

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Buntent at
Chairperson

1:30 a.m./~~p~~m. on Monday, March 26, 1984 in room 514-S of the Capitol.

All members were present except: Representative Meacham (excused)

Committee staff present: Lyn Goering, Legislative Research
Gloria Timmer, Legislative Research
Mary Galligan, Legislative Research
Jim Wilson, Office of the Revisor
Dave Hanzlick, Administrative Assistant
Nadine Young, Committee Secretary

Conferees appearing before the committee:
Representative Leary Johnson
Representative Lloyd Polson
Representative Bill Fuller
Art Griggs, Department of Administration
Jim Bibb, Board of Regents
Ron Kaiser, Boetcher & Co., Denver, CO
Bill Dougherty, E. F. Hutton Co., Denver, CO
Senator Pomeroy
Matt Lynch, Judicial Council
Representative Ken Green

Others present (Attachment 1)

Chairman Buntent called the meeting to order at 2:05 p.m.

SB 820 -- an act concerning the state park and resources authority; relating to the sale of state park permits; amending K.S.A. 1983 Supp. 74-4509b and repealing the existing section.

Representative Green explained the bill. It was requested by the Park and Resources Authority to allow a waiver on permits for the day set aside for the dedication ceremonies for the El Dorado state park.

Representative Shriver moved that SB 820 be recommended for passage. Seconded by Representative Rolfs. Motion carried.

HB 3006 -- an act concerning agricultural products; relating to wheat marketing and product development research; prescribing powers and duties for Kansas state university, AND HB 3007, an act making and concerning appropriations for the fiscal year ending June 30, 1985, for Kansas state university and state board of agriculture; authorizing certain transfers, imposing certain restrictions and limitations, and directing or authorizing certain disbursements and acts incidental to the foregoing.

Representative Polson addressed the committee in support of the bills. His testimony was directly mainly to HB 3006, which addresses the need for expanded research on wheat to provide a continuing feed source. (Attachment 2).

Representative Leary Johnson also testified in support of HB 3006 and HB 3007. (Attachment 3).

Representative Bill Fuller addressed the committee in support of HB 3007 and HB 3006 and provided written testimony (Attachment 4).

No final action taken on HB 3006 and HB 3007 this date.

Chairman turned to SB 783 -- an act concerning certain judges of the district court; amending K.S.A. 20-340 and K.S.A. 1983 Supp. 75-3120g and repealing the existing sections; also repealing K.S.A. 20-339.

Matt Lynch of the Judicial Council explained the bill. Senator Pomeroy also appeared and further explained that SB 783 is a clean-up piece of legislation at the request of the speaker. Representative Fry and Senator Pomeroy requested the Council to make a study, which revealed certain statutes that could be

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 Ways and Means,
 room 514-S, Statehouse, at 1:30 ~~xx~~/p.m. on Monday, March 26, 1984

amended now to correct outdated language. This legislation does not increase salaries, it merely states what judges currently receive.

Representative Shriver offered a conceptual amendment to SB 783 -- on Line 113, Pg 3 -- to change the \$49,526 to \$50,026, which is \$500 per year increase for administrative district judges. Seconded by Representative Heinemann.

Chairman Buntun commented that he thinks we should look at the whole package and present it as a package. He does not support the proposed amendment. Vote was taken on Representative Shriver's motion and the motion failed.

Jim Wilson presented a technical amendment that should be added to SB 783. It would amend Statute 753120k to include specific reference to the cost of living increase section with regard to the annual salaries of district magistrate judges. This reference was inadvertently omitted when it was included for all other district court judges in 1980. The amendment would also delete expired language and insert the current annual salaries.

Representative Louis moved that the proposed amendment be adopted. Seconded by Representative Dyck. Motion carried.

Representative Rolfs moved that SB 783 be recommended favorably for passage, as amended. Seconded by Representative Mainey. Motion carried.

SB 725 -- an act relating to financial services for state agencies; authorizing procedures for the procurement of financial services for state agencies; financial services negotiating committees.

Art Griggs explained the bill to the committee. Jim Bibb testified in support of SB 725. He said he was not appearing on behalf of the Regents, that he had done consulting work in trying to come up with a solution on the lease/purchase concept.

Ron Kaiser with Boettcher & Company of Denver, Colorado addressed the committee and gave some background information on Certificates of Participation (Refer to bound booklet titled "Summary of Certificate of Participation").

Bill Dougherty of E. F. Hutton, Denver, Colorado, testified in support of SB 725 as it relates to tax exempt bonds. (Refer to booklet titled "Lease Purchase Financing for Capital Equipment using Certificates of Participation").

Representative Heinemann moved that SB 725 be recommended favorably for passage. Seconded by Representative Shriver. Representative Rolfs moved to amend the bill by striking on Line 34 and 35 the words "or to other financial related services needed by the state agency". Seconded by Representative Hoy.

Chairman announced that we would not take final action on SB 725 today. He suggested that Art Griggs discuss with Representative Rolfs and others and that we will take it up again on Wednesday, March 28. Representative Heinemann withdrew his motion.

Chairman turned to SB 728 -- an act relating to acceptance of charge credit card tickets for fees, tuition and other charges collected by state agencies; prescribing powers, duties and functions for the secretary of administration; exempting certain contracts from competitive bidding.

Art Griggs explained the bill which would allow for pooling those charge card tickets and negotiate with banks or other institutions and get a lower rate than we are now getting.

Representative Shriver moved that SB 728 be recommended favorably for passage. Seconded by Representative Farrar. Motion carried.

A proposed concurrent resolution was presented concerning air pollution (Attachment 5). Representative Heinemann moved that it be adopted. Seconded by Representative Hamm. It was recommended it be sent directly to the floor. The motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
room 514-S, Statehouse, at 1:30 a.m./p.m. on Monday, March 26, 1984

HCR 5071 -- directing the secretaries of aging, H&E and SRS to jointly develop a plan on community long-term care services for the elderly.

Jim Wilson presented a technical amendment to HCR 5071 which inserts language, "in consultation with representatives of both public and not-for-profit private groups". (Attachment 6).

Representative Farrar moved that the amendment be adopted. Seconded by Representative Turnquist. Motion carried.

Representative Farrar moved that HCR 5071 be adopted, as amended. Seconded by Representative Turnquist. Motion carried.

Arden Ensley of the Revisor's office presented a proposed House Bill relating to public health (Attachment 7). The committee recommended that an amendment be prepared to SB 562 that would incorporate this legislation and that the amendment be handled on the floor.

Arden Ensley also presented a proposed House Bill relating to elections and requested it be introduced and referred to the Elections committee. Representative Shriver moved that the draft bill be introduced. Seconded by Representative Turnquist. Motion carried. (Attachment 8).

Meeting adjourned at 4:30 p.m.

3-26-84

| Name | Address | Representing |
|-----------------------|------------|--------------------------|
| 1. James Cobler | Topeka, | Dept of Adm |
| 2. DON JACKA | TOPEKA | ST. BOARD OF AGRICULTURE |
| 3. Elton R. Fustrub | Topeka | st. Board of Agriculture |
| 4. James W. Bells | Topeka | myself |
| 5. Matt Lynch | Topeka | Judicial Council |
| 6. Harold Pitts | TOPEKA | TARTA |
| 7. Bill Juler | Miltonvale | Legis - Ag Comm. |
| 8. Jim Jinnell | Hulthinson | Ks. GRAINE FEED ASSN. |
| 9. John Blythe | Manhattan | Ks Farm Bureau |
| 10. James Kasper | Topeka | Ks Co-op Council |
| 11. Harold Miles | Wichita | K.A.W.C. |
| 12. Mayon & Von Buren | Topeka | Judicial Administrator |
| 13. Paul E. Fleener | Manhattan | Kansas Farm Bureau |
| 14. Bill Dougherty | Denver, CO | E F Hutton & Co. |
| 15. Ron Kaiser | Denver, CO | Boettcher & Co. |
| 16. JERRY MARLAT | EMMETT | KSCFF |
| 17. James Kasper | Rep. | State |
| 18. James A. Todd | Wichita | KS JFH |
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| 24. | | |
| 25. | | |

Palson

STATE OF KANSAS

LLOYD D. POLSON
REPRESENTATIVE, SIXTY-SECOND DISTRICT
MARSHALL, NEMAHA AND POTTAWATOMIE
COUNTIES
BOX 21
VERMILLION, KANSAS 66544



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
VICE CHAIRMAN: AGRICULTURE AND LIVESTOCK
MEMBER: EDUCATION
JOINT COMMITTEE ON ADMINISTRATIVE
RULES AND REGULATIONS

March 26, 1984

TESTIMONY ON HB 3006 and 3007 TO THE HOUSE WAYS & MEANS COMMITTEE

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I want to direct my comments mainly to HB 3006, which was amended in the Agriculture Committee, to include the pertinent part of HB 2971, which I introduced early this session. It addressed the need for expanded research on any and all kinds of wheat to provide ~~a continuing~~ and available feed source which had promise of profitability.

Kansas has produced over 400 million bushels of wheat four out of the last five years of which only 25% is used within the United States. Most of the wheat consumed in this country is used for food, this year being a notable exception in which over one year's production for this state will be used by the feedlots, with some rations containing as much as 80% wheat.

All of this competition for available wheat is the result of higher cost of corn and milo. However, with the average yield in this state at 36 bushels there is no way production can or will continue for an extended period into the future at present prices.

Agriculture has been the number one industry in this state since its inception. It comprises a six-billion dollar share of the total industry that originates in this state and it serves to provide employment and as a tax base which gives impetus for the advancement of our people and the things that all Kansans appreciate. The obvious reason for this bill comes from the need to be flexible and to preserve our economy and our ability to produce crops that can be marketed and crops that can enhance and maintain the economic

status of the agricultural industry. We have too long addressed our resources to the production of hard red winter wheat which while still being used extensively throughout this country and the world, shows visible signs of deteriorating markets in spite of vigorous and continued effort by organizations such as the International Grain Program and other related commodity marketing associations, both nation and worldwide.

