

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL & FINANCIAL INSTITUTIONS

The meeting was called to order by Vice-Chairman David Miller at
Chairperson

3:30 ~~XXX~~
~~XXX~~ p.m. on February 16, 1984 in room 527-S of the Capitol.

All members were present except: Representative Harold Dyck, excused
Representative Ken Francisco, excused

Committee staff present: Bill Wolff, Research Department
Myrta Anderson, Research Department
Bruce Kinzie, Revisor of Statutes Office
Virginia Conard, Committee Secretary

Conferees appearing before the committee: Representative Dean Shelor
Nancy Kantola, Executive Vice President of the
Kansas Cooperative Council
Don Edson, Vice President, Federal Intermediate
Credit Bank of Wichita
Ray Brummett, General Counsel of the Federal
Land Bank of Wichita

Vice Chairman David Miller opened the meeting and asked Staff Member Bill Wolff to give a briefing on HB2809.

Rep. Dean Shelor was the first conferee to testify on HB2809. Before presenting his testimony in favor of HB2809 (see Attachment I), he stated that he would be willing to lower the penalties listed in Sec. 3 of said bill.

The next three conferees spoke against HB2809. Ms. Kantola directed the committee's attention to the membership of the Kansas Cooperative Council (see Attachment II) and then introduced the following two conferees: Mr. Edson and Mr. Brummett.

Mr. Edson explained that his organization supervises and provides services to production credit associations in Kansas. (See Attachment III) Following his testimony and the testimony of Mr. Brummett (see Attachment IV), questions were directed by committee members to the two speakers.

Vice Chairman Miller asked if there was a motion regarding SB227. There not being one, attention was then directed to the minutes of the previous meeting.

Rep. David Louis moved that the minutes of the previous meeting be approved.
Rep. Dorothy Nichols seconded the motion. Motion carried.

Meeting adjourned at 4:40 p.m.

The next meeting is February 21, 1984.

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.

DATE: February 16, 1984
TO: Commercial & Financial Institutions Committee
FROM: Rep. E. Dean Shelor
RE: H.B. 2809

Mr. Chairman and members of the Committee...Thank you for the opportunity to present this proposed legislation. This bill is being presented because of the economic crisis facing agriculture. For many years farmers and ranchers have used the Production Credit Association and the Federal Land Bank as integral parts for their financial needs, assuming they would stay with them through the bad years as well as the good years.

Not so. Since the present administration in Washington, D.C. has been in power, we have seen much pressure from David Stockman to reduce the monies appropriated by Congress through the Fm.H.A.

As recently as the last six months we are seeing thousands of Kansas Farmers being foreclosed upon by the Farm Credit System.

Many farmers for the first time in their lives are facing the loss of their life's work and, in many instances, the loss of farms that have survived several generations as a family unit.

Now farmers are in a panic to try to save what they had thought was safe and secure from foreclosure. The loan agencies mentioned here in my legislation have suddenly become foreign to the people they serve. Many feel they have no recourse to delay the action of foreclosure. Many feel they are being denied due process of law by the agencies' action.

*Atch. I
2/16/84*

Mr. Chairman and members, I could go on for hours relating terrible stories of how people have been treated by the actions of the Federal Land Bank and Production Credit Association foreclosures.

Now the word is out for farmers to stand up and be counted. Actions have been taken by many to bring charges against these federal entities. They are asking for facts and figures to use to defend themselves.

I feel this small act requiring disclosure at the State level is but a small thing to ask of these organizations. I know their reports are made and sent to Washington regularly, and I feel a copy to the Secretary of State's office would only indicate good faith on their part.

These organizations must realize if they are going to serve the people in agriculture in the years to come they too must do their utmost to be honest and helpful to see agriculture through this crisis.

In closing I have been made aware that if the Farm Credit Act is going to continue to serve agriculture instead of bailing out when the times are tough, we will surely see action coming from Congress. In a very short time those in the Farm Credit System are surely going to suffer by not being responsive to the needs of the people they serve.

A handwritten signature in black ink, appearing to be "J. S. Shaw", written in a cursive style.

Attchm. II

KANSAS COOPERATIVE COUNCIL

**1983
MEMBERS**

**700 Kansas Ave., Suite 615
Topeka, Kansas 66603
Tele. 1-913-233-4085**

*Attch. II
2/16/84*

★★★ DISTRICT 1 ★★★

Chairman — Dave Marshall
Farmers Co-op Elevator
P.O. Box F
Sabetha, KS 66534
Tele. 1-913-284-2185

ATCHISON — (Atchison County)

Atchison County Farmers Union
P.O. Box B, Atchison, KS 66002
MANAGER — Garland Rice
Tele. 1-913-367-0318

HIAWATHA — (Brown County)

Brown County Co-op Association
Route 5, Hiawatha, KS 66434
MANAGER — Daryl Meyer
Tele. 1-913-742-2196

HOLTON — (Jackson County)

Jackson Farmers, Inc.
P.O. Box 191, Holton, KS 66436
MANAGER — Ken Heaton
Tele. 1-913-364-3161

LANSING — (Leavenworth County)

Leavenworth County Co-op Association
1205 N. Main, Lansing, KS 66043
MANAGER — Winston Hollingsworth
Tele. 1-913-727-1900

OSKALOOSA — (Jefferson County)

Jefferson County Co-op Association
P.O. Box 266, Oskaloosa, KS 66066
MANAGER — Tim Bailey
Tele. 1-913-863-2274

ROBINSON — (Brown County)

Farmers Union Co-op Association
Robinson, KS 66532
MANAGER — Quinton Ghormley
Tele. 1-913-544-6512

SABETHA — (Nemaha County)

Farmers Co-op Elevator
P.O. Box F, Sabetha, KS 66534
MANAGER — Dave Marshall
Tele. 1-913-284-2185

ST. MARYS — (Pottawatomie County)

Farmers Union Co-op Business Association
St. Marys, KS 66536
MANAGER — Steve Eck
Tele. 1-913-437-2984

SENECA — (Nemaha County)

Nemaha County Co-op Association
P.O. Box 204, Seneca, KS 66538
MANAGER — Regis Schmitz
Tele. 1-913-336-2153

★★★ DISTRICT 2 ★★★

Chairman — Pete Anderson, Jr.

Farmers Co-op Elev. Assn.
Box 303
Greenleaf, KS 66943
Tele. 1-913-747-2236

AXTELL — (Marshall County)

Nemaha-Marshall Electric Co-op Association
Axtell, KS 66403
MANAGER — Lloyd H. Goins, Jr.
Tele. 1-913-736-2346

BEATTIE — (Marshall County)

Farmers Union Co-op Association
P.O. Box 60, Beattie, KS 66406
MANAGER — Larry Preuss
Tele. 1-913-353-2237

CHAPMAN — (Dickinson County)

Alida Co-op Elevator
Box 489, Chapman, KS 67431
MANAGER — Charles R. Wiley
Tele. 1-913-922-6505

CLAY CENTER — (Clay County)

C & W Rural Electric Co-op Association
Box 513, Clay Center, KS 67432
MANAGER — Charles Ellis
Tele. 1-913-632-3111

CLAY CENTER — (Clay County)

The Farmers Union Co-op Association
Box 524, Clay Center, KS 67432
MANAGER — Calvin Wohler
Tele. 1-913-632-5632

CLIFTON — (Washington County)

Farmers Co-op Shipping Association
P.O. Box 250, Clifton, KS 66937
MANAGER — Junior Hawk
Tele. 1-913-455-3315

CONCORDIA — (Cloud County)

Cloud County Co-op Elevator Association
Box 345, Concordia, KS 66901
MANAGER — Darrell L. Nelson
Tele. 1-913-243-2080

CONCORDIA — (Cloud County)

Federal Land Bank Association
 904 Broadway, Box 501, Concordia, KS
 66901
 PRESIDENT — Roger Colby
 Tele. 1-913-243-4689

DELPHOS — (Ottawa County)

Delphos Co-op Association
 P.O. Box 346, Delphos, KS 67436
 MANAGER — Patrick L. Breeding
 Tele. 1-913-523-4213

GREENLEAF — (Washington County)

Farmers Co-op Elevator Association
 Box 303, Greenleaf, KS 66943
 MANAGER — Paul Anderson, Jr.
 Tele. 1-913-747-2236

HANOVER — (Washington County)

Farmers Co-op Association
 Hanover, KS 66945
 MANAGER — Stuart Roberts
 Tele. 1-913-337-2222

