

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE & SMALL BUSINESS

Held in Room 423-S, at the Statehouse at 10:00 a.m. a. m./p. m.,

on Tuesday, March 3, 1981, 19    .

All members were present ~~except~~

The next meeting of the Committee will be held at 10:00 a.m. a. m./p. m.,

on Wednesday, March 4, 1981, 19    .

These minutes of the meeting held on Tuesday, March 3, 1981, 19     were considered, corrected and approved.

  
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Chairman

The conferees appearing before the Committee were:

Senator Charlie Angell  
Dee Likes, Kansas Livestock Association  
John Blythe, Kansas Farm Bureau  
John Miller, Kansas Farm Organizations  
Frank McBride, Kansas Grain and Feed Dealers  
Charles Henson, Kansas Bankers Association  
Dr. Joseph Hollowell, State Department of Health & Environment  
David Bennett, Kansas Livestock Association  
Paul Fleener, Kansas Farm Bureau  
Bud Grant, KACI  
Dave Schafer, KSU Extension Office  
Bill Duitsman, State Board of Agriculture

Senator Kerr called the meeting to order. Senator Arasmith moved, Senator Karr seconded, that the minutes of the March 2, 1981, meeting be approved after the addition of "Line" on page 2, line 10. Motion carried.

Senator Kerr called on Senator Charlie Angell to present Senate Bill 286. Senator Angell said the bill was designed to protect farmers who bring grain to an elevator for storage. In the event the elevator declared bankruptcy rather than have the grain stored in the elevator being counted as part of the assets of the elevator in taking care of the debts of the elevator, the intent of the bill is to protect farmers so the grain stored would remain in the ownership of the farmer.

Dee Likes, of the Kansas Livestock Association, stated his Association supports Senate Bill 286, with an amendment as suggested by the author. David Bennett, of KLA, later stated this position was taken at a legislative meeting of their Association held last week.

John Blythe, Kansas Farm Bureau, read from pages 2 and 3 of their 1981 Resolutions: "We urge farmers to be informed as to the payment risk involved in contracting for future sales of agricultural commodities already delivered to an elevator or feedyard.

"We ask the Kansas Legislature to consider legislation which would require elevator and feedlot owners to hold in trust all agricultural commodities delivered to them or hold for the producer the proceeds from commodity sales.

"We will support legislation to establish a first-lien priority for agricultural producers when assets of a bankrupt elevator or feedlot are distributed."

(MORE)

CONTINUATION SHEET -2-

Minutes of the SENATE AG Committee on Tuesday, March 3, 1981, 19\_\_\_\_  
& SMALL BUSINESS

Mr. Blythe feels a ticket from the elevator is proof that you have delivered grain. His organization is in favor of this bill.

John Miller, representing the Kansas Farm Organizations, stated they were for the bill as amended.

Frank McBride, Kansas Grain and Feed Dealers, said they are in favor of Senate Bill 286, but he felt some corrections were needed relative to the proposed amendment.

Charles Henson, representing Kansas Bankers Association, was concerned about the "security of a loan". Warren Deeds, an individual, stated notes and mortgages signed prior to the bankruptcy would stand.

Because of the possible technical amendment problems, the chairman postponed action on Senate Bill 286. (See amendment Attachment "A" to original minutes.)

SENATE BILL 298

On Senate Bill 298, Senator Gannon moved that the amendment (below in parenthesis) relative to the definition of a feedlot be adopted, seconded by Senator Allen. ("Feedlot" means a lot, yard, corral, or other area in which livestock fed for slaughter are confined. The term includes within its meaning agricultural land in such acreage as is reasonably necessary for the operation of the feedlot.) Motion adopted.

Senator Doyen moved, seconded by Senator Arasmith, that Senate Bill 298 be reported favorably as amended. Senator Gannon questioned the language in Lines 0110, 0111, 0112. Senator Norvell offered a substitute motion, seconded by Senator Gannon, that in Line 0110 the sentence would read "or devise, by a bonafide educational, religious or charitable nonprofit corporation." Motion adopted. Senator Doyen moved, seconded by Senator Arasmith, that Senate Bill 298 be reported favorably as amended. Motion carried.