Without continuous work to this end, Kansas agriculture would certainly have been the poorer for it. On the other side of the coin our extension department and plant technology have provided Kansas farmers with expertise enabling him to have crops to grow that at least have kept him competitive.

The introduction of new concepts for agriculture in the coming years will be necessary in order to fill a void that is rising in the agriculture sector, especially in the west - that of dwindling water potential as well as the rising cost of using such water.

The continued supply of feed to an enormous industry already in place and which in turn provides for the economical well-being of slaughter houses, trucking, and all the other related industries as well as a grain market for farms all over the state is imperative.

These feed lots are a ready-made source of market for about any and all feed crops that can be grown within the immediate areas. A good feed wheat would provide a ready source of feed stuffs and rather than having to look to markets five to ten thousand miles away from the point of production would enable us to utilize markets immediate to the area where the crops are produced.

Jerry Keating, extensive feedlot operator and farmer from Marshall County, Kansas, who has owned and operated farms and feedlots in western and eastern Kansas, testified in the House Agriculture Committee. He stated that there are two reasons cattle are fed in the west. (1) A cheaper price of gain because of climate; and (2) availability of feed (that because of irrigation).

His ominous warning bears repeating to this Committee. "Cattle go to feed. With the vastly improving technology concerning confined feeding he foresees the possibility of migration of cattle numbers back to the corn-belt states unless we are prepared to guarantee

adequate sources of feed for the industry that can be grown profitably. Otherwise prepare for an exodus."

Yield potential of feed wheats which are now produced in some states in the country appear to be over and above that of our hard red winter wheat. These bills call for development and production of feed wheats which would achieve that type of yield and be a good, steady and profitable source of feed stuff for the livestock industry or any other ready industry that uses grains in its production capacities. It appears that the Kansas farmer, if he is to have any hope of survival, must have the ability to shift his emphasis while there are still a couple of gears left in the transmission. Wheat has been widely fed this year because it has been the cheaper of the grains available to the livestock industry in the midwest. Our emphasis should be on producing an even better wheat than we now provide, with a higher yield in order to make an attractive replacement for high-water usage and insect-prone crops and which are profitable to grow and use.

The time to avert crisis always appears long before that crisis become imminent. The trick is to recognize it. While we know this is not a cure-all it assuredly would provide more stability to the foundation of agriculture throughout this state.

TESTIMONY BEFORE HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE AND LIVESTOCK
BY THE
KANSAS WHEAT COMMISSION
FEBRUARY 23, 1984

RE: HB 2971, HB 3006 and HB 3007

Chairman Fuller, Representatives Johnson and Polson, members of the Committee, ladies and gentlemen, it is always a privilege for the Kansas Wheat Commission to testify before this committee.

Concerning the three bills before us, we must say we are pleased to see more general fund money going into agriculture. As Chairman Fuller often says, "only eight-tenths of one percent of the state budget goes for agriculture" and certainly we all agree the state's number one industry deserves better treatment. The following quote from Jeffrey B. Lane, CEO, Shearson-American Express, Inc., represents our feelings well: "As soon as you stop spending money for future growth, you start to sow the seeds of your own disaster". In order to avoid disaster, we must start planning and spending for the future today.

For new varieties of bread wheats or feed wheats, our marketing system needs objective tests to aid the grain inspectors must be in place in the grain standards. In fact, a part of the overall plan to develop feed wheats should include the establishment of a feed wheat class in the Federal Grain Standards. We have seen what happens when feed wheats are released without a proper feed wheat class. California feed wheats were classed as Hard Red Winter and caused great market disruptions and harm to the reputation of Hard Red Wheat as a bread wheat. This must be absolutely avoided in Kansas.

Communication between the legislature and KSU administration as specified in the bills will foster a good two-way understanding of research developments, successes, pitfalls, priorities and needs. Of course, for success in breeding bread wheats, feed wheats and alternate crops, KSU is going to need some help in the form of

greenhouse and plant science facilities. Bright plant scientists can do wonders if they have some facilities in which to work.

When the feed wheats and alternate crops are developed, and they will be developed with the state's financial and moral support, the products will have to be marketed. This is where the International Grains Program comes in. We have a unique program in our state which easily can expand in the future to promote more than wheat, corn, sorghum and soybeans. It can be a showcase for the state's agriculture - a worldwide extension program.

A recent meeting with President Acker pointed out the need for some new thinking about the program. The IGP needs a clear identity with a separate budget within KSU in order that future financial enhancements to the program do not upset other funding priorities the regents have set at KSU.

The Wheat Commission believes the International Grains Program must soon be provided with a core staff and adequate facilities if it is going to succeed in addressing the demands placed upon it. Outside funding for an IGP building and programs is there if we in the state can finish building the foundation for the International Grains Program.

Farmers in the state are struggling through some of the hardest times since the depression. Many factors within and without the state are the cause of this situation. The solution to the problems starts here today with the realization that the state has an obligation to help its number one industry. A package of research facilities, research projects and a strong marketing program are all essential for Kansas' future.



The KANSAS BANKERS ASSOCIATION
A Full Service Banking Association

February 22, 1984

TO: House Committee on Agricultural and Livestock

RE: HB 2971

Mr. Chairman and members of the committee:

Thank you for the opportunity to appear before this committee on HB 2971 which directs Kansas State University to conduct research concerning certain wheat varieties. The Kansas banking industry has worked for over a century with the Kansas farming community to provide the necessary capital for all types of agricultural production. We are very proud of a working relationship which has assisted Kansas farmers in making our state one of the major food producing areas of the world.

As the attached sheet shows, Kansas banks rank # 1 in the nation in the percent in total farm loans held in banks in those states with over \$1 billion in farm loans. In fact, the national average for percent of farm loans held by banks on a nationwide basis is 21% for all other states and Kansas banks, in 1982, held 31% of the farm loans made in Kansas. As of January 1, 1983, 607 banks in Kansas held farm loans totaling \$2,434,700,000.

Agriculture is obviously the economic backbone of Kansas and we believe it is always in the best interests of the state to promote programs which will provide a stronger base for our agricultural economy. There is a constant need to seek enough diversity in agricultural production so as to avoid too much dependency on one agricultural product which is subject to the whims of our unpredictable climate. Because cattle production has become such a significant part of our agricultural economy, we do believe it is important that actions be taken to assure an adequate feed grain supply at all times. Further research on wheat varieties would be a major step in that direction. Therefore, we believe legislation such as HB 2971 is in the best interests of the economy of Kansas and we would encourage this committee to take favorable action on this bill.

James S. Maag
Director of Research

ljs

AGRICULTURAL LOAN TOTALS

January 1, 1983

| State | Non-R E Loans Held by Banks (millions) | R E Loans Held by Banks (millions) | Total Farm Loans Held by Banks (millions) | State*** Total (millions) | Bank % |
|--------------|--|--|--|---------------------------------|-----------|
| KANSAS | \$2,224 (56%)* | \$211 (06%)** | \$2,434 | \$7,809 | 31% |
| NEBRASKA | 2,863 (49%) | 115 (03%) | 2,977 | 10,102 | 29% |
| MISSOURI | 1,385 (51%) | 559 (14%) | 1,943 | 6,595 | 29% |
| OKLAHOMA | 1,255 (47%) | 228 (08%) | 1,483 | 5,376 | 28% |
| CALIFORNIA | 3,762 (58%) | 532 (06%) | 4,294 | 15,112 | 28% |
| ILLINOIS | 2,379 (54%) | 537 (08%) | 2,916 | 10,781 | 27% |
| KENTUCKY | 612 (40%) | 409 (18%) | 1,020 | 3,831 | 27% |
| TEXAS | 2,552 (43%) | 556 (09%) | 3,107 | 11,998 | 26% |
| SOUTH DAKOTA | 1,266 (44%) | 50 (02%) | 1,316 | 4,974 | 26% |
| IOWA | 3,766 (51%) | 343 (04%) | 4,108 | 16,121 | 25% |
| MINNESOTA | 2,256 (41%) | 283 (05%) | 2,539 | 11,154 | 23% |
| WISCONSIN | 1,047 (35%) | 475 (13%) | 1,521 | 6,771 | 22% |
| INDIANA | 997 (38%) | 521 (11%) | 1,498 | 7,225 | 21% |
| NORTH DAKOTA | 913 (30%) | 120 (05%) | 1,033 | 5,379 | 19% |

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* % of all ag non-real estate loans held by banks

** % of all ag real estate loans held by banks

*** % Total of all ag loans by all lenders

Kansas ranks number one (#1) in the nation in percent of total farm loans held in banks among states with over \$1 billion in farm loans. (National average = 21% Kansas = 31%)

Kansas ranks number two (#2) in the nation in the percent of non-real estate farm loans held by banks. (National average = 34% Kansas = 56%)

Kansas Association of Wheatgrowers

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TESTIMONY BEFORE THE HOUSE AGRICULTURE COMMITTEE

HOUSE BILL NO. 2971

Mr. Chairman, members of the committee. My name is Morris Krug. I am a ~~wheat~~ producer from Russell County, Kansas. I am here today to testify in favor of House Bill 2971.

Kansas ~~wheat~~ growers are losing their competitive edge in U.S. wheat production. Because of increasing wheat production nationwide -- especially in the ~~South~~ and in the southern Corn Belt -- wheat prices are destined to continue dropping.

With state wheat yields averaging only about 36 bushels per acre, Kansas ~~wheat~~ yields are poor in comparison to wheat yields of 50 and 60 bushels ~~per acre~~ of wheat grown in double crop programs in the South. Intensified ~~wheat~~ research in some of these new wheat growing areas are showing ~~it's~~ now possible for farmers to hit yields beating 100 bushels per acre.

We ~~have~~ a critical need for research and development on wheat varieties to be used in non-traditional ways. Kansas State University is equipped to carry-out ~~this~~ research and I would urge you to act favorably on the bill before you.