HERKIMER — (Marshall County)

Herkimer Co-op Business Association
 P.O. Box 108, Herkimer, KS 66433
 MANAGER — Delmar Schotte
 Tele. 1-913-744-3226

JAMESTOWN — (Cloud County)

Co-op Elevator Association
 Box 207, Jamestown, KS 66948
 MANAGER — John Kearn
 Tele. 1-913-439-6541

MANHATTAN — (Riley County)

Farmers Co-op Association
 Box 1045, Manhattan, KS 66502
 MANAGER — Donald Gudenkauf
 Tele. 1-913-776-9467

MANHATTAN — (Riley County)

*Federal Land Bank Association of
 Manhattan-Abilene*
 3240 Stonehenge, Manhattan, KS 66502
 PRESIDENT — Dave Woolfolk
 Tele. 1-913-776-6931

MANHATTAN — (Riley County)

Manhattan PCA
 P.O. Box A, Manhattan, KS 66502
 PRESIDENT — Keith E. Harrimon
 Tele. 1-913-776-7061

MARYSVILLE — (Marshall County)

*Federal Land Bank Association of Northeast
 Kansas*
 211 South 10th, Box 349, Marysville, KS
 66508
 PRESIDENT — Alan Jaax
 Tele. 1-913-562-2371

MORGANVILLE — (Clay County)

The Farmers Co-op Elevator Association
 P.O. Box 108, Morganville, KS 67468
 MANAGER — Marion Patton
 Tele. 1-913-926-3264

SALINA — (Saline County)

Salina PCA
 P.O. Box 298, Salina, KS 67401
 MANAGER — David C. Smith
 Tele. 1-913-825-4641

SOLOMON — (Dickinson County)

Solomon Co-op Association
 P.O. Box 285, Solomon, KS 67480
 MANAGER — Dan Kantor
 Tele. 1-913-655-3961

WAKEFIELD — (Clay County)

Farmers Co-op Association
 Wakefield, KS 67487
 MANAGER — Gary R. Carpenter
 Tele. 1-913-461-5712

WATERVILLE — (Marshall County)

Farmers Co-op Grain Association
 Waterville, KS 66548
 MANAGER — Lowell Blaser
 Tele. 1-913-785-2555

★★★ DISTRICT 3 ★★★

Chairman — Jim Dooley
 Jewell, KS 66949
 Tele. 1-913-428-3334

ATHOL — (Smith County)

Athol Co-op Association
 Athol, KS 66932
 MANAGER — Glenn Wells
 Tele. 1-913-695-2216

BELOIT — (Mitchell County)

Farmway Co-op, Inc.
 204 E. Court, Beloit, KS 67420
 MANAGER — Fritz Gwin
 Tele. 1-913-738-2241

BELOIT — (Mitchell County)

Farmway Credit Union
 200 South Hersey, Beloit, KS 67420
 MANAGER — Dwight Daniels
 Tele. 1-913-738-2208

ELLIS — (Ellis County)

Golden Belt Co-op Association
 Box 106, Ellis, KS 67637
 MANAGER — James C. O'Rourke
 Tele. 1-913-726-3115

ELLSWORTH — (Ellsworth County)

Ellsworth County Farmers Co-op Union
 Box 397, Ellsworth, KS 67439
 MANAGER — Alan Doubrava
 Tele. 1-913-472-3261

ELLSWORTH — (Ellsworth County)

Smoky Hill Electric Co-op Association
 P.O. Box 125, Ellsworth, KS 67439
 MANAGER — Allen Paull
 Tele. 1-913-472-4021

GORHAM — (Russell County)

Farmers Co-op Association
 Box 29, Gorham, KS 67640
 MANAGER — John T. Schuckman
 Tele. 1-913-637-5340

HAYS — (Ellis County)

The Farmers Co-op Association
 Box 639, Hays, KS 67601
 MANAGER — Kenneth Herman
 Tele. 1-913-628-3221

HAYS — (Ellis County)

Federal Land Bank Association
 P.O. Box 836, Hays, KS 67601
 PRESIDENT — Ronald C. Hallagin
 Tele. 1-913-625-2110

HAYS — (Ellis County)

Midwest Energy, Inc.
 Box 898, Hays, KS 67601
 MANAGER — Jack D. Goodman
 Tele. 1-913-625-3437

KENSINGTON — (Smith Center)

Kensington Co-op Association
 Box 128, Kensington, KS 66951
 MANAGER — Gerald Fraser
 Tele. 1-913-476-2211

LOGAN — (Phillips County)

Farmers Union Co-op Association
 P.O. Box 367, Logan, KS 67646
 MANAGER — Wendell Hargett
 Tele. 1-913-689-4653

OSBORNE — (Osborne County)

Midway Co-op
 P.O. Box 40, Osborne, KS 67473
 MANAGER — Douglas Grothaus
 Tele. 1-913-346-5451

PHILLIPSBURG — (Phillips County)

Phillipsburg Co-op Association
 P.O. Box 624, Phillipsburg, KS 67661
 MANAGER — Larry Oestreich
 Tele. 1-913-543-2114

RANDALL — (Jewell County)

Farmers Co-op Union
 Randall, KS 66963
 MANAGER — Charles M. Houghton
 Tele. 1-913-739-2312

RUSSELL — (Russell County)

AGCO, Inc.
 P.O. Box 668, Russell, KS 67665
 MANAGER — Loren Dinkel
 Tele. 1-913-483-2128

SMITH CENTER — (Smith County)

Smith Center Co-op Mill & Elevator
 Smith Center, KS 66967
 MANAGER — Ron Griffith
 Tele. 1-913-282-6531

STOCKTON — (Rooks County)

Farmers Union Merc. and Shipping
 P.O. Box 547, Stockton, KS 67669
 MANAGER — Farrell Stoutimore
 Tele. 1-913-425-6511

STOCKTON — (Rooks County)

Stockton PCA
 P.O. Box 501, Stockton, KS 67669
 MANAGER —
 Tele. 1-913-425-6738

★.F.★ **DISTRICT 4** ★★★

*Chairman — Edward M. Greene,
Mgr.*

Midwest Co-op
Box 366
Quinter, KS 67752
Tele. 1-913-754-3348

ATWOOD — (Rawlins County)

Equity Co-op Exchange
Atwood, KS 67730
MANAGER —
Tele. 1-913-626-3313

ATWOOD — (Rawlins County)

Farmers Co-op Association
203 State St., Atwood, KS 67730
MANAGER — Dan Beauvais
Tele. 1-913-626-3961

BIRD CITY — (Cheyenne County)

Four Circle Co-op
P.O. Box 99, Bird City, KS 67731
MANAGER — L.E. Pianalto
Tele. 1-913-734-2331

BIRD CITY — (Cheyenne County)

Northwest Kansas Electric Association
Box 168, Bird City, KS 67731
MANAGER — Carroll Ginther
Tele. 1-913-734-2311

BREWSTER — (Thomas County)

Farmers Co-op Association
P.O. Box 68, Brewster, KS 67732
MANAGER — Dennis Thummel
Tele. 1-913-694-2281

COLBY — (Thomas County)

Federal Land Bank Association
P.O. Box 548, Colby, KS 67701
PRESIDENT — W.A. Dowell
Tele. 1-913-462-6723

COLBY — (Thomas County)

Great Plains Electric Co-op
Box 766, Colby, KS 67701
MANAGER — Alfred J. Gerstner
Tele. 1-913-462-2722

COLBY — (Thomas County)

Hi-Plains Co-op Association
P.O. Box 429, Colby, KS 67701
MANAGER — Dale Ferguson
Tele. 1-913-462-3351

COLBY — (Thomas County)

Mingo Co-op Grain Company
Rt. 2, Box 64, Colby, KS 67701
MANAGER — Richard Horn
Tele. 1-913-462-2063

GOODLAND — (Sherman County)

Co-op Equity Exchange
Box 998, Goodland, KS 67735
MANAGER — Ed Loomis
Tele. 1-913-899-3681

GRINNELL — (Gove County)

Co-op Union Merc. Company
Box 274, Grinnell, KS 67738
MANAGER — Mel Quint
Tele. 1-913-824-3201

HOXIE — (Sheridan County)

Hoxie Co-op Oil Co.
Box 355, Hoxie, KS 67740
MANAGER — Bill Hoel
Tele. 1-913-675-3265

MENLO — (Thomas County)

Menlo-Rexford Co-op
P.O. Box 7, Menlo, KS 67746
MANAGER — John Strecker
Tele. 1-913-855-2256

