, U.S. and global livestock community.
Consumer Demand	Increased consumer demand for meat grown locally has increased the demand for specialty livestock meats. This has benefited many specialty livestock producers and processors.
Feed Supply and Land Availability	Kansas is home to abundant feedstock supplies including corn and corn derived dried distiller's grain, sorghum and sorghum derived distiller's dried grains, soybeans and soybean meal, forages and grassland. Kansas has the second most farm land of any state, roughly 90 percent devoted to agriculture. Small animal operations demand relatively less land than other animal facilities. These two factors together equate to a relatively available and affordable base for expanding operations.

Factor	Implications for Growth and Development Opportunities
<p>Policy Environment</p>	<p>Kansas tax law allows sales tax exemption on the construction, reconstruction, and remodeling of livestock facilities for projects greater than \$50,000; and a sales tax exemption for farm machinery and equipment and various ag-based inputs. These state tax code provisions make Kansas a more attractive state for growth or expansion, but this high financial threshold prevents it from being applicable to most specialty livestock producers.</p> <p>Also at the state level, the state of Kansas works closely with the livestock community to ensure that the Kansas livestock industry is protected from overreaching federal regulation.</p> <p>Through the KDA Animal Health Board and key partnerships throughout the industry, KDA regularly meets with and seeks input on policy-related issues to ensure industry concerns are heard and included in policy decisions.</p> <p>At the federal level, Kansas is fortunate to have elected members of Congress who strongly support the agriculture industry. The Kansas congressional delegation will play an important role in influencing positive changes related to federal regulations or legislation, international trade, federal taxes, antibiotic use, livestock facility requirements, transportation rules, natural resources and more.</p> <p>In partnership with K-State, KDA can provide plan writing and training to meat processors to meet Hazard Analysis and Critical Control Points (HACCP) standards.</p>
<p>Supporting Infrastructure</p>	<p>Kansas is home to an intermodal freight facility in Edgerton with supporting cold storage warehouse infrastructure to handle more than 1 billion pounds of frozen meat products on an annual basis as well as ample capacity to ship other raw and value-added animal products worldwide.</p>
<p>Weather and Natural Resources</p>	<p>The semi-arid climate in Kansas is suitable for livestock production.</p> <p>Kansas is taking significant proactive steps to preserve and extend the usable life of water supplies in Kansas. In recent years, voluntary, flexible and producer-driven water conservation tools have been implemented to help farmers and ranchers manage their water rights while continuing to raise crops or livestock. Additionally, Kansas has developed a Vision for the Future of Water Supply in Kansas with goals and specific action items to help ensure a reliable water supply while continuing to grow the economy.</p>

CHALLENGES

While Kansas is poised for major expansion in the specialty livestock sector, the following factors represent challenges serving as barriers to achieving the objective of the strategic growth plan.

Challenge	Details of Challenge
Capital	Due to the unfamiliarity of the industry, access to capital can be an issue for both producers and processors.
Cohesion of Sector	The specialty livestock sector is very diverse in type of species, size of operations, and goals of operations. Some species have well-established markets and others are still emerging. Significant differences also exist between the needs of the different species. Because of these differences, the sector struggles to work as a unified sector and the outcomes are difficult to achieve as a unit.
Critical Infrastructure	<p>A lack of adequate housing in rural areas compounds the issue of a shortage of agricultural workers.</p> <p>A lack of rail access in the western portion of the state will require producers to ship products across the state to be loaded onto the rail or use alternative transportation.</p> <p>As livestock producers and processors identify when and where to grow their presence, a key factor they will consider are utility rates.</p>
Human Capital	Kansas State University's department of animal sciences and industry houses respected faculty with expertise in livestock issues as well as faculty within the Cooperative Extension Service with knowledge of some specialty livestock species. This wealth of knowledge in the livestock industry in Kansas drives continual improvement that carries over to the specialty livestock sectors.
Industry Perception	Kansas' roots in some specialty livestock industries are not as strong as in other states, so potential Kansas producers and investors may be hesitant to invest in specialty livestock projects.
International Trade	<p>Access to international markets for specialty livestock products is key to growing the industry. Resistance to free trade agreements at the federal level can hinder this access.</p> <p>Other countries have been producing products more cost effectively and flooding the U.S. market.</p>

Challenge	Details of Challenge
Lack of Facilities	Kansas could benefit from additional local or regional slaughter facilities.
Lack of Markets	Many specialty livestock producers are unfamiliar with what market opportunities exist for their growing operations.
Large Customers	Big clients demand consistency, expecting all product to look and taste the same. Therefore, entering those markets is a challenge for smaller producers.
Water	<p>Access to an abundant and reliable water supply is critical to starting a livestock operation. This can prove challenging in many areas of western Kansas that are closed to new water appropriations.</p> <p>New or expanding livestock operations in these regions with stock water use requirements above 15 acre-feet will have to purchase land with sufficient water rights.</p>
Workforce Development	Growth in the specialty livestock industry may require a skilled and non-skilled workforce, which continues to be a significant challenge throughout the entire agricultural industry.