PRESENTATION BY HARLAND E. PRIDDLE
SECRETARY OF AGRICULTURE
KANSAS STATE BOARD OF AGRICULTURE

TO HOUSE AGRICULTURE AND LIVESTOCK COMMITTEE

FEBRUARY 23, 1984

RE: HOUSE BILLS 3006, 3007 and 2971

Mr. Chairman and Members of the Committee, thank you for this opportunity to comment on House Bills 3006, 3007 and 2971. As a general opening comment, I would commend the committee for recognizing the need to emphasize issues which should strengthen the industry of agriculture and the farm economy over a long term basis. As we review agriculture today, we clearly see the tremendous advancements in technology, production, research achievements and agribusiness development over the past few decades. In reviewing agriculture and its composition, it is clearly an industry highlighted by the interlinking of all of these activities to achieve its current strength and stature. As we review the world market and the impact of the United States on satisfying that market, we see the challenges of the future. We no longer are the only producer of certain crops thus the need for investigation and review of alternate cropping patterns for this great production area of the country. While at the same time we need to continually investigate the alternate uses and additional uses of such items as wheat and nonfoodstuff market product and development research. We have the proven capability of the production of wheat and its products. If Kansas were to be ranked in the countries of the world, we would rank number 8 in the production of wheat. We should also at this initial point in our discussion review the impact of agricultural production and commodity sales on the economy of the entire United States. The deficit of this country during the past fiscal year will reach somewhere in the neighborhood of \$70 billion. We insert the agricultural trade balances and see approximately 23 to 25 billion on the plus side. This truly highlights the real significance of the impact of agriculture on the economy of the country.

With those brief few comments I would like now to talk specifically to the three bills in question with some specific comments as they relate in their present form. House Bill 2971, as well as 3006 and 3007, address the need to conduct research on certain wheat varieties as well as market and product development research. As referenced in the initial opening comments, wheat is the strong suit in Kansas and these bills obviously emphasize this in their content. We would like to make some general comments relating to the water requirements for wheat production under irrigation as compared to requirements for other crops such as corn or sorghum. These comments were basically prepared by David L. Pope, our Chief Engineer, who could not be with us today as he is in a hearing in Hays at this time. Wheat has been produced in Western Kansas under irrigated conditions for many years. However, this was usually done to stabilize yields during dry years and to achieve the maximum economic benefit from the land, water, equipment and management available to the farm unit. Wheat and grain sorghum are crops adaptable to off season irrigation or limited irrigation during the growing season. With water supplies in many areas even more limited and energy resources escalating, a shift is occurring from corn and other high water use crops to crops that were to produce a reasonable yield with less water.

The quantity of water needed to produce fully irrigated crops in Western Kansas is normally considered to be about 24 acre inches per acre of water per year. This amount of water would normally produce about 120 to 150 bushels per acre of feed grain crops such as corn or grain sorghum. In contrast university sponsored research and experience by farmers in Western Kansas have shown it is possible to produce about 50 to 70 bushels per acre wheat under average rainfall conditions with about 12 acre inches per acre of water per year, an amount half that required by fully irrigated crops such as corn. A similar amount of water would also produce 80 to 100 bushels of grain sorghum if irrigation is well timed and other agronomic practices are geared for a limited irrigation program.

Comments on House Bill 3007 will relate to section 3 of the bill. This section concerns the establishment of an additional employee for the State of Kansas to perform the function of an agricultural analyst or research analyst for the state. In further amplifying on the opening comments regarding agricultural industry and its impact and size, American agriculture is the world's largest commercial industry with assets exceeding one trillion dollars. The industry employs nearly 23 million people, a full 22% of America's total labor force. The agricultural industry encompasses manufacturing, farming, transportation, processing and merchandizing. In our State of Kansas, agriculture is also the number one industry with over 6 billion in gross receipts during the calendar year of 1981. Production methods and techniques combined with research of new varieties has increased production of commodities dramatically. Today one hour of farm labor produces 14 times as much food and crops as it did 60 years ago. Also to emphasize the dramatic increase in capability of technology, in 1880, it took 350 man hours to produce a hundred bushels of wheat. Today it takes 10 man hours. In 1880 it also took 180 man hours to produce 100 bushels of corn. Today it takes 4 man hours. With this productivity many complexities related to marketing and marketing research have surfaced. With the increased complexity in production a broad range of issues and problems affecting the price farmers and ranchers receive for food and fiber have developed. These issues include (1) the persistence of low farm prices, (2) the existence of barriers to marketing efficiency such as embargoes and other related incidences, (3) the impact of transportation costs on the prices farmers and ranchers receive for their products, (4) the role of commodity futures and futures option trading, (5) a need to direct and redirect marketing research, (6) the prospect of greater producer involvement in marketing promotion programs, (7) the tremendous increase in international marketing efforts and emphasis.

With the increased emphasis in international marketing as well as domestic uses of foodstuffs, the effort must be made to analyze marketing segments and

identify target countries which can be considered as candidates for increased commodity marketing programs. Full analysis of countries throughout the world is needed in the area of identifying possible trading partners for agricultural products. This analysis would include the study of the economic situations within each country, an identification of products required by specific countries and the ability of Kansas agricultural products to satisfy that need. These studies would be used as a basis for creating buyer and seller contacts for agricultural products throughout the world.

With this as a background, we believe there is a need for detailed analysis of production patterns of products in Kansas, their inter-relationship with farm programs and world needs for the products we produce. Within our state boundaries we need to centralize our efforts to ensuring that commodities we produce in Kansas are processed in Kansas to the greatest extent. We currently have underway a research project identifying sources of wheat used in milling operations in Kansas. In the event wheat is being used from outside our state borders, we hope to identify the reasons so that we can possibly gain the economic benefit of value adding that within our own boundaries in lieu of other state boundaries or international boundaries throughout the world. In the area of quality control, we are continually asked by visiting foreign dignitaries our comments relative to guaranteeing quality. There are activities underway within the State with objectives and goals to achieve quality control from end to end. Great Plains Red Wheat is centering their efforts in this regard.

As a summary, I believe agriculture must continue to be visible as the number one industry in this state and nation. Our farmers are depressed at the prices they receive for their products compared to the cost of operations. We need to use every means at our disposal to obtain the best possible price for products that are produced by Kansas and U.S. farmers. As we continue to research alternate

cropping methods, wheat nonfoodstuffs, market and product development, we hope that a balance of supply and demand may come into being in the future. I would encourage this committee and the legislature to take every possible action to strengthen the economy of agriculture in this State and this Nation. Agriculture is America's heartbeat. As we approach Agriculture Day on March 20, we should be reminded that farmers power today's world. Without skilled farmers and the research that make them skilled in the food they raise, we would be a sorry lot indeed. While we have achieved great capability in production of food, we are still providing the American consumer with a tremendous bargain in the market place. Only 16 percent of disposable income within this country is spent on food. Drastically lower than such countries as China where 60% is allocated to food purchases; Russia where 34% is used; and even Japan, a highly industrialized nation, spends over 24% of its income on food. I commend the Committee on recognizing the need to continue to look forward. House Bills 3006, 3007 and 2971 does just that.

Farms groups charge K-State is shunning agriculture

TOPEKA (HNS) — Cowboys and Kansas farmers aren't seeing eye-to-eye these days about where the state should be spending its money at Kansas State University in Manhattan.

But spokesmen for major livestock and crop associations agree on one thing: KSU isn't putting enough emphasis on agriculture and instead is spreading its dollars too thinly over too many non-agriculture programs.

KSU's role in agricultural priorities has become an issue among farm leaders in the Legislature this session. Much of the debate centers around which agricultural-related construction projects should be at the top of this year's spending list of capital improvements at KSU.

If you're a livestock producer, the answer is Weber Hall, which houses KSU's animal science program, including a meats laboratory.

But if you're a member of the Kansas Association of Wheat Growers, the answer is Throckmorton Hall and its greenhouses, home to the school's plant science program.

Both the Kansas Livestock Association and the wheat growers association have been actively lobbying for their cause in recent months.

Currently, Weber Hall appears to be the top priority, winning the endorsement of Gov. John Carlin in his proposed budget, the KSU administration and the Legislature's Educational Building Fund committee. Carlin recommended about \$100,000 in planning money for Weber, and the EBF committee has endorsed a \$250,000 amount for 1985.

That does not sit well with certain agronomy interests such as the wheat growers, who are upset that a major multi-million dollar addition to Throckmorton has been pushed back on the priority list. Some plant science greenhouses would be replaced under the 1985 budget, but the balance of the plant science improvements are not in the immediate picture.

"Further delays in construction of the phase II package greenhouse research space will cost Kansas

farmers many times the \$4.5 million construction costs," said Bob Paris, Dighton farmer and KAWG vice president. The program has been on the list since the 1940s, and still awaits completion, he said.

The university is caught in the middle of criticism by both the wheat growers and livestock association regarding KSU's commitment to agriculture.

"The biggest problem is that (KSU President Duane) Acker wants to make it a university to compete with Wichita State University and Kansas University instead of as a land grant university," said Gerald Riley, KAWG president.

Riley points to past spending on non-agricultural programs at KSU as an example of the trend, and cites the Weber Hall-Throckmorton decision as an example of changing priorities at the school.

Equally critical is John Meetz, KLA executive vice president.

"They (KSU officials) would tell you they want to be the best (agricultural) game in town, but they don't want to make the hard decisions to make it happen," Meetz said.

Kansas has a chance to be the top livestock producing state by 1990, Meetz says, but KSU has not taken advantage of the opportunity.

"If it's going to be, we're a long way

behind in research to make that happen," he said. "The opportunity has been there, but it has been a matter of different priorities."

President Acker acknowledges his school is under pressure because of limited state aid and the economic ills of the agricultural community.

But he also strongly defends the school's commitment to agriculture, as well as its overall academic program:

Acker also points out that 90 percent of the state general fund dollars going towards research at KSU end up in agricultural programs.