NORTON — (Norton County)

Norton County Co-op Association
P.O. Box 428, Norton, KS 67654
MANAGER — Linda Donovan and Bob
Smith (Co-managers)
Tele. 1-913-877-5131

NORTON — (Norton County)

Norton-Decatur Co-op Electric Co.
P.O. Box 360, Norton, KS 67654
MANAGER — Phillip A. Lesh
Tele. 1-913-877-3323

OVERLIN — (Decatur County)

Decatur Co-op Association
P.O. Box 68, Oberlin, KS 67749
MANAGER — John A. Juenemann
Tele. 1-913-475-2234

PENOKEE — (Graham County)

Farmers Union Co-op Association
Penokee, KS 67659
MANAGER — Wayne Beecher
Tele. 1-913-674-2279

QUINTER — (Gove County)

Midwest Cooperative
P.O. Box 366, Quinter, KS 67752
MANAGER — Edward M. Greene
Tele. 1-913-754-3348

QUINTER — (Gove County)

Pioneer Credit Union of Quinter
 Quinter, KS 67752
 PRESIDENT — Jim Gillespie
 Tele. 1-913-754-2159

SHARON SPRINGS — (Wallace County)

Wallace County Co-op Equity Exchange
 Sharon Springs, KS 67758
 MANAGER — Fred Nowak
 Tele. 1-913-852-4241

STUDLEY — (Sheridan County)

Co-op Equity Exchange
 Studley, KS 67759
 MANAGER — Merld Van Fleet
 Tele. 1-913-627-4320

WaKEENEY — (Trego County)

Trego County Co-op
 P.O. Box 127, WaKeeney, KS 67672
 MANAGER — Raymond Mitchell
 Tele. 1-913-743-6762

WaKEENEY — (Trego County)

Western Co-op Electric Association
 P.O. Box 278, WaKeeney, KS 67672
 MANAGER — Harlen L. McGinness
 Tele. 1-913-743-5561

WHEELER — (Cheyenne County)

Co-op Merc. Equity Union
 Wheeler, KS 67763
 MANAGER — Billie L. Carpenter
 Tele. 1-913-332-2281

★★★ DISTRICT 5 ★★★

Chairman — Gerald Schmidt, Mgr.
 Syracuse Co-op Exchange
 Syracuse, KS 67878
 Tele. 1-316-384-5751

ASHLAND — (Clark County)

Ashland Co-op Exchange
 P.O. Box 418, Ashland, KS 67831
 MANAGER — Jesse Solorio
 Tele. 1-316-635-2217

BAZINE — (Ness County)

Co-op Grain & Supply Co.
 P.O. Box 8, Bazine, KS 67516
 MANAGER — T.W. Ray
 Tele. 1-913-398-2706

BEELER — (Ness County)

Beeler Co-op Exchange
 Box 96, Beeler, KS 67518
 MANAGER — Dennis Roane
 Tele. 1-913-848-2224

CIMMARON — (Gray County)

Co-op Equity Exchange
 P.O. Box 367, Cimarron, KS 67835
 MANAGER — Chester Fairbank
 Tele. 1-316-855-3421

COOLIDGE — (Hamilton County)

Southeastern Colorado Co-op
 Holly, CO 81047
 MANAGER — Dale McWilson
 Tele. 1-303-537-6514

DIGHTON — (Lane County)

Farmers Co-op Elevator & Merc. Company
 Box 909, Dighton, KS 67839
 MANAGER — Jerry Schweitzer
 Tele. 1-316-397-5343

DIGHTON — (Lane County)

Farmers Co-op Oil & Supply Company
 Box G, Dighton, KS 67839
 MANAGER — Floyd E. Bartlett
 Tele. 1-316-397-5311

DIGHTON — (Lane County)

Lane-Scott Electric Co-op
 Dighton, KS 67839
 MANAGER — Maurice L. O'Brien
 Tele. 1-316-397-2321

DODGE CITY — (Ford County)

Dodge City Co-op Exchange
 Box 610, Dodge City, KS 67801
 MANAGER — Stan Simpson
 Tele. 1-316-225-4193

DODGE CITY — (Ford County)

Federal Land Bank Association
 Box 151, 2306 1st Ave., Dodge City, KS
 67801
 PRESIDENT — Douglas Parker
 Tele. 1-316-227-8211

DODGE CITY — (Ford County)

Servi-Tech, Inc.
 Box 1415, Dodge City, KS 67801
 MANAGER — Rollie Stukenholtz
 Tele. 1-316-227-7509

DODGE CITY — (Ford County)

Victory Electric Co-op Association
 Box 1335, Dodge City, KS 67801
 MANAGER — Raymond J. Sprengle
 Tele. 1-316-227-2139

ELKHART — (Morton County)

Co-op Equity Exchange
 Box G, Elkhart, KS 67950
 MANAGER — Terry W. Day
 Tele. 1-316-697-2135

ENSIGN — (Gray County)

Farmers Co-op Grain & Supply Co.
 Box 70, Ensign, KS 67841
 MANAGER — Dwayne Wilson
 Tele. 1-316-865-4121

FORD — (Ford County)

Ford-Kingsdown Co-op
 Box 96, Ford, KS 67842
 MANAGER — Tom Ryan
 Tele. 1-316-369-2212

FOWLER — (Meade County)

Fowler Equity Exchange
 Box 305, Fowler, KS 67844
 MANAGER — Gene Rickard
 Tele. 1-316-646-5262

GARDEN CITY — (Finney County)

Federal Land Bank Association
 Box 497, Garden City, KS 67846
 PRESIDENT — Keith Randall
 Tele. 1-316-275-4263

GARDEN CITY — (Finney County)

Garden City Co-op, Inc.
 Box 838, Garden City, KS 67846
 MANAGER — Harley Foulks
 Tele. 1-316-275-6161

GARDEN CITY — (Finney County)

*Garden City PCA**
 Box 1178, Garden City, KS 67846
 MANAGER — Samuel A. Tanner
 Tele. 1-316-275-4281

HEALY — (Lane County)

Healy Co-op Elevator Company
 P.O. Box 110, Healy, KS 67850
 MANAGER — Wayne Wigger
 Tele. 1-316-398-2211

INGALLS — (Gray County)

Ingalls Cooperative
 P.O. Box 136, Ingalls, KS 67853
 MANAGER — John Borger
 Tele. 1-316-335-5101

JOHNSON — (Stanton County)

Johnson Co-op Grain Company
 Box 280, Johnson, KS 67855
 MANAGER — Eugene Friesen
 Tele. 1-316-494-6210

LAKIN — (Kearney County)

Farmers Co-op Association
 Box 189, Lakin, KS 67860
 MANAGER — Robert L. Neese
 Tele. 1-316-355-6361

MEADE — (Meade County)

The C.M.S. Electric Co-op
 P.O. Box 678, Meade, KS 67864
 MANAGER — Jerry Rumbaugh
 Tele. 1-316-873-2184

MEADE — (Meade County)

Cooperative Elevator & Supply Company
 P.O. Box 220, Meade, KS 67864
 MANAGER — Dan Ackerman
 Tele. 1-316-873-2161

MINNEOLA — (Clark County)

Minneola Co-op, Inc.
 P.O. Box 376, Minneola, KS 67865
 MANAGER — Joseph Strecker
 Tele. 1-316-885-4235

MONTEZUMA — (Gray County)

Montezuma Co-op Exchange
 P.O. Box 98, Montezuma, KS 67867
 MANAGER — Dale Allen
 Tele. 1-316-846-2231

NESS CITY — (Ness County)

Federal Land Bank Association
 114 West Main, Box 457, Ness City, KS
 67560
 PRESIDENT — Charles Wigington
 Tele. 1-913-798-2278

PLAINS — (Meade County)

Equity Exchange & Co-op Union
 P.O. Box 157, Plains, KS 67869
 MANAGER — J. Elwin Tyson
 Tele. 1-316-563-7269

RANSOM — (Ness County)

Farmers Co-op Union
 P.O. Box 246, Ransom, KS 67572
 MANAGER — Richard Fisher
 Tele. 1-913-731-2275

ROLLA — (Morton County)

Co-op Equity Exchange
 Box 195, Rolla, KS 67954
 MANAGER — Darrell Smith
 Tele. 1-316-593-4335

SATANTA — (Haskell County)

Satanta Co-op Grain Company
 P.O. Box 96, Satanta, KS 67870
 MANAGER — Don Clough
 Tele. 1-316-649-2230

