

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND LIVESTOCK

The meeting was called to order by Rep. Bill Fuller at
Chairperson

9:00 a.m./~~p.m.~~ on March 1, 1983 in room 423-S of the Capitol.

All members were present except:

Committee staff present:

Bruce Hurd, Revisor of Statutes' Office
Raney Gilliland, Legislative Research Department
Kathleen Moss, Committee secretary

Conferees appearing before the committee:

Rep. Harold Guldner, primary sponsor of HB 2136
Art Sommer, Kansas Seed Dealers Association
John Blythe, Kansas Farm Bureau
Charles Henson, Kansas Bankers Association
Dee Likes, Kansas Livestock Association
Marvin Umholtz, Kansas Credit Union League

Chairman Fuller opened hearings on HB 2136 concerning liens on seed in crop production.

HB 2136 - An act relating to liens on personal property; providing for liens for seed used to produce crops.

Staff presented a brief overview of HB 2136.

Chairman Fuller recognized Rep. Harold Guldner, primary sponsor of HB 2136. Rep. Guldner said that this bill gives first priority to the seed dealer on the seed he has sold to the farmer. He has 90 days to file notice with the register of deeds and has to designate where the seed is sown. Other lien holders should be on notice of lien in 90 days' time. This bill was requested by several seed dealers. The mortgage was with the bank on the crops grown. There were several questions on who should be first on liens, and the time element was questioned.

Art Sommer, Kansas Seed Dealers Association testified in support of HB 2136. He represents 122 members ranging all the way from local farmer-dealers to the co-ops, and they have 30 out-of-state seed firms. This bill was presented at their conference recently and they support HB 2136. He felt this bill has merit because seed is the basic commodity that makes life possible. He asked that the committee consider this bill favorably.

John Blythe appeared for the Kansas Farm Bureau as a proponent of HB 2136 but would first like to say he had questions about the way the bill is drafted on Line 36, Section c. He felt the 90-day time frame was entirely too long. They need to know where the seed is to be used. Any contract the seed dealers would make with the producer could designate in that contract the place and terms of seed to be used. He thought the 90 days should be reduced. Anyone checking with the register of deeds should know that a lien has been filed.

Charles Henson appeared for the Kansas Bankers Association in opposition to HB 2136. He said the seed dealers would not have to enter into any kind of agreement with his customer and would give him rights on all crops. His lien would be first and prior to any credit given to that farmer, regardless of when that credit was extended. Any other supplier of credit could have liens on growing crops but the seed dealers could come in before any of the other creditors. If the bank loaned money to the farmer and continued to

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND LIVESTOCK,
room 423-S, Statehouse, at 9:00 a.m. ~~p.m.~~ on March 1, 1983

loan to the farmer over a period of time, and the same with other merchants, any creditor would like to have the lien ahead of anyone else. He pointed out that the seed dealer could make a contract with his customer. The seller of farm implements could enter into an agreement. The basic rule is "first in time - first in right." They believe the sellers of seed are happy about that but they certainly could sell for cash. He said it is a cooperative effort in extending credit to the farmer and felt it unwise and unfair to pick out one segment of economy and say who has priority.

Dee Likes appeared for the Kansas Livestock Association in opposition to HB 2136. Their association had a meeting last week and their membership felt there was no reason for seed dealers to have priority of lien and felt this bill would magnify and extend the problem. There might be trouble finding out where a lien is filed. Bankers would have extended a tremendous line of credit, then have seed dealers coming in front. He concurs about 90 days being too long of time. One could come back three months later and get in front of people who have attached liens.

Marvin Umholtz, representing the Kansas Credit Union League appeared in opposition to HB 2136. A large number of their credit unions are on the western side of Highway 81. He said Mr. Henson pretty clearly outlined what the financial institutions would have. If there is a priority by statute, you would have a backlash of creditors. There is a balance that needs to be struck.

There were no further conferees to appear on HB 2136, therefore Chairman Fuller closed the hearing.

HB 2299 relating to grain testing devices was discussed. Rep. Shelor moved that the bill be recommended unfavorably. The motion was seconded by Rep. Niles.

Rep. Solbach made a substitute motion to table HB 2299. The motion was seconded by Rep. Johnson and motion carried.

The meeting was adjourned at 9:50 a.m.

The next meeting is on Wednesday, March 2, 1983 at 9:00 a.m. in Room 423-S.