Legislative leaders are less pointed in their criticism of KSU, but recent legislative proposals have indicated a disenchantment with the school's direction in agricultural research.

Last week, Rep. Leary Johnson, R-WaKeeney, and Rep. Lloyd Polson, R-Vermillion, proposed legislation directing KSU to pursue research in alternative crops, non-food uses of wheat and development of soft wheat varieties.

Those programs are keys to improving the state's agricultural economy, which is floundering in its dependence on the hard red winter wheat market, says Polson, vice-chairman of the House Agriculture and Livestock Committee.

Kansas wheat farmers are having a tough time economically because of depressed wheat prices and huge surpluses, Polson says. Development of soft winter wheat varieties would bring much higher yields of a grain that could be fed to livestock.

"We think there should be some additional emphasis on agricultural research," Polson says. "We want something you can feed as a replacement for corn and milo, which require much more water and are a much higher risk."

The legislative proposal, which committee members say is somewhat unprecedented in its specific directions to KSU, drew a less than enthusiastic response from KSU officials.

The university — already doing research in those areas — often bears the brunt of frustrations felt by agricultural interest in hard economic times, Acker said.

"Universities — especially those with experimental stations — have done such an extraordinary job of solving biological problems that society sometimes expects them to solve with equal speed problems dealing with markets and economic adjustments," Acker said.

LEARY J. JOHNSON
 REPRESENTATIVE, 118TH DISTRICT
 LOGAN, GOVE, GRAHAM, TREGO
 AND PARTS OF NESS AND ROOKS COUNTIES
 1000 WARREN AVE
 WAKEENEY, KANSAS 67672



TOPEKA

HOUSE OF
 REPRESENTATIVES

COMMITTEE ASSIGNMENTS
 MEMBER AGRICULTURE AND LIVESTOCK
 INSURANCE
 TRANSPORTATION

Testimony on House Bill 3006 and 3007
 by State Representative Leary J. Johnson

Mr. Chairman, members of the Committee:

We who represent agriculture are appreciative of this committee's kind generosity of the past and the opportunity to bring House bills 3006 and 3007 before you today.

We, speaking for the House Agriculture and Livestock Committee, appreciate the opportunity to provide our expertise in addressing a very serious and distressing problem in the State of Kansas, primarily in the agricultural sector. You and I both realize the importance of agriculture to our state's economy and also realize what effects agriculture so effects Kansas.

I believe it unnecessary to point out the delimma confronting the agriculture sector. Most of us are engaged in farming in one way or another and are personally familiar with the situation in rural America. I am convinced, however, that the multitude that reside in our large urban centers do not or want to understand our crisis. The word crisis, which I so dramatically use here, may be a very poor choice at this time, because for many it is a matter of survival. For many, their very existance as farmers and as business people is in serious jeopardy.

It is important that Kansans know that agriculture is, and always will be the number one industry in their state. And as legislators, it is important that we realize that as a result, the very basic foundation of our economy is dependant on agriculture. In these past few years, we have all seen the effects of the declining state of agriculture. The recession heightened by government intervention, i.e., grain embargos, weather adversity, over production, world competition and available markets, have caused an alarming loss of farm revenues. These facts when

confronted by increasing expenditure, in both interest rates and operational expenses, has decreased net income and subsequent taxable revenue. This has been a prime mover in the tremendous decrease noted in our state treasury which, at the same time, has resulted in the need for increased taxation. Consequently, as a legislature, we continue to look for new sources of revenue and continue to scramble just to keep up with the many financial demands placed on us each year. As a result, we have seen a change in philosophy where filling the treasury here in Topeka appears to have a higher priority than stimulating the local economies back home. We soon forget that prosperous local economies spurs a prosperous state economy. I may remind you that the reverse of this action cannot work and can only lead to the legislature playing catch up each year. State revenue will continue to decrease and a constant search must be made for new sources.

My pitch and the theme of my presentation is quite simply. I am here to tell you that agriculture and the people engaged in agriculture are financially stressed. I must also say, with some degree of urgency, that if something isn't accomplished immediately, the very existence of our state maybe at stake.

We, as the committee dealing with agriculture, recognize that solutions are few and limited. However, it is my personal contention that solutions are available from both the federal and state level. While the financial aspects to farm problems can be more adamantly addressed at the federal level, I believe certain alternatives are available for us here at the state level.

Thus, the House Agriculture and Livestock Committee has introduced and passed House Bill 3006 and 3007. Both bills are designed to bring profit and prestige back to farming. While House Bill 3006 is more directive in nature, both bills recognize the need to discover and expand new markets, directs specific and extensive research, and encourages diversification. As farmers, and as an agriculture state, we can no longer put all our eggs in one basket, such as our dependence of wheat as a major crop. We must be in a position to capitalize on

Page 3
Testimony
Rep. Leary Johnson

advanced technology and to decipher the latest world situations in establishing production and markets. We must learn and be fully capable of dealing and competing on an international scale. These ideas and pursuits are addressed in the two bills before you in the form of appropriations. The amounts are meager and only represent start-up costs. But on the other hand, they establish new programs and ideas which encompass solutions, and represent a salvation to the agriculture delima. I want to ask for more, much more in fact. However, as stated, this is a start and a start ultimately leads to success. In these brief few days remaining in this session, we will be dealing with millions of dollars. Each appropriation will probably be justified in its own right. However, I wish to remind you that if agriculture is not saved, there will be very little else left that will matter and there will be very little else left to worry about.

HB 3007
Leary Johnson

WHEAT UTILIZATION: NONFOOD AND NONFEED USES

Justification

Kansas produced over 400 million bushels of wheat in four of the last five years. Using today's technology, Kansas farmers could produce even more wheat and with tomorrow's technology no one knows the limit. Only 25% of the Kansas wheat crop is used in the United States. Practically speaking, wheat consumed in the States is for food. Large quantities of wheat are available as a renewable resource.

Investigations are needed to find new uses for the purified components, such as glutenin, gliadin, starch, oil, fiber, gums, and phenolics, all of which have unique properties. Uses for these components will expand the demand for wheat. In the wet-processing of wheat, conditions will be established so no biodegradable effluent leaves the process. Biodegradables will be converted to alcohol and feed.

Wheat used domestically is presently dry-milled into flour, germ, and bran. These milling products are mixtures of protein, carbohydrates, fats, phenolics, and fiber. The mixed composition of those products limits their use.

Wet-milling of wheat can provide products of singular composition, such as proteins, starch, oil, fiber, and phenolics. The wet-milled products or their modified forms may find uses in textiles, paper, and specialty products. Information must be developed on processes to isolate and purify the chemical constituents from wheat.

In today's market, wheat gluten is a desirable product that brings a premium price. It will be difficult to find industrial uses for gluten. The fundamental properties of all the proteins in wheat will be studied with the objective of finding high-value uses for these unique substances.

In spite of strong demand for wheat gluten, wet-processing of wheat has not been attractive in the past because of limited uses for wheat starch (70% of kernel) and because of the large amounts of biodegradables in the washing streams. Corn starch is less expensive than wheat starch, and corn starch is used where the unique properties of the raw starch are destroyed or are not important. However, wheat starch is preferred over corn starch in a number of applications. An extensive research effort must be made to develop more uses of wheat starch.

The water soluble and "B" starch fractions from wheat contain potentially valuable gums. Presently, those streams pose a major disposal problem. Methods to isolate and develop uses of those fractions will be investigated. An alternate approach is to use those two fractions as fermentation substrate to produce ethanol, acids, or other organic feedstocks. Any fermentation residues can be concentrated and fed directly to animals.

Program of Research

1. To establish environmentally sound processes to wet-mill wheat to give purified gluten, starch, bran, germ, and gums.
2. To investigate the combination of wet-milled wheat by-products as substrate for fermentation into alcohol and organic acids. The use of the fermentation residues will be examined for use in feed.
3. To find new uses of the purified wheat components in various industries, including pharmaceuticals, paper, textiles, adhesives, and others.

Budget

| | <u>FTE</u> | <u>AMOUNT</u> |
|----------------------------|------------|------------------|
| Research Associate | 1.0 | \$ 20,000 |
| Students-Graduate Res Asst | 4.0 | 32,000 |
| Other Operating Expenses* | | 48,000 |
| <u>TOTAL</u> | | <u>\$100,000</u> |

*OOE will be in accordance with the following schedule:

200

| | | |
|----------------------------------|--------------|----------|
| 243 Service contracts, equipment | \$6,000 | |
| 243 Equipment, maintenance | 4,000 | |
| 250 Travel and subsistence | 1,500 | |
| 248 Repair and service computer | <u>2,500</u> | |
| | \$14,000 | \$14,000 |

300

| | | |
|------------------------------|--------------|----------|
| 369 Laboratory supplies | \$10,000 | |
| 349 Data processing supplies | <u>2,000</u> | |
| | \$12,000 | \$12,000 |

400

| | | |
|---|------------|----------|
| 404 Professional and scientific equipment | \$21,000 | |
| 418 Books and library material | 500 | |
| 411 Computer system software | <u>500</u> | |
| | \$22,000 | \$22,000 |

ACCELERATED RESEARCH WITH
ALTERNATIVE CROPS
Hays Branch Experiment Station

Justification For many years the Kansas Agricultural Experiment Station has done research on promising new alternative crops. Many of the current major crops were not immediately successful when introduced into Kansas, and the favor of others fluctuates with the surplus and price status of the standard crops. Research on alternative crops has had meager funding because support for research on major crops has been marginal. New funding in the amount of \$50,000 would make it possible to accelerate and enhance ongoing work with alternative crops.

Program of Research The major thrust of the accelerated program would be in the areas of sunflower breeding and production. Breeding efforts would be intensified to accelerate the development of adapted varieties and/or hybrids that are resistant to important diseases and, if possible, resistant to insects. This work would involve a plant breeder, a plant pathologist and an entomologist. Projected available funds would be sufficient to pay the salary of one additional technician and purchase some supplies. This would represent only a fairly small part of the funds now being expended for sunflower breeding research. It should be pointed out that breeding research and development of superior lines is a long term project. Significant results might not be apparent for several years.