SCOTT CITY — (Scott County)

Scott Co-op Association
 P.O., Box 340, Scott City, KS 67871
 MANAGER — Junior Strecker
 Tele. 1-316-872-5823

SCOTT CITY — (Scott County)

Wheatland Electric Co-op
 101 Main St., Scott City, KS 67871
 MANAGER — Lewis E. Mitchell
 Tele. 1-316-872-5885

SUBLETTE — (Haskell County)

Sublette Co-op, Inc.
 P.O. Box 340, Sublette, KS 67877
 MANAGER — Bob Jury
 Tele. 1-316-675-2297

SYRACUSE — (Hamilton County)

Syracuse Co-op Exchange
 Box 946, Syracuse, KS 67878
 MANAGER — Gerald Schmidt
 Tele. 1-316-384-5751

TRIBUNE — (Greeley County)

Farmco, Inc.
 Tribune, KS 67879
 MANAGER — Fred Eaton
 Tele. 1-316-376-4282

ULYSSES — (Grant County)

Co-op Oil and Supply Co.
 Box 548, Ulysses, KS 67880
 MANAGER — Maurice Stein
 Tele. 1-316-356-1241

★★★ DISTRICT 6 ★★★

*Chairman — Ronald D. Swalley,
 Mgr.*

Timken Co-op Assn.
 Timken, KS 67582
 Tele. 1-913-355-2323

ALEXANDER — (Rush County)

Farmers Co-op Oil & Supply Company
 Alexander, KS 67513
 MANAGER — Jerry Bell
 Tele. 1-913-343-2120

ARLINGTON — (Reno County)

Arlington Co-op Exchange
 Box 156, Arlington, KS 67514
 MANAGER — Walter L. Schwemmer
 Tele. 1-316-538-2331

BISON — (Rush County)

Farmers Co-op Association
 P.O. Box 358, Bison, KS 67520
 MANAGER — Duane C. Rouser
 Tele. 1-913-356-2355

BURDETT — (Pawnee County)

Farmers Co-op Grain & Supply
 P.O. Box 47, Burdett, KS 67523
 MANAGER — Ron Wilson
 Tele. 1-316-525-6226

BUSHTON — (Rice County)

Bushton Grain & Supply
 P.O. Box 157, Bushton, KS 67427
 MANAGER — Ron Stice
 Tele. 1-316-562-3611

CLAFLIN — (Barton County)

Claflin Co-op Association
 P.O. Box 1, Claflin, KS 67525
 MANAGER — Dave Ehret
 Tele. 1-316-587-3575

CULLISON — (Pratt County)

Cullison Co-op Association
 Route 4, Pratt, KS 67124
 MANAGER — Carl Ingram
 Tele. 1-316-895-6411

CUNNINGHAM — (Kingman County)

Cairo Co-op Equity Exchange
 Route 2, Cunningham, KS 67035
 MANAGER — Dale Parsons
 Tele. 1-316-298-3625

GALATIA — (Barton County)

Galatia Co-op Association
 Box 33, Galatia, KS 67528
 MANAGER — Wayne McRae
 Tele. 1-316-935-4204

GARFIELD — (Pawnee County)

Garfield Co-op Company
 P.O. Box 198, Garfield, KS 67529
 MANAGER — Kim Barnes
 Tele. 1-316-569-2266

GREATER BEND — (Barton County)

Great Bend Co-op Association
Box 68, Great Bend, KS 67530
MANAGER — Fred Schmitt
Tele. 1-316-793-3531

GREENSBURG — (Kiowa County)

Farmers Grain & Supply Company
Greensburg, KS 67054
MANAGER — Montie Hunter
Tele. 1-316-723-3351

GREENSBURG — (Kiowa County)

Greensburg PCA
Box 495, Greensburg, KS 67054
MANAGER — Bob J. Graves
Tele. 1-316-723-2146

HAVEN — (Reno County)

Farmers Co-op Grain Co.
Haven, KS 67543
MANAGER — David Studebaker
Tele. 1-316-465-2292

HAVILAND — (Kiowa County)

The Farmers Co-op Company
P.O. Box 268, Haviland, KS 67059
MANAGER — Mark Kieffer
Tele. 1-316-862-5225

HOLYROOD — (Ellsworth County)

Co-op Grain & Supply Company
Box 48, Holyrood, KS 67450
MANAGER — Kenneth Willt
Tele. 1-913-252-3233

HUTCHINSON — (Reno County)

Federal Land Bank Association
101 N. Whiteside, Hutchinson, KS 67501
PRESIDENT — Jim Corwin
Tele. 1-316-663-3305

ISABEL — (Barber County)

Farmers Co-op Equity Company
Isabel, KS 67054
MANAGER — Charles Swayze
Tele. 1-316-739-4335

IUKA — (Pratt County)

Iuka Cooperative Exchange
Box 175, Iuka, KS 67066
MANAGER — Larry Krehbiel
Telephone 1-316-546-2231

KINSLEY — (Edwards County)

Kinsley Co-op Exchange
Box 186, Kinsley, KS 67547
MANAGER — Roger Bear
Tele. 1-316-659-3651

KIOWA — (Barber County)

The O.K. Co-op Grain Company
Kiowa, KS 67070
MANAGER — Jim Reed
Tele. 1-316-825-4212

LaCROSSE — (Rush County)

Farmers Union Co-op Merc. & Elevator
LaCrosse, KS 67548
MANAGER — Scott Woodbury
Tele. 1-913-222-2553

LARNED — (Pawnee County)

Larned PCA
Box 67, Larned, KS 67550
MANAGER — Marvin Slagle
Tele. 1-316-285-2193

LARNED — (Pawnee County)

Pawnee County Co-op Association
103 E. 3rd St., Larned, KS 67550
MANAGER — Dorl Rader
Tele. 1-316-285-2161

LARNED — (Pawnee County)

Sanford Co-op Grain & Supply Company
Larned, KS 67550
MANAGER — Galen D. Wilson
Tele. 1-316-285-2333

LEWIS — (Edwards County)

Lewis Co-op Company
Box 128, Lewis, KS 67552
MANAGER — Larry Elniff
Tele. 1-316-324-5536

LORRAINE — (Ellsworth County)

Lorraine Grain, Fuel & Stock Company
Lorraine, KS 67459
MANAGER — Duane O. Morford
Tele. 1-913-472-5271

MULLINVILLE — (Kiowa County)

The Equity Exchange
P.O. Box 46, Mullinville, KS 67109
MANAGER — Ronald Freeman
Tele. 1-316-548-2222

NICKERSON — (Reno County)

Farmers Co-op Elevator Company
 Box 6, Nickerson, KS 67561
 MANAGER — Herb Stange
 Tele. 1-316-422-3207

PAWNEE ROCK — (Barton County)

Farmers Grain, Fuel & Livestock Company
 Pawnee Rock, KS 67567
 MANAGER — Lyman Adams
 Tele. 1-316-982-4313

PRATT — (Pratt County)

Federal Land Bank Association of Larned-Pratt
 114 N. Main, Pratt, KS 67124
 PRESIDENT — Donald Kihn
 Tele. 1-316-672-7406

PRESTON — (Pratt County)

Co-op Grain & Merc. Company
 P.O. Box 28, Preston, KS 67569
 MANAGER — Larry Marston
 Tele. 1-316-656-4011

RADIUM — (Stafford County)

Radium Co-op Company
 Radium, KS 67571
 MANAGER — Veryl L. Conkle
 Tele. 1-316-982-4364

ROZEL — (Pawnee County)

Union Co-op Grain Company
 P.O. Box 68, Rozel, KS 67574
 MANAGER — Ricky Hagerty
 Tele. 1-316-527-3340

STAFFORD — (Stafford County)

Stafford Co-op Association
 Stafford, KS 67578
 MANAGER — Lurn H. Chiles
 Tele. 1-316-234-5252

STERLING — (Rice County)

Farmers Co-op Union
 P.O. Box 159, Sterling, KS 67579
 MANAGER — Don Dumler
 Tele. 1-316-278-2141

SYLVIA — (Reno County)

Sylvia Co-op Association
 P.O. Box 96, Sylvia, KS 67581
 MANAGER — Robert Schultz
 Tele. 1-316-486-2203

TIMKEN — (Rush County)

Timken Co-op Association
 Timken, KS 67582
 MANAGER — Ronald D. Swalley
 Tele. 1-913-355-2323

ZENITH — (Stafford County)