Revisor Souders clarified that she would insert the correct date in Lines 0117, 0125 and 0129.

In answer to some questions about reporting, Senator Kerr stated we would be considering the reporting law (Senate Bill 396) on Thursday.

SENATE BILL 318 and SENATE BILL 319

Dr. Joseph Hollowell, of the State Department of Health and Environment, distributed his testimony on Senate Bills 318 and 319 (See Attachment "B" to original minutes). He is opposed to the bills. He feels water added to hams cause them to be adulterated and less nutritious; our law would become different from the federal law; and the bill as written sets no limits. He feels the requirements should be more clear.

Answering Senator Doyen's question as to whether there is anything in Senate Bills 318 and 319 the Department of Health and Environment cannot enforce, Dr. Hollowell stated nothing.

Revisor Souders read beginning on Line 0265 of Senate Bill 319: "The secretary of the state board of agriculture shall adopt rules and regulations establishing standards of identity for water added pork products within 60 days after the effective date of this act."

(MORE)

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& SMALL BUSINESS

David Bennett, KLA, passed out labels which are placed on watered ham products.

Paul Fleener, Kansas Farm Bureau, stated they support these two bills provided the products contain the proper labeling.

Bud Grant, KACI, stated they support the bills. Just this morning he had received a call from the Safeway Stores in favor of these bills.

Dave Schafer, of the KSU Extension Office, stated if the bills were adopted the Extension Office would prepare information for consumers as to what this would mean to them.

Bill Duitsman, of the State Board of Agriculture, stated they stand behind these bills.

Senator Montgomery moved, seconded by Senator Thiessen, that Senate Bill 318 be reported favorably for passage. Motion carried.

Senator Doyen moved, seconded by Senator Thiessen, that Senate Bill 319 be reported favorably for passage. Motion carried.

Meeting adjourned.

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Proposed Amendment to SB 286

Page 1, in line 21, by striking "shall be"; in line 22, by striking all before the period and inserting in lieu thereof "whether such grain is under open storage or is stored in a public warehouse, shall have a prior right to such grain, subject only to the payment of accrued warehouse charges, against any other person until the grain is either removed from storage<sup>by the owner thereof</sup> or sold by the owner thereof";

In the title, in line 17, by striking all after the semicolon and inserting in lieu thereof "relating to the owner's"; in line 18, before the period, by inserting "therein";



State of Kansas . . . John Carlin, Governor

DEPARTMENT OF HEALTH AND ENVIRONMENT

Joseph F. Harkins, Secretary

Forbes Field
Topeka, Kansas 66620
913-862-9360



TESTIMONY ON SENATE BILLS NO. 318 AND 319

PRESENTED MARCH 3, 1981

SENATE AGRICULTURE AND SMALL BUSINESS COMMITTEE

This is the official position taken by the Kansas Department of Health and Environment on Senate Bills No. 318 and 319.

Senate Bill 318 would amend the adulteration section of the Kansas Food, Drug and Cosmetic Act, K.S.A. 65-664(b)(4), by exempting any cured or smoked pork products containing added water. Under this Act a food is deemed to be adulterated, "if any substance has been added thereto or mixed or packed therewith so as to increase its bulk or weight, or reduce its quality or strength or make it appear better or of greater value than it is."

Senate Bill 319 likewise amends K.S.A. 65-6a18 of the Kansas Meat and Poultry Inspection Act administered by the Kansas Board of Agriculture.

We point out the following:

- 1. The Kansas statute is identical to the Federal statute.
2. The Department's interpretation of the laws which states that the addition of water beyond the uncured weights of the prok product constitutes adulteration under the laws have been supported by several Attorneys General's opinions over the last 10 years, the most recent by Attorney General Robert Stephan dated July 5, 1979.
3. The addition of water (the most common adulterant) beyond the cured weight, we believe represents definite adulteration of the product in that water has been added and does increase the products bulk or weight and reduce its quality or strength.

For example:

Table with 4 columns: Amount Purchased, No added water (Meat, Water), 10% added water (Meat, Water), and 25% added water (Meat, Water). Rows show 1 lb and 10 lb quantities, and a price example of \$3.00 per lb.