Management research would be conducted in the areas of soil management, including rate and date of planting, fertilization, use of the crop in rotations, weed control, and insect and disease control. Increased funding would be used to supplement work now being done. The major expenditure would be to pay the salary of a research assistant.

In addition to the sunflower research, test plantings of other crops would be made. Contacts through printed reports, professional meetings, correspondence with other research agencies (both inter- and intra-state) would be utilized to locate promising crops and/or techniques.

Budget

| | |
|---|----------|
| Research Assistant (Temporary) (2 @ \$17,000) | \$34,000 |
| Temporary labor (summer help) | 10,000 |
| Travel | 3,000 |
| Miscellaneous supplies (pollinating bags, greenhouse pots, etc.) | 3,000 |
| | <hr/> |
| | \$50,000 |

ACCELERATED RESEARCH WITH
ALTERNATIVE CROPS
Colby Branch Experiment Station

Justification For many years the Kansas Agricultural Experiment Station has done research on promising new alternative crops. Many of the current major crops were not immediately successful when introduced into Kansas, and the favor of others fluctuates with the surplus and price status of the standard crops. Research on alternative crops has had meager funding because support for research on major crops has been marginal. New funding in the amount of \$50,000 would make it possible to accelerate and enhance ongoing work with alternative crops.

Program of Research The major thrust of the accelerated program would be with winter barley, oilseeds, and testing of new germplasm as follows:

1) Winter barley matures 7-14 days earlier than winter wheat. Double cropping should be much more feasible following barley than wheat. Work is proposed to study potential crops for doublecropping and related cultural practices with emphasis on sunflowers and soybeans. Efforts will also be directed to cultural practices that improve winter survival of barley, dryland as well as irrigated. In absence of winter killing, winter barley averages about 70-85 bu./acre on irrigated ground.

2) Oilseeds research will be expanded to include more cultural practices in addition to identification of superior germplasm. Cultural information is short on sunflowers and almost totally lacking on soybean and rapeseed. Because of its small seed, rapeseed presents unique challenges in stand establishment. There is no current information on seeding rates, row spacing, or fertility requirements for this area.

3) Contacts with scientists in adjacent states will be made and efforts increased to obtain data and/or germplasm of other crop species which appear to have promise for the area. Potential new crops will be grown to determine usefulness and potential. This approach is fairly long range and should involve marketing research if initial trials indicate crop potential.

Budget

| | |
|-------------------------------|----------|
| Salaries | |
| Research Assistant, temporary | \$18,000 |
| Farmer II | 15,600 |
| Temporary summer help | 6,000 |
| Supplies | 8,400 |
| Travel | 2,000 |
| | <hr/> |
| | \$50,000 |

**IMPROVEMENTS AND ENHANCEMENTS
FISCAL YEAR 1985**

TITLE: ALTERNATIVE CROPS EXTENSION

| | | |
|------------------------------|-----|--------------|
| Assistant Professor | 1.0 | \$32,000 |
| Secretary | .3 | 3,100 |
| Benefits | | 6,669 |
| Other Operating Expenditures | | <u>9,000</u> |
| | | \$50,769 |

REQUEST:

This request is to establish an Extension thrust at Kansas State University in producing new or alternative crops. Because of depressed prices, government programs and the need to diversify; many farmers are utilizing or would like to utilize new or alternative crops for which production, harvest, storage and marketing conditions are not well established or known. Establishment of an Extension educational program focused on newly introduced crops/cropping systems would greatly improve the success rate, decrease production and processing risks, and allow greater diversity in crops available to Kansas farmers.

REASONS FOR THE REQUEST:

Grain production in Kansas has been dominated by four crops - wheat, corn, sorghum, and soybeans. Those crops are now in plentiful supply and when prices are depressed, farmers need alternative crops and alternate cropping systems so production can be diversified and profitability improved. The risk associated with producing new or alternate crops is high because farmers are not familiar with required production practices, harvest, storage requirements, and markets. The risk associated with new crops adaptability; seedling establishment; yield; soil fertility; weed and pest problems; harvest, storage, and processing requirements.

OBJECTIVES:

1. Establish an Extension thrust at Kansas State University in the production of newly introduced or alternative crops.
2. Implement educational and demonstration programs, based on research and factual data, for establishing, producing, and marketing new and adaptable crops in Kansas.
3. Search experimental results worldwide to discover adaptable crops for use in Kansas and encourage the needed research, development, and Extension programs to insure successful introduction, production, and marketing.

IMPACT:

Soybeans and grain sorghum are notable examples of the successful introduction of alternate crops in Kansas. Those crops are so successful that few remember that they were once oddities in Kansas. The combined farm value of soybeans and sorghum now exceeds \$780,000,000 annually. A well-coordinated program of crop introduction, improvement, production, and marketing will greatly enhance the opportunity for producers to profitably utilize the full production potential of Kansas farms.

DEVELOPMENT AND EVALUATION OF WHEAT HARDNESS TESTS

Justification

This proposal seeks funds for a program designed by departments at Kansas State University to develop information and recommendations on problems affecting marketing and market values of Kansas grain. This will insure that Kansas can continue to share and expand its share of the foreign grain market. A 1% improvement in the market share of the foreign grain trade would result in more than a \$10 million increase in cash flow for Kansas. Kansas grains, wheats in particular, are under fierce competitive pressure in the world market. Of great concern for the future is the inability of grain inspectors to visually distinguish some of the newer wheat varieties. This problem could result in missclassifications leading to discounts or loss of sales volume for Kansas grains. Hence, fast, accurate, objective methods must be developed to determine grain hardness.

Program of Research

Kansas State University departments that would be involved in this program would include Grain Science and Industry, Agricultural Engineering, and Physics. Three approaches to the problem of objectively determining the functional and performance properties related to "hardness" will be pursued. These involve light scattering of ground samples, the chemical cause, and the measurement of hardness by individual kernel automated testing as described below:

1. Adaptation of existing test equipment (grinders and near infrared analyzers) to aid in objective discrimination between hard and soft classes independent of visual appearance or shape. This involves particle size distribution upon grinding and is measured indirectly by light scattering effect or by sieving.
2. Chemical definition of hardness. Basic research into the chemical composition, chemical structure, and chemical interactions which cause the physical properties and structure known as "hardness." Once these causes are defined on a molecular basis, subsequent tests can be developed to objectively quantitate them.
3. Individual kernel automated tests of the hardness effect are based on one of a number of suggested measurements. These include photoacoustic, thermal, optical, or kinetic responses as well as mechanical resistance to deformation or permeability. A delivery system is being developed and many measurement ideas have been put forth as suggested above. Work on a mechanical prototype has begun. A Tag-Hepenstall moisture meter has been modified by placing a strain gauge and hinge on the free wheel normally used as one side of the conductance bridge. Strain data from individual wheat kernels crushed between the rolls will be collected as an electrical signal and sent to an oscilloscope for viewing and to a recording device for collection. A similar system or device for individual kernel scanning will be adapted to a number of measuring and recording systems.

Budget

FTE AMOUNT

Unclassified

| | | | |
|---------------------------|------------|------------------|--|
| Graduate Res Assts | <u>2.5</u> | <u>\$40,000</u> | |
| Research Assistants | <u>1.0</u> | <u>16,000</u> | |
| Students | | <u>2,000</u> | |
| Benefits and Shrinkages | | _____ | |
| Other Operating Expenses* | | <u>42,000</u> | |
| TOTAL | | <u>\$100,000</u> | |

*OOE will be in accordance with the following schedule:

200

| | | |
|----------------------------------|----------|----------|
| 243 Service contracts, equipment | \$6,000 | |
| 243 Equipment, maintenance | 4,000 | |
| 250 Travel and subsistence | 1,500 | |
| 248 Repair and service computer | 2,000 | |
| | \$13,500 | \$13,500 |

300

| | | |
|------------------------------|----------|----------|
| 369 Laboratory supplies | \$12,000 | |
| 349 Data processing supplies | 5,000 | |
| 310 Agricultural supplies | 11,500 | |
| | \$28,500 | \$28,500 |

RESEARCH ON WHEAT AS A FEED

Justification

The Kansas Agricultural Experiment Station has evaluated soft and hard red winter wheats for feed for many years. However, studies have been limited because the principal use, particularly of the high protein hard red winter wheats that predominate in Kansas, has been for foods.

Recent concerns about the shrinking wheat export market prompt new questions about the use of wheats for feed. Also, some of the older studies were conducted with fewer animals per lot and fewer replications than is possible today.

Program of Research

Funding for enhancement of wheat feeding research would allow for: 1) evaluation of new varieties for feed as well as for food; 2) refinement of guidelines for feeding wheat, especially in the areas of processing methodology, economical combinations of wheats with available protein supplements and roughages; 3) investigation of the use of high moisture wheat (a few days earlier harvest of wheat for feed may make it possible to double crop with sorghum or soybeans in some areas); and 4) enhancement of the wheat breeding program to include more feed wheat objectives.