Zenith Co-op Grain Company
 P.O. Box 369, Stafford, KS 67578
 MANAGER — Chris S. Glaves
 Tele. 1-316-234-5570

★★★ DISTRICT 7 ★★★

Chairman — Galen Rapp, Mgr.
 Co-op Grain & Supply Elevator
 Hillsboro, KS 67063
 Tele. 1-316-947-3917

ANDALE — (Sedgwick County)

Farmers Co-op Company
 Box 18, Andale, KS 67001
 MANAGER — Richard Partington
 Tele. 1-316-445-2141

ANTHONY — (Harper County)

Farmers Co-op Elevator Company
 Box 111, Anthony, KS 67003
 MANAGER — Bill Kiser
 Tele. 1-316-842-5181

ARKANSAS CITY — (Cowley County)

*Two Rivers Consumers Co-op Assn. **
 300 S. "D", Arkansas City, KS 67005
 MANAGER — Mike Vaughn
 Tele. 1-316-442-2360

BELMONT — (Kingman County)

Belmont Co-op Association
 Box 82, Belmont, KS 67014
 MANAGER — Jerry Wilson
 Tele. 1-316-297-3911

CALDWELL — (Sumner County)

Farmers Co-op Grain Company
 Box 191, Caldwell, KS 67022
 MANAGER — Donald Hamma
 Tele. 1-316-845-6441

CHENEY — (Sedgwick County)

Cheney Co-op Elevator Association
 P.O. Box 340, Cheney, KS 67025
 MANAGER — Ed Needham
 Tele. 1-316-542-3181

CLEARWATER — (Sedgwick County)

Clearwater Co-op Association
 P.O. Box 427, Clearwater, KS 67026
 MANAGER — Tom Whittaker
 Tele. 1-316-584-2011

*Associate Member

CONWAY SPRINGS — (Sumner County)

Farmers Co-op Grain Association
Box 38, Conway Springs, KS 67031
MANAGER — Norbert Gerstenkorn
Tele. 1-316-456-2222

DANVILLE — (Harper County)

Danville Co-op Association
Box 67, Danville, KS 67036
MANAGER — Don Ross
Tele. 1-316-962-5238

GARDEN PLAIN — (Sedgwick County)

Farmers Co-op Elevator Company
P.O. Box 316, Garden Plain, KS 67050
MANAGER — Anthony Bergkamp
Tele. 1-316-535-2221

HALSTEAD — (Harvey County)

Farmers Co-op Grain & Merc. Company
Halstead, KS 67056
MANAGER — Cortlandt Dixon
Tele. 1-316-835-2261

HAZELTON — (Harper County)

Farmers Co-op Business Association
P.O. Box 38, Hazelton, KS 67061
MANAGER — Alan Meyers
Tele. 1-316-239-5610

HILLSBORO — (Marion County)

Co-op Grain & Supply Elevator
107 West Grand, Hillsboro, KS 67063
MANAGER — Galen Rapp
Tele. 1-316-947-3917

KINGMAN — (Kingman County)

Kingman PCA
Box 455, Kingman, KS 67068
MANAGER — Howard Silvey
Tele. 1-316-532-2471

LINDSBORG — (McPherson County)

Farmers Union Elevator Co.
Box 351, Lindsborg, KS 67456
MANAGER — Darald W. Norton
Tele. 1-913-227-3361

MOUNDRIDGE — (McPherson County)

Mid-Kansas Co-op Association
P.O. Box D, Moundridge, KS 67107
MANAGER — Robert D. Nattier
Tele. 1-316-345-6328

MT. HOPE — (Sedgwick County)

Farmers Co-op Elevator Company
P.O. Box 38, Mt. Hope, KS 67018
MANAGER — Dave Rundle
Tele. 1-316-667-2441

MULVANE — (Sumner County)

Mulvane Co-op Union
220 West Poplar, Mulvane, KS 67110
MANAGER — Gus E. Sauzek
Tele. 1-316-777-1122

NORTH NEWTON — (Marion County)

Crossroads Co-op Association
Box 336, North Newton, KS 67117
MANAGER — John Hiebert
Tele. 1-316-367-2203

PENALOSA — (Kingman County)

Penalosa Co-op Exchange
Penalosa, KS 67121
MANAGER — Wayne Winter
Tele. 1-316-644-7121

TAMPA — (Marion County)

Tampa Co-op Association
Tampa, KS 67483
MANAGER — Stanley Utting
Tele. 1-913-965-2221

UDALL — (Cowley County)

Farmers Union Co-op Association
Udall, KS 67146
MANAGER — Richard W. Rutter
Tele. 1-316-782-3621

WALTON — (Harvey County)

Farmers Grain Co-op
P.O. Box 107, Walton, KS 67151
MANAGER — Marvin Esau
Tele. 1-316-837-3313

WICHITA — (Sedgwick County)

Federal Land Bank Association
540 S. Broadway, Wichita, KS 67202
PRESIDENT — Brad Bennett
Tele. 1-316-265-4269

WINFIELD — (Cowley County)

Farmers Union Co-op Association
P.O. Box 536, Winfield, KS 67156
MANAGER — Larry Dixon
Tele. 1-316-221-2070

WINFIELD — (Cowley County)
Kellogg Farmers Union Co-op Association
Rt. 2, Winfield, KS 67156
MANAGER — Allen L. Smith
Tele. 1-316-221-0154

ZENDA — (Kingman County)
Zenda Grain & Supply Company
Zenda, KS 67159
MANAGER — Evan E. Joy
Tele. 1-316-243-5421

★★★ DISTRICT 8 ★★★

Chairman — Marvin Green
Rt. 4
Girard, KS 66743
Tele. 1-316-724-8592

CEDAR VALE — (Chautauqua County)
Caney Valley Electric Co-op Association
Box 308, Cedar Vale, KS 67024
MANAGER — Robert L. Brown
Tele. 1-316-758-2262

CEDAR VALE — (Chautauqua County)
Farmers Co-op Elevator
Box 506, Cedar Vale, KS 67024
MANAGER — Greg Mather
Tele. 1-316-758-2281

CHANUTE — (Neosho County)
Federal Land Bank Association
725 W. Cherry, Box 727, Chanute, KS
66720
PRESIDENT — Larry Rose
Tele. 1-316-431-0240

CHANUTE — (Neosho County)
Chanute PCA
Box 516, Chanute, KS 66720
PRESIDENT — Gary Pickering
Tele. 1-316-431-4420

COFFEYVILLE — (Montgomery County)
Kanoma Co-op Association
P.O. Box 58, Coffeyville, KS 67337
MANAGER — Vernon McVey
Tele. 1-316-251-2310

FT. SCOTT — (Bourbon County)
Farmers Co-op Association
Box 351, Ft. Scott, KS 66701
MANAGER — J. William Robison
Tele. 1-316-223-2690

FREDONIA — (Wilson County)
Fredonia Co-op Association
Box 538, Fredonia, KS 66736
MANAGER — Bob May
Tele. 1-316-378-2191

FREDONIA — (Wilson County)
Radiant Electric Co-op
Box 390, Fredonia, KS 66736
MANAGER — Max Cain
Tele. 1-316-378-2161

GIRARD — (Crawford County)
Producers Co-op Association
P.O. Box 265, Girard, KS 66743
MANAGER — C.W. Scammell
Tele. 1-316-724-8241

HOWARD — (Elk County)
Flint Hills PCA
Box 625, Howard, KS 67349
MANAGER — Jerry C. Schmidt
Tele. 1-316-374-2111

McCUNE — (Crawford County)
Farmers Union Co-op Association
Box 58, McCune, KS 66753
MANAGER — Richard Parsons
Tele. 1-316-632-4414

NEODESHA — (Wilson County)
Neodesha Co-op Association
P.O. Box 366, Neodesha, KS 66757
MANAGER — Floyd Wheeler
Tele. 1-316-325-2616

PIQUA — (Woodson County)
Farmers Co-op Association
P.O. Box 2, Piqua, KS 66761
MANAGER — Lloyd Scheibmeir
Tele. 1-316-468-2535

YATES CENTER — (Woodson County)
Woodson County Co-op
P.O. Box 308, Yates Center, KS 66783
MANAGER — Dale Heckman
Tele. 1-316-625-3151

★★★ DISTRICT 9 ★★★

Chairman — Kenneth Webb, Mgr.
Anderson Co. Co-op Assn.
Box 38
Greeley, KS 66033
Tele. 1-913-867-2150

