

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. ~~XXX~~ on March 24, 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, Secretary to the Committee

Conferees appearing before the committee:

Rep. Hamm moved the Minutes of the meetings of March 15 and 16, 1983 be approved. Rep. Johnson seconded the motion and it carried.

Chairman Fuller requested the committee to work the Senate bills in the grain warehouse package. He opened with SB 2 for discussion and any action. The word "annually" was discussed on Line 21. Rep. Johnson made a conceptual motion to change it back to the original language, delete the word "annually" and change December 1 to December to 31. The motion was seconded by Rep. Long.

It was brought out that the changed language would mean the same thing. Rep. Hamm made a substitute motion to include "annually" and add after it, "with the close of its fiscal year". The substitute motion was seconded by Rep. Shelor. The substitute motion prevailed and the amendment carried.

Rep. Dempsey moved that SB 2 be passed as amended. The motion was seconded by Rep. Polson and motion carried.

Action was requested on SB 5 which deals with prosecuting violations of warehouse law by the attorney general's office.

Rep. Hamm moved to report SB 5 favorably. Rep. Johnson seconded the motion and motion carried.

SB 6 deals with the Kansas State Grain Inspection Director's term of office serving at the pleasure of the governor. Chairman Fuller distributed a proposed amendment to SB 6 which is Attachment No. 1.

Rep. Polson moved that the amendment be adopted striking all after the word, "thereto". Rep. Goossen seconded the motion.

Rep. Campbell made a substitute motion to put the amendment in but change the "shall" on second line to "should". The substitute motion was seconded by Rep. Solbach and substitute motion carried.

Rep. Shelor recommended SB 6 for passage as amended. Rep. Eckert seconded the motion and motion carried.

SB 3 deals with maintaining the commodity and taking of records, etc. There was discussion on changing Line 136 on Page 4 to change from six months to three months.

Rep. Solbach moved to change the "six months" to "four months". The motion was seconded by Rep. Eckert and the motion for the amendment passed.

Rep. Hamm moved SB 3 favorably as amended. Rep. Polson seconded the motion and motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND LIVESTOCK,  
room 423-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 24, 1983.

Chairman Fuller explained that there were several suggestions to SB 1 as far as compilation, review and audit were concerned. He distributed a proposed amendment. See Attachment No. 2.

Rep. Solbach moved that change be made and also Line 51, after "be", by inserting "prepared in accordance with generally accepted accounting principles". See Attachment No. 3. Rep. Flottman seconded the motion.

Rep. Polson asked that the amendment be divided. Both portions of the amendment were voted favorably.

Rep. Apt moved to delete on Page 2, Line 57, everything beginning with "or" through Line 61. Rep. Niles seconded the motion.

Rep. Flottman made a substitute motion to delete the language as in Rep. Apt's motion and insert new language. Rep. Niles seconded the substitute motion. Rep. Flottman distributed a proposed amendment which is Attachment No. 4

Chairman Fuller adjourned the meeting at 10:05 a.m.

The next meeting will be at 9:00 a.m. on Friday, March 25, 1983 in Room 423-S.



PROPOSED AMENDMENTS TO SENATE BILL NO. 6

On page 1, in line 28, after the period, by inserting "The person who is appointed shall have a working knowledge and experience in the grain industry, including an understanding of commodity futures trading techniques; ability to supervise analysis of financial statements required for licensure; and experience, training and ability to administer and supervise the grain inspection department."; in line 32, after "75-4315b", by inserting "and amendments thereto"; also in line 32, after "and", by inserting "the term of service"; also in line 32, after "be", by inserting "two years unless"; in line 33, by striking all before the period and inserting "the director is removed for cause"

*Atch. 1*

PROPOSED AMENDMENTS TO SENATE BILL NO. 1

On page 2, in line 49, by striking "fairly represents" and inserting "presents fairly"

*Attch. 2*

PROPOSED AMENDMENTS TO SENATE BILL NO. 1

On page 2, in line 51, after "be", by inserting "prepared in accordance with generally accepted accounting principles"

0044 including but not limited to a current balance sheet, statement of  
0045 income (profit and loss), statement of retained earnings and  
0046 statement of changes in financial position. The applicant shall  
0047 certify under oath that the statement as prepared accurately  
0048 reflects the financial condition of the applicant as of the date  
0049 specified and ~~fairly represents~~ the results of operations of the  
0050 applicant's public warehouse business for the period specified.

presents fairly

0051 The financial statement shall be ~~accompanied by:~~ (1) A report of  
0052 audit or review conducted by an independent certified public  
0053 accountant or an independent public accountant in accordance  
0054 with standards established by the American institute of certified  
0055 public accountants and the accountant's certifications, assur-  
0056 ances, opinions, comments and notes with respect to the state-  
0057 ment; ~~or (2) a compilation report of the financial statement,~~  
0058 ~~prepared by a grain commission firm or management firm which~~  
0059 ~~is authorized pursuant to rules and regulations of the federal~~  
0060 ~~commodity credit corporation to provide compilation reports of~~  
0061 ~~financial statements of warehousemen.~~

prepared in accordance with generally  
accepted accounting principles

or (2) a report of review conducted by an independent certified public accountant, independent public accountant, or independent management or commission firm, approved to provide financial statements of warehousemen under rules and regulations of the federal commodity credit corporation, in accordance with standards established by the American Institute of Certified Public Accountants and the accountant's certifications, assurances, opinions, comments and notes with respect to the statement.

0062 The director, upon request of an applicant, may grant a waiver  
0063 of the requirements of this subsection for a period of not more  
0064 than ~~180~~ 90 days if the applicant furnishes evidence of good and  
0065 substantial reasons for the waiver.

0066 (c)(1) Every applicant for a license to operate one or more  
0067 public warehouses and every person licensed to operate one or  
0068 more warehouses shall at all times maintain, ~~in excess of all~~  
0069 ~~exemptions and liabilities, total net assets total net worth liable~~  
0070 ~~for the payment of any indebtedness arising from the conduct of~~  
0071 ~~the warehouse or warehouses equal to at least \$.20 per bushel of~~  
0072 ~~the storage capacity of the warehouse or warehouses except: (A)~~  
0073 ~~No person shall be granted a license or shall continue to be~~  
0074 ~~licensed unless the person has a net worth of at least \$25,000 and~~  
0075 ~~(B) any deficiency in net worth required above the \$25,000 min-~~  
0076 ~~imum may be supplied by an increase in the amount of the~~  
0077 ~~applicant's or licensee's bond as provided by K.S.A. 34-229 and~~  
0078 ~~amendments thereto.~~

0079 (2) In determining total net worth: (A) Credit may be given for  
0080 insurable property such as buildings, machinery, equipment and

Atch. 4