March 3, 1981

4. The cost to the consumer for water added ham is not appreciably less and in some instances more than the cost of the unadulterated product.

We believe the Federal Regulation under USDA allowing the addition of added water to cured pork products is in conflict with the adulteration section of the Federal Wholesome Meat Act and was not the intent of the Congress. Most states have given way to the Federal influence under pressure of the meat processors and are allowing 10% added water.

Exemption of Senate Bill No. 318 and 319 single out cured or smoked pork products only, for the allowance of added water, which may not be constitutional. Also, there is no limit on the amount of water that may be added. We understand that the Federal Regulations may soon allow up to 25% added water.

The Department of Health and Environment believes the passage of this bill would make for a great disservice to the citizens of Kansas. Consumers at the retail store would find hams, picnics, pork loins, pork shoulders, etc., with up to 10% possibly 25% added water. Advertising gimmicks could easily gloss over the inferiority of the adulterated hams for all but the most wary citizens. The consumer would be paying in some cases over \$3 per pound for boneless ham of which 25% could be water. With the ever increasing cost of food we don't believe that the Kansas consumer should be asked to pay for food that has been adulterated to make it less nutritious even though touted to be better or juicier.

JGH:pja

ADDENDUM TO TESTIMONY ON SENATE BILLS NO. 318 AND 319

- Injecting hams is an old practice (to pre-World War I).
- Phosphates - used in Germany pre-World War I in 1930s and outlawed 1959.
  - Outlawed in Switzerland before World War II.
  - Outlawed in Belgium in 1961
  - Action: detergent emulsifies fat and water, keeping water in ham - which leaks if temperature rises or large amounts of water is injected.
- U.S.: 1950 - 1960 regulation required that hams under USDA jurisdiction must not weigh more than before curing.
  - February 1952: USDA permitted disodium phosphate as ham additive, but required hams to be labelled "disodium phosphate added."
  - October 1952 - labelling rule rescinded.
  - December 1960 - USDA allowed hams with 10% added moisture to be sold.
  - August 1961 - USDA decided to revert to pre-December 1960 rule and label as hams of more than pre-cured weight "imitation."
  - Armour and Co. sued USDA and won a decision in the U.S. Court of Appeals in 1962 removing the "imitation" designation.
  - November 1962 - USDA imposed a rule labelling hams with weight up to 10% over pre-cured "water added."
  - Kansas continued to prohibit sales of water added hams in Kansas considering them to be adulterated.
  - 1981 - USDA is permitting up to 20% increase in "ham" weight over pre-cured.
- Phosphates: disodium phosphate, sodium hexametaphosphate, sodium tripolyphosphate, sodium pyrophosphate, sodium acid pyrophosphate and others.

Ag. 456  
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## REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your committee on Agriculture and Small Business

Recommends that Senate Bill No. 298

"AN ACT concerning agricultural land; relating to the acquisition and use thereof; repealing K.S.A. 17-5901."

Be amended:

On page 1, in line 24, after "profit", by inserting "and which qualifies under title 26, section 501, "c" 3 of the United States code"; in line 34, after "meaning", by inserting "agricultural"; also in line 34, by striking all after "land"; by striking all of line 35; in line 36, by striking all before the period and inserting in lieu thereof "in such acreage as is reasonably necessary for the operation of the feedlot";

On page 2, in line 49, by striking "personal representative,"; in line 50, by striking "or" and inserting in lieu thereof a comma; also in line 50, after "receiver", by inserting "or trustee in bankruptcy"; in line 55, by striking all after "other"; by striking all of line 56; in line 57, by striking all before "spouses" and inserting in lieu thereof ", all of whom have a common ancestor within the third degree of relationship, by blood or by adoption, or the"; also in line 57, after "spouses", by inserting "of any such persons"; in line 62, by striking "day-to-day"; in line 63, after the period, by inserting "If only one stockholder is meeting the requirement of this provision and such stockholder dies, the requirement of this provision does not apply for the period of time that the stockholder's estate is being administered in any district court in Kansas."; in line 67, by striking "The" and inserting in lieu thereof "Subject to provision (4), the"; also in line 67, by striking "five" and inserting in lieu thereof "15"; in line 72,



by striking "day-to-day"; in line 73, following the period, by inserting "If only a simple majority of the stockholders are meeting the requirement of this provision, and one of such stockholders dies, the requirement of this provision does not apply for the period of time that the stockholder's estate is being administered in any district court in Kansas."; following line 73, by inserting a new paragraph as follows:

