

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND LIVESTOCKThe meeting was called to order by Rep. Bill Fuller at
Chairperson9:00 a.m./~~pm~~ on April 6, 1983 in room 423-S of the Capitol.All members were present except: Rep. Arbuthnot excused
Rep. Adam, excused

Committee staff present:

Randy Gilliland, Legislative Research Department
Bruce Kinzie, Revisor of Statutes' Office
Kathleen Moss, Committee secretary

Conferees appearing before the committee:

Rep. Dean Shelor, sponsor of HCR 5041
Don Jacka, Assistant Secretary of Agriculture
Galen Swenson, Grain Commodity Commission Coordinator, State Board
of Agriculture
Bill Mai, Chairman of the Corn Commission
Steve Russell, Chairman of the Grain Sorghum Commission
Ivan Wyatt, Kansas Farmers Union
Gerald Riley, Kansas Wheat Growers Association
John Blythe, Kansas Farm Bureau
Steve Graham, Kansas Wheat Commission

Chairman Fuller informed the committee that a number of Minutes had been passed out previously and will try to get today's Minutes distributed tomorrow. If there are any corrections or additions, let the Chairman know by the end of this week, otherwise they will stand approved as written.

Chairman Fuller stated that hearings today on SB 432 and HCR 5041 deals with the grain that is provided producers through the PIK program and making a determination if that grain is applicable to check-offs. Staff was asked to briefly explain the bill.

SB 432 - An act concerning agriculture; relating to the wheat and grain commissions; providing for levy and assessment on wheat, corn and grain sorghum acquired under the federal payment-in-kind program; amending K.S.A. 2-2608 and 2-3007 and repealing the existing sections.

Staff explained that SB 432 amends two provisions of the statutes. The first one is the Kansas Wheat Act and the amendatory language is found on Page 2, Lines 53 through 57. Lines 53 through 55 would have an expiration date of September 30, 1985. The second amendment is made on Page 3, Lines 94 through 99. This amends the portions of the statutes concerning the corn and grain sorghum commissions and had an expiration date of September 30, 1985. The soybean commission was not included since soybeans are not included in the PIK program.

Rep. Shelor was asked to briefly explain HCR 5041.

HCR 5041 - A Concurrent Resolution relating to excise tax and assessments on grain.

Rep. Shelor said that HCR 5041 deals with the same subject matter as SB 432 and he opposes what SB 432 does. He feels too much is spent on research and marketing programs.

Chairman Fuller read a portion of a letter from Secretary of Agriculture John Block concerning the USDA position. See Attachment No. 1.

Don Jacka, Assistant Secretary of the State Board of Agriculture

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND LIVESTOCK,
room 423-S, Statehouse, at 9:00 a.m./~~p.m.~~ on April 6, 1983

was recognized. Mr. Jacka presented Galen Swenson, Grain Commodity Commission Coordinator of the State Board of Agriculture. Mr. Swenson introduced Bill Mai, Chairman of the Corn Commission and Steven Russell, Chairman of the Grain Sorghum Commission.

Mr. Swenson said his real concern is with the corn and grain sorghum commission as the bill does not concern the soybean commission. He wants to see the research and marketing programs to continue without disruption and hopes they can proceed for this fiscal year. They do not wish to reduce the planned new programs.

Bill Mai, Chairman of the Corn Commission said that PIK grain should be treated as grain raised. The tax is paid on the basis of when the grain is sold rather than when it was raised. If the matter of the grain being taxed twice came up, he was selling that grain twice. He is proud of the commission's efforts in the promotion of research.

Steven Russell, Chairman of the Grain Sorghum Commission said he farms 500 acres. He talked with board members about this same thing and they feel it should be treated as new grain. The federal government will get income tax so the commission should receive this money.

Ivan Wyatt, Kansas Farmers Union said they are in total opposition to SB 432. They feel that some of the dollars from the check-off finds their way into political groups.

Gerald Riley appeared for the Kansas Wheat Growers Association supporting SB 432. He feels these commissions are important to producers and promotion of wheat overseas. We are always looking for better market and better prices and there is marketing to do overseas.

John Blythe of the Kansas Farm Bureau appeared in support of SB 432 and to oppose HCR 5041. His organization approves the commodity commissions and the work they do. The statute designates the uses. The money cannot be used for lobbying. It appears to them that this grain is replacement for grain that would have been grown and sold and the check-off should be implemented. The Legislature does have control over the commissions and approves the budget through the Ways and Means Committee. The producers need this money to promote their grain sales.

Steve Graham appeared for the Kansas Wheat Commission in support of SB 432. He distributed "1983 Kansas Wheat Production and PIK Estimate", Attachment No. 2, and talked on those figures. He said the Wheat Commission is in the middle of the whole thing. If they do not collect, they would be below their budget. They want to maintain the programs they now have. He pointed out that the money is not used overseas although they promote marketing for Kansas wheat overseas. They need to maintain their program and train foreign bakers. In the future, to carry out new grain programs will take a lot of money. They are using computers in the field and using germ plasma banks. If they do not collect on this, they will be in the position of cutting back.

There were many questions of the various conferees and committee discussion. Rep. Solbach moved that the committee pass SB 432 favorably. Rep. Apt seconded the motion. There was further committee discussion. The motion carried. Rep. Shelor requested that he be shown as voting "no".

The meeting was adjourned at 9:54 a.m.

House Agriculture Committee



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

March 9, 1983

Dear Commissioners, Secretaries, and Directors of Agriculture:

The Department has received numerous inquiries regarding its view as to whether a producer's sale of commodities received as compensation under the Department's Payment-in-Kind (PIK) program should be subject to the assessment imposed by some states on the initial marketing of agricultural commodities.

As you are aware, the Department collects an assessment in connection with the marketing of upland cotton by producers under the Cotton Research and Promotion Act. The funds derived from the assessment are used to support cotton research and market development. We have announced that we will collect the assessment in connection with the marketing of upland cotton received under the PIK program just as if the cotton were from the 1983 crop, thus assuring no disruption of funding for cotton research and market development activities.

Many states have similar research and development programs for other commodities, and officials in these states must decide whether the marketing of commodities received as compensation under the PIK program will be subject to assessment under these programs. It is our hope that the flow of funds into state research and market development programs will not be impaired by the PIK program. To that end, states may wish to consider an approach like the one we have adopted for the Federal cotton research and promotion program.

If you would like more information concerning our plans to collect the cotton research and promotion assessment in connection with the marketing of cotton provided as PIK compensation, please let us know by calling Howard Williams on 202-447-3597.

Sincerely,

A handwritten signature in black ink that reads "John R. Block". The signature is written in a cursive, flowing style.

JOHN R. BLOCK
Secretary

1983 KANSAS WHEAT PRODUCTION AND PIK ESTIMATE

Kansas Base Wheat Acreage Total	13,990,121
Less Regular Agriculture Diversion Program	<u>1,470,473</u>
Leaves	12,519,648
Less 10-30% PIK Acreage	<u>1,926,230</u>
Leaves	10,593,418
Less Whole Base PIK Acreage	<u>774,359</u>
Kansas Acres Harvested	9,819,059
Estimated Yield Per acre (32bu. X Above) Leaves Bushels Harvested	314,209,888
Total PIK Acres	2,700,589
Estimated Yield Per Acre 30.40, 95% of Normal Yield Gives PIK Bushels	<u>82,097,905</u>
Total Bushels Harvested and PIK	396,307,793