Budget

| A. Wheat Feeding Trials | <u>Garden City</u> | <u>Hays</u> | <u>Manhattan</u> |
|---|--------------------|--------------|-------------------------|
| Feeding (including hard and soft wheat for feeding) | \$12,500 | \$12,500 | \$12,500 |
| Cattle purchases (partial payment for cattle and losses) | 8,000 | 8,000 | 8,000 |
| Miscellaneous supplies | <u>4,500</u> | <u>4,500</u> | <u>4,500</u> |
| | \$25,000 | \$25,000 | \$25,000 |
| Feeding Trials Total | | | <u>\$75,000</u> |
| B. Wheat Breeding Program | | | |
| Miscellaneous labor (part-time Farmer II, graduate research assistants, etc.) | | \$10,000 | \$10,000 |
| Miscellaneous supplies | | <u>2,500</u> | <u>2,500</u> |
| | | \$12,500 | \$12,500 |
| Breeding Program Total | | | <u>\$25,000</u> |
| Grand Total | | | <u><u>\$100,000</u></u> |

Fuller

BILL FULLER
 REPRESENTATIVE 108TH DISTRICT
 CLOUD AND OTTAWA COUNTIES
 MILTONVALE, KANSAS 67466



TOPEKA

HOUSE OF
 REPRESENTATIVES

COMMITTEE ASSIGNMENTS
 MEMBER ASSESSMENT AND TAXATION
 TRANSPORTATION
 JOINT COMMITTEE ON ADMINISTRATIVE
 RULES AND REGULATIONS

"Current Financial Condition of Agriculture
 in Kansas"

SUMMARY - PUBLIC HEARINGS

March 22, 1984

Jointly sponsored by the House Agriculture and Livestock
 Committee and the Senate Agriculture and Small Business
 Committee, in cooperation with the office of the Governor

PARTICIPANTS

Wilbur Levering, Sr. Vice President
 Merchants National Bank
 Topeka, Kansas

Richard Parker, President
 Krause Plow Corporation
 Hutchinson, Kansas

Kenneth Harmon, President
 Production Credit Association
 Manhattan, Kansas

Larry Davis, State Director
 Farmers Home Administration
 Topeka, Kansas

Mr. Levering

1. We are in the most serious situation in Kansas agriculture since the 1930's. This is a result of four disasterous years of agriculture, coupled with extremely high costs and relatively low prices for farm commodities.
2. We have more land listed for sale than anytime in the last fifteen years.
3. The age group most affected by this serious ag situation is the 25 to 40 age group, although some of the 40 to 60 year age group are also in trouble, especially if they have helped a son or son-in-law to get a start in agriculture.
4. Agri-business sales are down.
5. For those who have debt, it is nearly impossible to generate sufficient cash flow to pay operating and family living expenses and to have money left with which to service debt.

6. There will be more farmers going out of business in the next year or two than anytime in recent history, perhaps two to three times as many as normal.

7. Real estate values are down as much as 15 to 20 percent.

8. We need to expand foreign markets for agriculture.

Mr. Parker

1. For the benefit of the entire country we must have our farmers producing.

2. Our only hope of regaining a strong producing agricultural business is to regain the large portion of export business which we once had. We need a unified and aggressive export policy--our goal should be to sell.

3. There has been a decrease of more than 2,700 jobs--46 percent of the total work force between 1979 and 1984, of Kansas farm equipment manufacturers, as indicated by a survey.

4. The farmers debt has doubled since 1976 to \$220 billion dollars. With today's interest rates it takes the gross cash receipts from the sale of all wheat, corn and cotton, just to service this debt.

Mr. Harmon

1. Inflation, high interest, low prices and adverse weather have eroded the farmers equity to a critical scenario.

2. This plight has no respect for age, as the age bracket of 31 to 50 has been hardest hit.

3. We can expect farm liquidations to continue higher than normal for the next two years.

4. We will lose some operators whose only fault was that they entered into farming at the wrong time.

Mr. Davis

1. The Farmers Home Administration has 8,200 farm borrowers which is an increase of 700 over the last three years. This represents 10 percent of Kansas farmers who have loans that total \$515 million dollars.

2. Farm borrower delinquencies doubled between 1981 and 1983.

3. The outlook does not indicate the wheat producer will experience problems.

4. The problem is a lack of cash flow and/or security.

5. Ag related businesses will continue to experience problems.

The Topeka
Friday



Capital-Journal

Topeka, Kansas, March 23 1984

Official county
and city newspaper 28 Pages

Single copy price 25¢ Lower price for carrier delivery

Farm economy at its worst since '30s, lawmakers told

By JIM SUBER
Capital-Journal rural development writer

The farm economy is in its worst shape since the 1930s and the outlook for improvement is not bright, members of the House and Senate agriculture committees were told at a special joint hearing Thursday.

The committees heard from three bankers, a farm economist, a Production Credit Association executive, an equipment manufacturer and the state director of the Farmers Home Administration.

Wilbur Levering, a Merchants National Bank senior vice president who specializes in agriculture, gave the committee several reports from his colleagues around the state, and summarized:

"I think it is obvious that we have the most serious situation in Kansas agriculture since the 1930s as a result of four disastrous years of agriculture, coupled with extremely high costs and relatively low prices for farm commodities," Levering said.

"For those who have debt, it is nearly impossible to generate sufficient cash flow to pay operating and family living expenses and to have money left with which to service debt. Thus, there will be more farmers going out of business in the next year or two than any time in recent history — perhaps as many as 5 to 7 percent, still not a very large percentage of the total, but two to three times as many as normal — and the trend will continue if conditions do not improve."

Levering said that in his 18 years of banking he had never lost a customer for economic reasons until last year.

Levering added that many farmers need to and are willing to sell some assets to lower their debts, but they are unable to sell because of a lack of demand. He said the lack of demand is reflected in lower land values, which are down by 15 percent to 20 percent.

The deflated values have deteriorated the farmers' net worth, further com-

Continued on page 7, column 1

Farm economy at its worst

Continued from page 1

plicating the farm balance sheet, he said.

Don Pretzer, a farm management economist from Kansas State University, said Kansas' 76,000 farms can be placed in three categories. About 10,000 to 12,000 are full-time, commercial farms that provide the sole incomes of the owners. The midsize farms are those which are not large enough to be the sole income, and the smallest are those which entrepreneurs require other income.

He said the strong farms generally are staying strong, but the middle and small classes are become less and less "viable."

Pretzer and several others noted that the cost of inputs will increase, interest rates are likely to remain high, government payments will be reduced, export growth cannot be relied on and no significant increases in commodity prices are expected during 1984. All those add up to even tougher times on the farm.

"Another year of drought would create havoc concerning survival, concerning land prices and would have strong impacts on agribusiness," Pretzer said.

Pretzer said that if there is a common denominator for those in trouble, it might be in the degree of leverage.

Keith Harimon, president of the

Manhattan PCA, said more farm liquidations than normal should be expected during the next two years. He said that based on his dealings with the hard-hit eastern Kansas borrowers, today's farmer must have at least a 70 percent owner equity — net worth divided by total assets — to effectively service his debts.

Nationally, about 65 percent of all farm debt is owed by farmers carrying owner equities of 60 percent or less, he said. Farmers with owner equities of 30 percent or less account for one-third of the farm debt.

"To bring the picture closer to home, we regularly see equity positions that have eroded to 30 percent," Harimon said, "and in some cases as low as 10 to 15 percent." He said the plight has no respect for age groups, with the 31- to 50-year-old farmers carrying an only 44 percent owner equity average, compared to a 60 percent figure for farmers under 30.

The withering farm economy of the last four years has taken a heavy toll on firms and communities that service agriculture, according to testimony from Richard Parker, president of the Krause Plow Corporation, Hutchinson.

Parker said he surveyed some Kansas and out-of-state agricultural manufacturers. He reeled off a list for both surveys, including Hesston, Cessna Hydraulics, Flex-King, Sunflower, Cross Manufacturing, Kent Manufacturing,

Haven Steel Products, Landoll Manufacturing and his own firm in Kansas.

"In those companies alone, there has been a decrease from 1979 to March 1984 of more than 2,700 jobs, or 46 percent of their total work force," Parker said. "And none of these companies sees any significant improvement in sight."

Of the national firms surveyed — mainly manufacturers of bearings, steel and implement tires — Parker reported a 44 percent decline in employment since 1979.

Parker said one-sixth of the nation's farms are vulnerable, and one report predicts that 5 percent will be forced out, while another 32 percent will lose money and 45 percent will lose in net worth. He noted that farm debt had doubled to \$220 billion since 1976.

Parker called for a unified national effort to develop and expand export markets.

Parker said farmers with soil, seed and fertilizer generate \$150 billion in new wealth each year. He said about 15 million people work in some phase of agriculture.

John White, an officer of the Farmers and Drivers Bank, Council Grove, compiled a report based on the records of 20 full-time, commercial farmer-customers at his bank, the portfolio of which contains 64 percent agricultural loans.

White said the 20 farmers had suffered an average 25 percent reduction in their net worth during the past few years.

"Farmers are going downhill," White said. He said increased new equipment prices, decreases in the value of old equipment, lack of income and a reduction in land values all had adversely affected net worths of farmers. Banks, he said, including his, no longer are able to add interest due to the principal of original loans. Furthermore, bankers are lending on the basis of ability to pay, or cash flow, rather than on equity in land and equipment.

Most of the men agreed that eastern Kansas was in more difficulty than western regions.

While much in the hearing was negative, a few glimmers of hope emerged. For one, several speakers pointed to the large number of farmers still in business. Even a few farmers, two bankers indicated, are still able to expand their operations.

Larry Davis, the state FmHA director, cited statistics that indicate corn producers and livestock feeders should get some relief, although the wheat grower probably will not. The problem, Davis said, is not inadequate loan funds but inadequate cash flow and-or security for the loans.

Monday, March 19, 1984

blade-empire

Farmers net income less than packaging cost

By **DON KENDALL**
AP Farm Writer

WASHINGTON (AP) — For the second year in a row, the net income of farmers in 1983 was less than American consumers spend on bread wrappers, cereal boxes, milk cartons and other packages that contain the food sold in grocery stores.

According to Agriculture Department economists, food packaging the last two years averaged about \$24 billion annually. Net farm income dropped to \$22.1 billion in 1982 and probably was about \$22 billion in 1983.

Prospects for this year indicate farm income may gain sharply, according to USDA forecasters, thereby exceeding what it costs to package the American food supply.

Food prices are expected to increase

an average of 4 percent to 7 percent in 1984, compared to a 2.1 percent gain in 1983, the smallest annual increase in 16 years. Department economists currently think the 1984 gain may be at the lower end of the forecast, around 4 percent.

The packaging cost was noted in a recent analysis by the department's Economic Research Service. Overall, packaging accounted for nearly 8 percent of the \$312 billion consumers spent on U.S. farm-produced food last year, a \$13 billion increase from 1982.