BURLINGAME — (Osage County)

Burlingame Co-op Elevator Company
P.O. Box 7, Burlingame, KS 66413
MANAGER — Carol Hackney
Tele. 1-913-654-3611

EMPORIA — (Lyon County)

Federal Land Bank Assn. of Emporia-Topeka
P.O. Box "L", Emporia, KS 66801
PRESIDENT — William H. Snyder
Tele. 1-316-342-0138

GREELEY — (Anderson County)

Anderson County Co-op Association
P.O. Box 38, Greeley, KS 66033
MANAGER — Kenneth Webb
Tele. 1-913-867-2150

LaCYGNE — (Linn County)

Linn County Farmers Co-op Association
Box 125, LaCygne, KS 66040
MANAGER — Ken Larsen
Tele. 1-913-757-4567

LeROY — (Coffey County)

LeRoy Co-op Association
P.O. Box 248, LeRoy, KS 66857
MANAGER — Donald S. Meats
Tele. 1-316-964-2225

OTTAWA — (Franklin County)

Federal Land Bank Association
216 S. Hickory, Box 260, Ottawa, KS 66067
PRESIDENT — Charles Waggoner
Tele. 1-913-242-1929

OTTAWA — (Franklin County)

Northeast Kansas PCA
P.O. Box 230, Ottawa, KS 66067
MANAGER — James W. Newman
Tele. 1-913-242-2336

OTTAWA — (Franklin County)

Ottawa Co-op Association
P.O. Box 380, Ottawa, KS 66067
MANAGER — Adrian Derousseau
Tele. 1-913-242-5170

OVERBROOK — (Osage County)

Farmers Union Co-op Association
Overbrook, KS 66524
MANAGER — Larry Coffman
Tele. 1-913-665-7143

PAOLA — (Miami County)

Miami County Co-op Association
P.O. Box 229
Paola, KS 66071
MANAGER — Joe Fenoughty
Tele. 1-913-294-4364

PAULINE — (Shawnee County)

Farmers Co-op Elevator & Supply
P.O. Box 19067
Topeka, KS 66619
MANAGER — Dwaine Liby
Tele. 1-913-862-0392

A D D I T I O N S:

COLUMBUS - D. 8 (Cherokee Co.)
Farmers Co-op Association
P.O. Box 80, Columbus, KS 66725
MANAGER - Richard Reynolds
Tele. - 1-(316)-429-2296

OFFERLE - D. 6 (Edwards Co.)
Co-op Grain and Supply
P.O. Box 65, Offerle, KS 67563
MANAGER - Duane Boyd
Tele. 1-(316)-659-2165

HOPE - D. 2 (Dickinson Co)
Farmers Co-op Elev. & Supply
Box 157, Hope, KS 67451
MANAGER - Glee Anderson
Tele. 1-(913)-366-7213

ULYSSES - D. 5 - (Grant Co)
Pioneer Tele. Assn., Inc
Ulysses, KS 67880
MANAGER - Joe Chilen
Tele. 1-(316)-356-3211

★★★ REGIONALS ★★★

HUTCHINSON — (Reno County)

Kansas Farmers Service Association
Box 1747, Hutchinson, KS 67501
MANAGER — Don Sherrick
Tele. 1-800-362-2104

HUTCHINSON — (Reno County)

*Lindburg & Vogel**
720 North Main, Hutchinson, KS 67501
MANAGER — Kenneth E. Vogel
Tele. 1-316-669-0461

KANSAS CITY — (Missouri)

Far-Mar-Co., Inc.
1 Ward Parkway, Suite 215, Kansas City,
MO 64141
PRESIDENT — Don Chartier
Tele. 1-816-753-5500

KANSAS CITY — (Missouri)

Farmland Industries, Inc.
P.O. Box 7305, Kansas City, MO 64116
PRESIDENT — John Anderson
Tele. 1-816-459-6000

**McPHERSON — (McPherson
County)**

National Co-op Refinery Association
P.O. Box 1167, McPherson, KS 67460
MANAGER —
Tele. 1-316-241-2340

TOPEKA — (Shawnee County)

Kansas Electric Co-ops
P.O. Box 4267, Topeka, KS 66604
EXEC. V.P. — Lester L. Murphy, Jr.
Tele. 1-913-273-7010

WICHITA — (Sedgwick County)

Federal Interm. Credit Bank of Wichita
500 Farm Credit Banks Bldg., 151 N. Main
St., Wichita, KS 67202
PRESIDENT — Ben L. Hauenstein
Tele. 1-316-264-5371

WICHITA — (Sedgwick County)

Federal Land Bank of Wichita
900 Farm Credit Banks Bldg., 151 N. Main
St., Wichita, KS 67202
PRESIDENT — M.K. Mathews
Tele. 1-316-264-5371

WICHITA — (Sedgwick County)

Wichita Bank for Co-ops
300 Farm Credit Banks Bldg., 151 North
Main St., Wichita, KS 67202
PRESIDENT — Everett O'Conner
Tele. 1-316-264-5371

DES MOINES — (Iowa)

AGRI-Industries
P.O. Box 4887, Des Moines, IA 50306
PRESIDENT — B.J. O'Dowd
Tele. 1-515-223-3700

MINNEAPOLIS — (Minnesota)

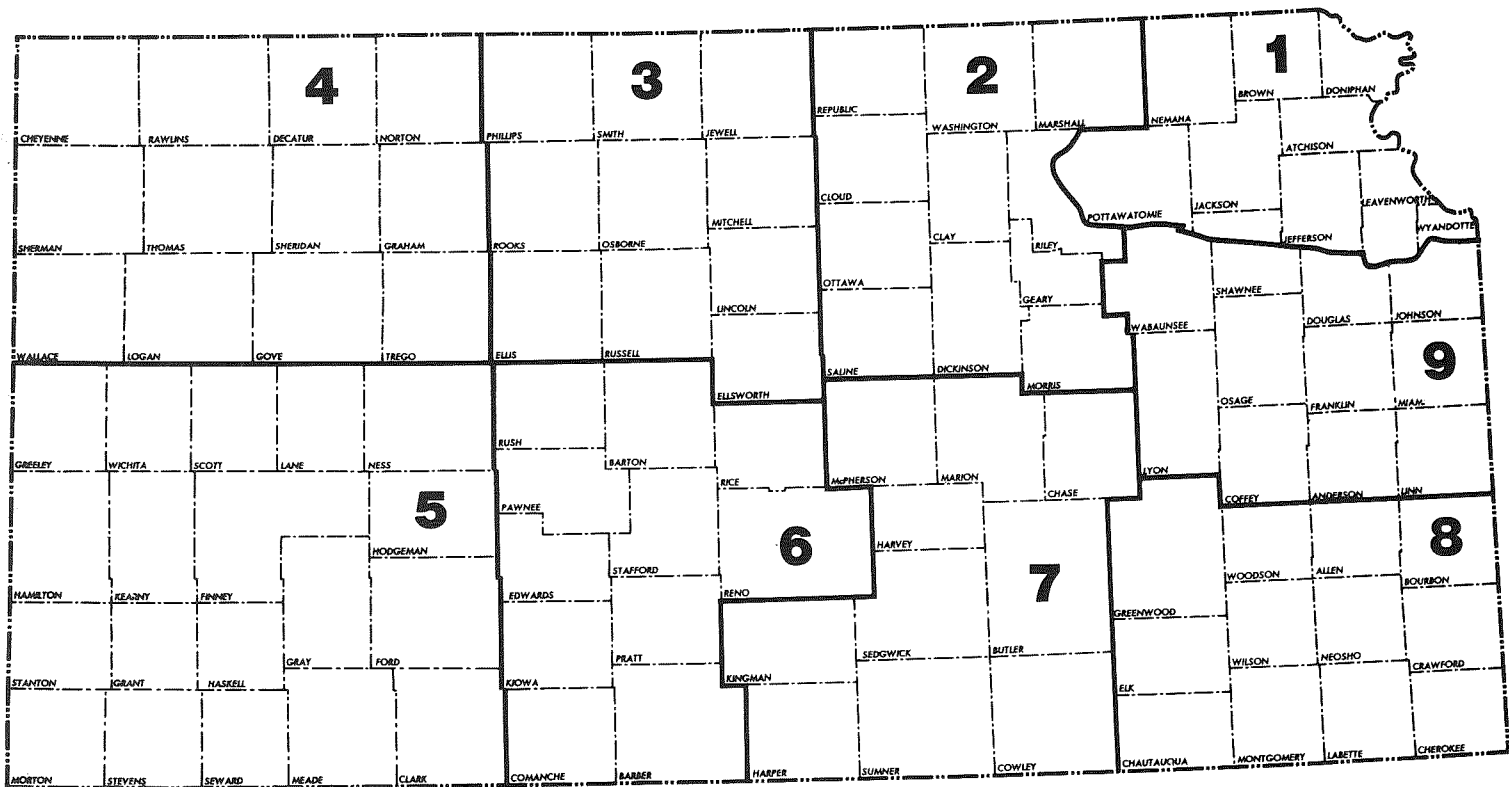
Land O'Lakes, Inc.
P.O. Box 116, Minneapolis, MN 55413
CHAIRMAN — Claire Sandness
Tele. 1-612-481-2222