"(4) If more than one person receives stock by bequest from a deceased stockholder, all of such persons, collectively, shall be deemed to be one stockholder. A husband and wife, and their estates, collectively, shall be deemed to be one stockholder.";

On page 3, in line 83, after "majority" where it first appears, by inserting "equitable"; in line 84, by striking "as spouse,"; by striking all of lines 85 and 86; in line 87, before "spouses", by inserting ", all of whom have a common ancestor within the third degree of relationship, by blood or by adoption, or the"; also in line 87, after "spouses", by inserting "of any such persons"; in line 90, before "persons", by inserting "are"; in line 94, by striking "The" and inserting in lieu thereof "Subject to provision (4), the"; also in line 94, by striking "five" and inserting in lieu thereof "15"; in line 96, before "persons", by inserting "are"; in line 98, after "(3)", by inserting "the gross"; following line 99, by inserting a new paragraph as follows:

"(4) If one of the beneficiaries dies, and more than one person succeeds, by bequest, to the deceased beneficiary's interest in the trust, all of such persons, collectively, shall be deemed to be one beneficiary. A husband and wife, and their estates, collectively, shall be deemed to be one beneficiary."; in line 111, by striking "an" and inserting in lieu thereof "a bona fide"; in line 113, by striking "for immediate"; in line 114, by striking all before the period, and inserting in lieu thereof "in such acreage as is reasonably necessary for the operation of a nonfarming business. Such land may not be used for farming except under lease to one or more natural persons, a

family farm corporation, authorized farm corporation, family trust, authorized trust or testamentary trust. The corporation shall not engage, either directly or indirectly, in the farming operation and shall not receive any direct financial benefit, other than rent, from the farming operation"; in line 117, by striking "February 17, 1981" and inserting in lieu thereof "the effective date of this act";

On page 4, in line 125, by striking "Feb-"; in line 126, by striking all before "the" where it first appears and inserting in lieu thereof "the effective date of this act, if"; in line 127, by striking all after "date"; in line 128, by striking "land" and inserting in lieu thereof "was not, prior to the effective date of this act, directly or indirectly engaged in any agricultural or horticultural business in violation of the provisions of K.S.A. 17-5901, prior to its repeal by this act, and as long as the corporation holding or leasing such agricultural land is in compliance with the provisions of this act"; in line 129, by striking "February 17,"; by striking all of line 130; in line 131, by striking all before the period and inserting in lieu thereof "the effective date of this act"; in line 140, by striking "upon"; in line 141, by striking all before "of" and inserting in lieu thereof "be subject to a civil penalty"; in line 143, by striking "conviction" and inserting in lieu thereof "judgment is entered in the action"; in line 147, by striking all before "of" and inserting in lieu thereof "enforce the provisions";

And the bill be passed as amended.

  
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Chairperson

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your committee on Agriculture and Small Business

Recommends that Senate Bill No. 318

"AN ACT concerning public health; relating to the definition of adulterated food; certain exception; amending K.S.A. 65-664 and repealing the existing section."

Be passed.



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Chairperson

REPORTS OF STANDING COMMITTEES

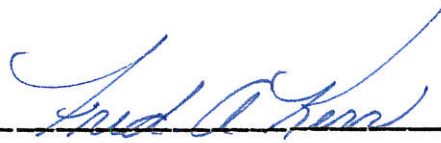
MR. PRESIDENT:

Your committee on Agriculture and Small Business

Recommends that Senate Bill No. 319

"AN ACT concerning public health; relating to the inspection of meat and poultry; amending K.S.A. 65-6a18 and repealing the existing section."

Be passed.



Chairperson