Farmers received \$84 billion or 27 percent of the 1983 food expenditure as gross receipts for the raw products that went into the marketing pipeline, about the same as in 1982. The gross receipts do not, however, reflect farmers' production costs.

PROPOSED CONCURRENT RESOLUTION NO. _____

A CONCURRENT RESOLUTION concerning air pollution; modifying Kansas administrative regulations 28-19-7, 28-19-8, 28-19-14, 28-19-14a and 28-19-14b, as adopted by the secretary of health and environment and filed with the revisor of statutes on November 18, 1983.

Be it resolved by the House of Representatives of the State of Kansas, the Senate concurring therein: That Kansas administrative regulation 28-19-7, as adopted by the secretary of health and environment and filed with the revisor of statutes on November 18, 1983, is hereby modified to read as follows:

28-19-7. Definitions. All terms and abbreviations used in these emission and open burning control regulations shall have the following meanings unless otherwise defined in an individual regulation.

(a) Agricultural related activity means seed cleaning, popcorn packaged but not popped, ornamental floriculture and nursery products, shortening, table oils and margarine, prepared feeds and feed ingredients for animals and fowl, sunflower oil reclaiming, molasses mixed or blended, cotton ginnings, alfalfa dehydrators and sun cured plants, flour and other grain mill products and soybean oil mills if they produce less than 100 tons of particulate per year or less than 100 pounds of particulate per hour of operation and grain elevators with a storage capacity of less than 875,000 bushels.

(a) (b) Alter means any physical change to, or any change in the method of operating, any machine, equipment, device, or other article, or combination thereof, which constitutes a source of air contaminant emissions subject to the provisions of these regulations, if that change effects the amount or nature of these emissions. Routine maintenance or parts replacement shall not be

considered to be an alteration. Increases or decreases in operating hours or production rates shall not be considered to be an alteration if production rate increases do not exceed the originally approved design capacity of the articles involved and if the increased emissions resulting from these changes do not exceed any emission or operating limitations imposed as a condition to any permit issued under K.A.R. 28-19-4.

~~(b)~~ (c) Control device means any equipment, device or other article that is designed, installed or both for the purpose of reducing or preventing the discharge of contaminant emissions to the air.

~~(e)~~ (d) Department means the Kansas state department of health and environment or an authorized representative of the department.

~~(d)~~ (e) Direct heating equipment means any device in which fuel is burned in direct contact with, and for the purpose of heating, air which comes in direct contact with the material being processed.

~~(e)~~ (f) Director means the secretary of health and environment or a designated representative of the secretary.

~~(f)~~ (g) Emission source means any machine, equipment, device or other article or operation that directly or indirectly releases contaminants into the outdoor atmosphere.

~~(g)~~ (h) Existing means any processing machine, equipment, device or other article, or combination thereof, or any indirect heating equipment or incinerator, that is completed, under construction, or under purchase contract on the effective date of any applicable regulation.

~~(h)~~ (i) Indirect heating equipment means any device in which fuel is burned to produce heat which is transferred through a heat conducting materials barrier or by a heat storage medium to a material to be heated so that the material being heated is not contacted by, and adds no substance to, the products of combustion.

~~(i)~~ (j) Incinerator means any device or structure used for

the destruction or volume reduction of garbage, rubbish, or other liquid or solid waste materials, by combustion, for the purpose of disposal or salvage.

~~(j)~~ (k) Modified open burning operation means an open burning operation in which the contaminants emitted to the ambient air as a result of combustion are reduced, controlled or both through positive regulation of fuel/air ratios, air screens or other control techniques. Combustion devices used solely for the purpose of disposing of flammable gases shall not be considered to be modified open burning operations.

~~(k)~~ (l) Official observer means a designated representative of the department who has been certified by the department as being trained, and qualified on the basis of actual testing, to determine the degree of opacity of visible plumes by direct visual observation. The testing procedure shall be established and published by the department. Such individuals shall be required to be re-tested at least once every six months in order to maintain their certification.

~~(l)~~ (m) Opacity means the degree to which a contaminant emission obscures an official observer's view of transmitted light passing through that contaminant. Zero percent opacity is equivalent to perfect transparency and 100 percent opacity is perfectly opaque.

~~(m)~~ (n) Open burning operation means the burning of any materials in which contaminants resulting from combustion are emitted directly into the ambient air without passing through a stack or chimney from an enclosed chamber. For the purposes of this definition, a chamber shall be considered enclosed when only those apertures, ducts, stacks, flues or chimneys that are required to supply combustion air and to permit the escape of exhaust gases are open during the combustion process.

~~(n)~~ (o) Particulate means any dispersed matter, whether solid or liquid, except uncombined water.

~~(o)~~ (p) Potential contaminant emission factor means the mathematical expression derived by dividing the average value of

the amount of air contaminant emissions that have been found to be associated with a specific type of processing or combustion operation by the quantity of material that was being processed at the time the emissions were determined or by some other meaningful parameter.

~~(p)~~ (q) Potential contaminant emission rate means the total weight of a contaminant that is or, in the absence of control equipment, would be emitted from an air contaminant source when that source is operating at its maximum capacity. For the purposes of these regulations, the potential contaminant emission rate shall be determined by:

(1) Sampling in a flue or duct prior to the inlet of any control device serving the flue or duct;

(2) estimating such emissions by performing a "material balance" calculation which indicates the difference between processing input weight and output weight of materials;

(3) using potential contaminant emission factors as recognized by the department; or

(4) by using any other estimating technique mutually agreeable to the department and the person responsible for operation of the source.

~~(q)~~ (r) Premises means one or more contiguous or adjacent parcels of land, and any structures or equipment located on the parcels, that are under one ownership. For the purpose of this definition, a parcel of land that is bordering another parcel solely divided by a public roadway or a railroad right-of-way shall be considered to be adjacent.

~~(r)~~ (s) Processing means any operation related to the handling, storage, treatment or conversion of input materials to produce a salable or usable end product.

~~(s)~~ (t) Smoke means particulate emissions, resulting from incomplete combustion, that consist primarily of carbon, ash and other material and that form a visible plume in the ambient atmosphere.

~~(t)~~ (u) Waste or wastes means all discarded solid and liquid

materials resulting from industrial, commercial and agricultural operations, and from community activities, that are not intentionally disposed of by means of water-carried systems that empty into the waters of the state.

Be it further resolved: That Kansas administrative regulation 28-19-8, as adopted by the secretary of health and environment and filed with the revisor of statutes on November 18, 1983, is hereby modified to read as follows:

28-19-8. Reporting required. (a) Any person who proposes to construct, alter, use or operate any processing machine, equipment, device or other article, or any combination thereof, that is capable of emitting any potential contaminant emissions equal to or in excess of the levels specified in subsection (b) of this regulation shall report this proposed activity to the department at least 90 days prior to initiating the activity. Reporting required by this section shall be on forms provided by the department and shall contain all information required by the department that is relevant to air pollution and that is available to, or that is reasonably capable of being assembled by, the person that completes the report. If the construction, alteration, use or operation of any article that is subject to this reporting requirement was not previously required to be reported under these regulations and if the construction, alteration, use or operation was initiated before January 1, 1984, then this alteration, construction, use or operation shall not be considered in violation of this regulation until 60 days after the department has notified the person responsible for the use or operation of the article that this use or operation must be reported. This notification shall be in writing.

(b) The following levels and types of air contaminant emissions shall be reported under the provisions of subsection (a) of this regulation:

(1) One or more pounds of particulate during any hour of operation;

(2) for agricultural related activity, 100 or more pounds of

particulate during any hour of operation;

~~(2)~~ (3) two or more pounds of sulfur dioxide or sulfur trioxide, or a combination of both, during any hour of operation;

~~(3)~~ (4) 50 or more pounds of oxides of nitrogen, calculated as nitrogen dioxide, during any cumulative 24-hour period;

~~(4)~~ (5) 50 or more pounds of carbon monoxide during any cumulative 24-hour period;

~~(5)~~ (6) 50 or more pounds of gaseous hydrocarbons, excluding methane, during any cumulative 24-hour period;

~~(6)~~ (7) any measurable quantity of lead or lead compounds;

~~(7)~~ (8) any air contaminant emissions from any incinerator used to dispose of refuse by burning or for the processing of salvageable materials, except incinerators that are installed on residential premises which contain less than six dwelling units and that are used to burn waste materials that are associated with normal habitation of those dwelling units; and

~~(8)~~ (9) any other air contaminant emissions that the secretary of health and environment or an authorized representative of the secretary determines may cause or contribute to air pollution within the state because of its specific chemical or physical nature or because of the quantity discharged. Failure to report sources of a contaminant subject to provisions of this paragraph shall not be considered in violation of the requirement of subsection (a) until 60 days after the person responsible for construction, alteration, use or operation of the source has received written notice from the department requiring that emissions from the source are to be reported.

(c) Construction required for activities that are subject to this regulation shall not be initiated until the department has provided written notice that the activity is approved or until any permit required for this activity has been issued under K.A.R. 28-19-14.

Be it further resolved: That Kansas administrative regulation 28-19-14, as adopted by the secretary of health and environment and filed with the revisor of statutes on November

18, 1983, is hereby modified to read as follows:

28-19-14. Permits required. (a) Any person who proposes to construct, alter, use, or operate any air contaminant emission source that is required to be reported under K.A.R. 28-19-8 and that has a potential contaminant emission rate in excess of the following limitations shall obtain a permit from the department of health and environment before beginning this activity:

(1) 10 tons per year or more of particulate;

(2) for agricultural related activity, 100 tons per year or more of particulate;

~~(2)~~ (3) 10 tons per year or more of sulfur oxides;

~~(3)~~ (4) 10 tons per year or more of carbon monoxide;

~~(4)~~ (5) 10 tons per year or more of volatile organic compounds, excluding methane;

~~(5)~~ (6) 50 tons per year or more of oxides of nitrogen;

~~(6)~~ (7) Any measurable amount of lead or lead compound; and

~~(7)~~ (8) Any emission required to be reported under K.A.R. 28-19-8(b)(8).