SUCSESSES

Key successes in the specialty livestock industry:

- The specialty livestock community in Kansas works to improve practices and efficiencies. In recent years state and industry partners have taken several steps to improve the industry.
- A specialty meats processing company founded 30 years ago now employs 31 full-time people and can process virtually any animal and bird except pheasant and quail. They process under private label and custom processing for customers across the United States.
- K-State hired an extension sheep and meat goat specialist to provide support to statewide extension programs as well as teaching and applied research on campus.

Specialty Livestock

GROWTH OBJECTIVE:

Raise the prominence of the specialty livestock industry in Kansas, and increase profitability for those who raise specialty livestock.



OUTCOMES & ACTION ITEMS

Leaders from throughout the Kansas specialty livestock industry will continue to collaborate in the development and implementation of a long-term strategic growth strategy with input and discussion among key partners. Industry-identified desired growth outcomes, initially developed in 2016 and expanded to include action items, will be implemented by industry and key partners and updated annually at the Kansas Governor's Summit on Agricultural Growth. Following are the proposed action items to continue building on the achievement of the specialty livestock sector desired outcomes.

High Priority Outcomes

A specialty livestock association or network which links individual species associations to maximize awareness of available resources and existing regulations, educate consumers on the benefits of specialty livestock product consumption and availability, and provide a unified voice for the industry.

ACTION ITEMS:

- Identify a list of all livestock that fall under the specialty livestock umbrella.
- Identify benefits of raising specialty livestock such as lower investment for beginning farmers, increasing consumer demand, value-added processing opportunities. Also identify the challenges such as lack of educational support and specialists and difficulty in finding scalable markets.
- Promote the benefits of specialty livestock production to youth and beginning farmers through K-State Research and Extension, 4-H, FFA.
- Identify experts and specialists in the industry that can be consulted with production questions.

Widespread, accessible markets for specialty livestock producers. Expansion would involve promoting existing markets and pursuing opportunities for new ones.

ACTION ITEMS:

- Create a specialty livestock/meat/other product cooperative to establish volume and fulfill a higher percentage of the market demands for specialty livestock products in the state.
- Create an inventory of current market outlets across the state.
- Encourage companies to participate in trade missions and reverse trade missions.

Additional K-State Research and Extension personnel to support specialty livestock production.

ACTION ITEMS:

- Provide educational and informational resources and curriculum to producers to help them address challenges and production questions and help the industry grow by providing readily available, consumable information.
- Provide on-farm, hands-on field days to increase producer understanding of production practices, applicable regulations, and economics of specialty livestock production.
- Add additional extension personnel to focus on specialty livestock.
- Provide training to current KSRE personnel to expand their knowledge on specialty livestock and resources they can provide to producers. Topics may include rangeland management, species-specific animal health, common production practices, and processing regulations.
- Develop and disseminate a needs assessment for producers.

State-sponsored economic development incentives which meet the needs of specialty livestock processors. Economic development incentives for specialty livestock processors. The scope of specialty processors does not match the incentives that currently exist.

ACTION ITEMS:

- Share success stories of specialty livestock production to promote the sector to beginning producers and to promote the industry to communities.
- Complete an economic impact study for specialty livestock production in the state.
- Obtain feedback from industry and incentives experts and other states that have specialty livestock incentive programs and draft a white paper outlining challenges with current incentives for specialty livestock.
- Work with the Kansas Department of Commerce to explore tax incentive options.
- Draft a bill outlining an incentive program for consideration in the Kansas Legislature.

Zoning regulations in cities and counties which are in line with local and state regulations so livestock producers are allowed to operate under agricultural exemptions statewide.

ACTION ITEMS:

- Connect specialty livestock producers with county-level food and farm councils and local agriculture organizations to work towards more uniform regulations.

Policies in this document are a reflection of industry discussion and not a representation of state government.