ENID — (Oklahoma)

Union Equity Co-op Exchange
Box 3408, Enid, OK 73701
MANAGER — Gerald Frazier
Tele. 1-405-233-5100

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KANSAS CO-OP COUNCIL DISTRICT BOUNDARIES

**TESTIMONY TO COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS
REPRESENTATIVE HAROLD P. DYCK, CHAIRMAN
BY DONALD P. EDSON, VICE PRESIDENT, FEDERAL INTERMEDIATE CREDIT
BANK OF WICHITA**

Ladies and Gentlemen:

I appreciate the opportunity to testify in opposition to House Bill 2809.

My name is Don Edson and I am Vice President of Administration for the Federal Intermediate Credit Bank of Wichita. Our bank, a wholesale bank, supervises and provides services to production credit associations in Kansas, Colorado, Oklahoma, and New Mexico, the Ninth Farm Credit District. We join with Federal Land Bank and Federal Land Bank associations and the Bank for Cooperatives to form the Farm Credit System in these four states. There are similar configurations of organizations in eleven other districts covering the United States and Puerto Rico.

The Federal Land Banks and Federal Land Bank associations provide mortgage credit, backed by first mortgages on farm real estate, to farmers and ranchers. Production credit associations provide short and intermediate term operating credit and family living expense money to farmers and ranchers. The Federal Intermediate Credit Bank supervises PCAs and also discounts agricultural notes of certain other financing institutions. The Bank for Cooperatives supplies all credit needs of farmer-owned cooperatives.

Together, these institutions in Kansas have approximately \$2.9 billion outstanding to almost 35,000 farmers, ranchers, and cooperatives.

*Atch. III
2/16/84*

The Farm Credit System was incorporated under federal law beginning in 1916. The entire Farm Credit Act was rewritten in 1971 and specific amendments added to that Act in 1980 by the U. S. Congress. The entire Farm Credit System is regulated and supervised by an independent federal agency within the executive branch of government, the Farm Credit Administration in Washington, D.C. Should you or your research people have need for further information about the Farm Credit Act or its amendments, we would be happy to provide copies at your request.

Although originally capitalized by government funds, the Farm Credit System was later authorized to repay those funds and that process was completed in 1968. Therefore, the entire Farm Credit System is owned and capitalized by its borrowers--farmers, ranchers, and cooperatives.

The specific mission of the Farm Credit System is to improve the income and well-being of American agriculture through the extension of sound and constructive credit to farmers, ranchers, and their cooperatives. Nationwide, the System extended over \$75 billion of credit to these groups in 1983. In Kansas alone, the Farm Credit System extended \$2.9 billion of credit to approximately 35,000 farmers, ranchers, and their cooperatives last year. Because I know you're quite interested in the health of Kansas agriculture, I have attached to my remarks a copy of a situation report that we prepared for the congressional delegation from Kansas on a recent visit to Washington, D.C.

The System obtains its money through the sale of securities, bonds and discounts notes primarily, to the investing public worldwide. This process

is accomplished through the Federal Farm Credit System Funding Corporation, headquartered in New York City. Those bonds and discount notes require that we extend sound and constructive credit to farmers, ranchers, and their cooperatives because of our need to maintain a spotless image of being able to repay all borrowed funds on time and at the prevailing rates of interest. To this date, in the 65 year history of the Farm Credit System, that goal has always been met. As a result, because of our size and the perceived safety of our securities, the Farm Credit System securities sell at comparable levels to United States Treasury notes in the agency market. That economical rate is of large benefit to agriculture, particularly during these kinds of times.

Recognize, however, the importance of our continuing to extend sound credit with minimal losses to American agriculture. Anything less and the investors' perception of the safety of their investments would suffer and our rates would increase as a result.

Each member borrowing funds from the Farm Credit System has one vote in the operation of their organization. Therefore, at the annual stockholders meeting of membership, a complete disclosure of all financial information is provided to every stockholder. Additionally, most associations have continuing newsletters and other correspondence with their membership and reveal fully all of the information necessary for their making sound business judgments regarding their organization. The current annual reports to stockholders of Farm Credit System organizations are much more detailed than are required by any individual secretary of state's office. Publication of these annual reports makes all of this information on operations a matter of public record and available to all who can use it.

Should an association suffer undue loss through mismanagement or conditions beyond control, the stockholders of that organization, as would be the case with any corporation, are subject to losing part or all of their investment in the association. Each time a member borrows funds, they are required to capitalize their loan to as much as ten percent of its face amount. That stockholder capital is at risk, should the association fail. Thus far, no association in the Ninth Farm Credit District has ever suffered losses to that extent and member capital has never been impaired. Again, however, the importance of extending sound credit is emphasized.

Finally, in recognition of the aforementioned information, we feel it would be imposing an undue hardship on our associations to meet the terms of House Bill 2809. Our associations are currently providing stockholders, their supervisory bodies, and interested parties outside the association with more extensive information than other corporations are required. We are doing that annually and feel that providing the information semiannually to the secretary of state in Kansas is an unnecessary duplication and an imposition of additional and unneeded work on each of our organizations. These reasons are in addition to the serious constitutional problems which have been identified by our bank's legal staff and which will be addressed by the Federal Land Bank's general counsel, Ray Brummett.

Therefore, Mr. Chairman and ladies and gentlemen of the committee, we recommend that favorable action not be taken on this bill.

This concludes my prepared remarks and I again want to thank you for your time and attention for the opportunity to express our views.

WICHITA FARM CREDIT BANKS
SITUATION REPORT
December 1983

The Farm Credit Banks of Wichita are a major source of credit for farmers, ranchers, and their cooperative agri-businesses. Providing this financial resource is a continual challenge because of the volatile economic and natural environments. Net farm income has been depressed for several years and prospects for near-term improvement appear to be very limited.

The payment-in-kind program provided some help during 1983, but exceptionally good wheat yields kept prices under pressure. The livestock industry is also troubled by lack of profitability. A severely hot, dry summer further compounded the problem for producers of major fall crops -- corn, soybeans, and grain sorghum. These factors, combined with continued high interest rates and reduced land values leave much of agriculture with a very depressed financial position.

Borrowing by farmers and ranchers has trended downward as producers looked for ways to cope with the economic squeeze. Sound credit administration and financial management continue to receive heavy emphasis in financial planning and counseling provided by the lending institutions of the Farm Credit System.

Our system is well-equipped to serve the changing needs of agriculture because of the lessons learned during our successful history of providing sound credit through both good times and bad. Chartered by Congress, the system was initially capitalized by government, but designed to obtain lending funds from the investing public. All government funds were later repaid, and the entire cost of the system, including the Farm Credit Administration as the supervisory body, is paid from the interest received on loans to farmers, ranchers and their cooperatives.

Our primary source of loan funds comes from the sale of bonds which are marketed by the Federal Farm Credit Banks Funding Corporation through a network of bond dealers. While these bonds are not guaranteed by the government, they do enjoy agency status. That, coupled with the financial strength of the Farm Credit System and of American agriculture, causes them to sell at very attractive rates.

Were it not for our success in the money markets, we would find it difficult to continue serving agriculture with adequate amounts of reasonably priced credit. With the recent release of the report on the presidents private sector survey on cost control (a study headed by Peter Grace), we again note attempts to remove the agency status of the Farm Credit System. Such a move would damage our attempts to help agriculture in the future.

As always, but especially during these periods of economic adversity, it is very important for the Farm Credit System to be a strong, reliable source of reasonably priced credit so that farmers, ranchers, and their cooperatives can continue to provide the necessary food and fiber for our country and deficient areas of the world.

The Federal Land Bank has seen a slight increase in both the number of delinquent loans and foreclosures since last year, but neither have reached alarming proportions. At the end of calendar 1983, payments were current on 95.15 percent of all land bank loans. This compares with 96.09 percent the previous year. Because of the large number of loans with annual payments due after the first of the year, the January 31 repayment rate is expected to worsen.

If the present disparity in our agricultural economy continues another year, land bank borrowers will encounter further difficulty with repayment. Land bank lending for 1983 fell 52 percent below the 1982 level, reflecting a very cautious attitude toward expansion felt by most farmers and ranchers. Both the number and the amount of land bank loans outstanding decreased during 1983, falling to 66,963 loans for \$5.153 billion from 68,023 loans for \$5.229 billion a year earlier.

The numbers of farmers and ranchers in the district borrowing from production credit associations continues the decline that began in mid-1981. Reasons for the decline include the conscious attempt by producers to reduce borrowing through sale of assets to infuse additional capital into the operation, delayed purchases of equipment and other capital items, and the inability of certain producers to qualify for sound credit in view of extremely adverse economic conditions. Actual dollars lost and loans in the process of liquidation increased substantially in 1983 and are projected to show little improvement in 1984.

The extreme financial difficulty being experienced by producers has had an adverse effect on the financial health of some production credit associations. Where critical, special supervision, mergers and other techniques are being used to assure continuous availability of credit to worthy producers. Overall, reduced loan volume and earnings capacity and the use of loss reserve funds is not critical in the district's associations, but certainly the trend cannot continue over the long-term.

As a result of difficult economic conditions and the PIK program, farmers and ranchers have reduced their demand for products and services offered by agricultural cooperatives. Grain and cotton handled by local cooperatives has also been impacted by the PIK program and drought in fall-crop production areas. These factors have resulted in a reduced demand by cooperatives for credit from the Wichita Bank for Cooperatives. Local cooperatives' operations vary according to management capacity to adjust operations to current conditions. Cooperative liquidations have increased somewhat during the past two years but represent less than two percent of bank borrowers. The bank's credit staff is continuing to work closely with cooperatives as they adjust operations.

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Solutions to agriculture's current economic problems will not come easy, but they must be found. They hinge on increased export demand to work out of over-supplies of many commodities, a broad-scale general recovery of our domestic economy, direct and positive action toward decreasing overproduction of grain, and individual attention to reducing heavy debt loads. At the same time, our system must continue to make sound loans to credit-worthy producers and cooperative agri-businesses to assure a continued healthy and productive agriculture in the long term future.

Currently, the three farm credit banks have over \$7 billion in agricultural loans outstanding in the four states we serve. The following table depicts our loan portfolio as of December 31, 1983.

<u>KANSAS</u>	<u>Volume</u>	<u>Loans</u>
Federal Land Bank	\$ 2.11 billion	31,015
Production Credit Associations	322.88 million	3,424
Bank for Cooperatives	431.56 million	227
 <u>DISTRICT</u>		
Federal Land Bank	\$ 5.15 billion	66,963
Production Credit Associations	1.27 billion	13,190
Bank for Cooperatives	583.68 million	474

TESTIMONY BEFORE THE KANSAS HOUSE COMMITTEE
ON COMMERCIAL AND FINANCIAL INSTITUTIONS
FEBRUARY 16, 1984
HB 2809

Mr. Chairman, Ladies and Gentlemen of the Committee, my name is Ray L. Brummett, and I am the General Counsel of The Federal Land Bank of Wichita. We appreciate the opportunity to offer testimony concerning HB 2809 and thank you for hearing our remarks. HB 2809 concerns only the Federal Land Bank Associations and Production Credit Associations located in the State of Kansas and although I do not represent the Production Credit Associations as its legal counsel or otherwise my remarks concerning the Bill would apply to those corporations.

The corporations named in HB 2809 oppose the Bill on the grounds they are incorporated only under federal law, have federal charters of incorporation and are supervised and regulated by an independent federal agency within the Executive branch of the government - the Farm Credit Administration in Washington D.C. As such, they derive their authority to exist and conduct business from federal law and regulations and not from the laws of any State.

These corporations respectfully submit, and offer for your consideration, that HB 2809 has no legislative purpose other than as an

attempt, or forerunner for later attempts, to regulate federally chartered and supervised corporations. In addition to the lack of a valid legislative purpose, we offer for your consideration our view that HB 2809 has serious constitutional implications. Before I briefly point out some of these constitutional implications, a short explanation of the nature of these institutions may be of assistance to you.

These corporations are part of a nationwide farmer-owned cooperative system established by Congress as early as 1916 for the purpose of providing credit to farmers and ranchers and their Cooperatives at the lowest possible cost. Congress established the Farm Credit Administration as an independent agency in the Executive branch of the United States government for the purpose of regulating and supervising the banks and associations of the Farm Credit System through-out the nation which make the actual extensions of credit. In the laws passed by Congress, the 12 Federal Land Banks, several hundred Federal Land Bank Associations, 12 Federal Intermediate Credit Banks and several hundred Production Credit Associations through-out the nation were made federal instrumentalities and given federal charters along with specific powers and authorities to carry out, on a nationally uniform basis, the Congressional objective and mandate of providing a dependable system of agricultural credit. A borrower obtains his or her loan through a federal land bank association or production credit association serving the area in which the borrower's farming or ranching operations are conducted. The borrower becomes a member of that association and

holds stock which entitles him or her to attend annual meetings, vote in board of director elections and generally have a voice in association affairs. At annual meetings, or anytime he or she requests it, a borrower/member is given statements of financial condition of the association as well as the names and addresses of board members and association employees. Additional details are contained in the attached brochures. The federal law governing the farm credit system known as the Farm Credit Act is found in Vol. 12, United States Code, Section 2001 - Section 2260.

The primary constitutional implication arises by reason of Article VI of the U.S. Constitution known as the "Supremacy Clause" which provides that the laws of the United States (such as the Farm Credit Act) shall be the supreme law of the land to which the states are bound. This means that any state law which interferes with or is contrary to a law enacted by Congress or imposes additional or auxilliary requirements not expressly allowed by federal law or regulations will be pre-empted by that federal law. We believe that HB 2809 clearly attempts to establish a means to govern and regulate certain corporations chartered under federal law and under the supervision and complete scheme of regulation by an agency (Farm Credit Administration) of the U.S. government and would thus be contrary to the Supremacy Clause.

The second constitutional implication exists by reason of Article I

Section 10 of the U.S. Constitution which provides that no State shall pass a Bill of Attainder. HB 2809 says that for every day the corporations fail to comply each officer and director shall be fined \$100.00. A Bill of Attainder can best be described by looking at its elements.

1. It inflicts punishment or penalty of any degree of severity.
2. It is directed at named individuals or an easily ascertainable group of persons.
3. The penalty inflicted is without judicial proceedings or trial.
4. The purpose of the legislation is the punishment of specific persons having specific characteristics and not the legitimate regulation of conduct expected of all persons.

Very clearly the objective of HB 2809 is to punish an easily ascertainable group of persons (each officer and director) since without the penalty the Bill has no teeth. Upon failure to comply the corporations have no state charters or licenses to be revoked or certificates of authority to be withdrawn as would be the case with domestic corporations and foreign corporations authorized to do business in Kansas. In addition, the Bill contemplates no judicial trial for it says the persons "shall be fined".

The third constitutional implication is the 14th Amendment which provides that no State shall deny the equal protection of its laws. HB 2809 would not only regulate, restrict and burden a federally chartered corporation and its officers and directors by requiring registration and appointment of registered agents but would do so without requiring the same of other federal instrumentalities such as those national banks, national credit unions, FHA, SBA and federal savings and loan institutions doing business within the state. The classification established in HB 2809 is obviously arbitrary in its imposition of burdens and penalties and thus denies the application and protection of the laws to all members of the same class.

Incidentally, we have observed that HB 2809 does not expressly indicate but appears to attempt to treat federally chartered corporations as "foreign corporations" thus subjecting them to registration and registered agent requirements. The U.S. Supreme Court has stated that the laws of the United States are the laws of the several states and are not the laws of a foreign sovereignty and thereby are concurrent with the laws of the states. The corporations named in HB 2809, being incorporated under federal law and having federal charters, are not corporations "formed under the laws of another jurisdiction" and thus are not foreign corporations subject to registration and registered agent requirements of the state.

Mr. Chairman, Ladies and Gentlemen of the Committee, this concludes my prepared remarks and again wish to thank you for your time and attention and for the opportunity to express our views.