(b) Application for a permit required by this regulation for the construction, alteration, use or operation of an emission source shall be made on forms provided by the department. The department shall send these forms to the person proposing the activity within 15 days of receipt of a report submitted in accordance with K.A.R. 28-19-8. The department may require the applicant to furnish any additional information that is relevant in determining compliance with these regulations and that is available to or that is reasonably capable of being assembled by the applicant.

(c) The department shall review any completed application that has been submitted in accordance with subsection (b) and shall provide written notice to the applicant of the approval, conditional approval, or denial of the permit within 180 days of receipt of the completed application. The reason for denial of any application shall be specified.

(d) Any permit issued for the construction or alteration of

a source under the provisions of this regulation shall become void if the construction or alteration is not commenced within 18 months after the permit has been issued or if the activities required to complete the alteration or construction have been discontinued for 18 months or more.

(e) Any permit required for the construction or alteration of a source by this regulation shall not be issued if the department determines that the air contaminant emissions from the source will interfere with the attainment and maintenance of any ambient air quality standard that has been established under the provisions of the federal Clean Air Act, and amendments thereto, or under the provisions of state law.

(f) Any permit required by this regulation shall not be issued or renewed unless the fee required by K.A.R. 28-19-14a or 28-19-14b has been paid.

(g) The department shall collect an annual operating permit fee for an approved new or altered source only for each year following the year in which the construction of the new source or the alteration of an existing source has been completed.

(h) Subject to the provisions of subsection (k), the secretary shall issue an operating permit required by this regulation for any source that is operating, under construction, under purchase contract, or that is being altered on January 1, 1984. These sources shall be considered existing sources for the purpose of initially complying with the permit requirements of this regulation and shall only be subject to the provisions that are applicable to the renewal of permits at this time.

(i) Any permit issued or renewed under this regulation may be conditioned upon compliance by the owner or operator with any special restrictions that are deemed necessary to assure compliance with these regulations or otherwise prevent air pollution. These restrictions may include, but need not be limited to, special requirements concerning methods of operation, emissions limitations or control procedures to be implemented. Such restrictions shall be stipulated in writing as a part of, or

as an attachment to, the permit.

(j) Any permit issued or renewed under this regulation may stipulate one or more air contaminant emission sources that are approved to be constructed, altered, used, or operated. These sources shall be located on the same premises, shall be under one ownership and shall be considered as part of the same industrial grouping as determined by the department. The industrial grouping shall be identified by using the industrial titles and descriptions provided in the "Standard Industrial Classification Manual 1972," as published by the U.S. Government Printing Office. For the purpose of establishing the annual operating permit fee to be collected under K.A.R. 28-19-14b, the department shall stipulate the industrial grouping that is considered to be the primary activity covered by the permit.

(k) The secretary may refuse to issue or renew any permit, or may suspend or revoke any previously issued or renewed permit, that is required by this regulation if it is determined that the air contaminant emissions from the source are in violation of any of the requirements of these regulations or any applicable provision of state statute.

Be it further resolved: That Kansas administrative regulation 28-19-14a, as adopted by the secretary of health and environment and filed with the revisor of statutes on November 18, 1983, is hereby modified to read as follows:

28-19-14a. Construction or alteration permit fees. (a) The department of health and environment shall not review any proposal to construct or alter an air contaminant emission source that requires a permit under K.A.R. 28-19-14 until the department has received a permit fee that has been determined as follows:

(1) The base fee shall be in the amount of 0.05% of the estimated capital cost of the activity for which application is made. The applicant shall provide a certified estimate of the capital cost of the facility with the application unless the fee is determined under the provisions of subsection (b) of this regulation. A minimum fee of \$100.00 shall be charged when the

estimated capital cost is less than \$200,000.00 and a maximum fee of \$4,000.00 shall be charged when the estimated capital cost is more than \$8,000,000.00, except that no fee shall apply to construction associated with agricultural related activities with estimated capital cost of \$4,000,000.00 or less.

(2) If the proposed construction or alteration is subject to review and approval under the provisions of K.A.R. 28-19-16 or 28-19-17, there shall be an additional fee of \$1,500.00 added to the fee established by paragraph (1) of this subsection.

(b) If no estimate of the capital cost of the activity is included with the application, a base fee of \$4,000.00 shall be paid.

(c) The fee shall be remitted in the form of a check or money order made payable to the Kansas department of health and environment. Receipt of any check for the fee that is not covered by sufficient funds shall be cause for the permit to be denied.

(d) The estimated capital cost of the activity means the estimated total cost of equipment and services that would normally be capitalized according to generally accepted accounting procedures. Certification of the estimated capital cost of the activity may be evaluated for credibility during the review period. If the department determines that the certified capital cost is not correct, it shall either recover an adjusted fee based upon the correct cost or deny the permit.

Be it further resolved: That Kansas administrative regulation 28-19-14b, as adopted by the secretary of health and environment and filed with the revisor of statutes on November 18, 1983, is hereby modified to read as follows:

28-19-14b. Operating permit fee. (a) The department of health and environment shall annually collect a fee for permits issued or renewed for the operation of air contaminant emission sources under the provisions of K.A.R. 28-19-14.

(b) The fee collected under subsection (a) shall be established on the basis of the classification of the contaminant source as identified in Table F-1, of this regulation. The annual

fee collected for a source in any class shall be determined by multiplying the class number for the source, as determined by Table F-1, by \$20.00.

Table F-1 -- Operating Permit Fee Classification Table

| <u>Class</u> <u>Number</u> | <u>Source Type</u> |
|-------------------------------|---|
| 1 | Incinerators (wire reclaimers only) |
| 2 | Seed-Cleaning; Ready-Mix Concrete Plants, ≥ 12 to < 100 cubic yards per hour capacity; Packaging Fumigants; Concrete Block Plants; Sawmill and Planing Mills; Metal Shredding; Bituminous Coal Loadout Site; Liquid Fertilizer Converters; Pipe Organs; Pepper; packaged-but-not-popped; Ornamental-Floriculture-and-Nursery-Products. |
| 3 | Grain--Elevators; storage-capacity-$\geq 50,000$-bu--to-$< 175,000$ bu-; Ready Mix Concrete Plants, ≥ 100 cubic yards per hour capacity; Miscellaneous Plastic Products; Aluminum Extruded Products; Drawing and Insulating of Nonferrous Wire; Heating Equipment, Except Electric and Warm Air Furnances; Fabricated Structural Metal Products; Farm and Garden Machinery and Equipment; Special Dies and Tools, Die Sets, Jigs and Fixtures and Industrial Molds; General Industrial Machinery and Equipment; Truck and Bus Bodies; Motor Vehicle Parts and Accessories; Games, Toys and Children's Vehicles; Cheese, Natural and Processed; Shortening; Table-Oils-and--Margarine; Fabricated Rubber Products; Boat Building; Municipal Incinerators, with capacity $< 2,000$ lbs/hr; Concrete Slabs, Sewer Pipe and Tie Manufacturing; Sand Drying Operations; Pre-blended Concrete; Furniture Manufacturing; Appliance Manufacturing; Lubricant Blending; Waste Oil Re-refining; Fabricated Pipe Products; Research and Development Laboratories; Mobile Homes (frames); Pharmaceutical Preparations; Surgical and Medical Instruments and Apparatus; Dry Wall Finishing Materials; Signs. |
| 4 | Millwork; Charcoal Manufacturing; Nonferrous Foundries |

(castings); Metal Forgings and Stampings; Valves and Pipe Fittings; Service Industry Machines; Brooms and Brushes; Prepared--Feeds-and-Feed-Ingredients-for-Animals-and-Fowl; Micronutrient Manufacturing; Rendering Plants; Dog, Cat and Other Pet Food (without can plant); Food Emulsifiers and Conditioners; Macaroni, Spaghetti and Egg Noodles; Kitty Litter; Miscellaneous Janitorial Supplies; Pesticide Mixing, Blending and Packaging; Paperboard Containers and Boxes; Refrigerant Manufacturing; Sunflower---Oil Reclaiming; Liquid Nitrogenous Fertilizer Terminal; Granola Processing; Melasses; Mixed-or-Blended.

- 5 Grain-Elevators; storage-capacity- \geq 175,000-bu.-to- $<$ 450,000 bu.; Aluminum Dross Processing; Rock Salt Mining; Natural Gas or Petroleum Liquid Transmission, stations total maximum HP rating \geq 475 HP to $<$ 950 HP.; *Crushed and Broken Limestone, maximum capacity of primary crusher $<$ 150 tons per hour; Hot Mix Asphalt Plant, maximum plant capacity $<$ 200 tons per hour; Electric Lamps; Cotton--Ginning; Tire Retreading; Heating Equipment; Outdoor Recreation Equipment; Reconditioned Barrels and Drums (without incineration).
- 6 Colleges, Universities and Professional Schools; Correctional Institutions; Meat Packing Plants; Sausages and Other Prepared Meat Products; Drilling Mud Manufacturing; Aircraft Parts and Auxiliary Equipment; Railroad Equipment (railcar refurbishing); Baked and Fried Snacks, Potato Chips; Condensed and Evaporated Milk Processing; Steam Heat Generation; Hospitals.
- 7 Secondary Aluminum Foundry; Brass and Bronze Foundry; Gray Iron Foundry; Bituminous Coal and Lignite (crusher); Grain Elevators; storage-capacity- \geq 450,000-to- $<$ 875,000-bu.; Hot Mix Asphalt Plants, plant maximum capacity \geq 200 tons per hour; Dog, Cat and Other Pet Foods (with can plant); *Crushed and Broken Limestone, maximum capacity of primary crusher \geq 150 tons per hour; Perlite and Vermiculite

Manufacturing or Handling; Lead Oxide Manufacturing; Railcar Incineration; Detoxification or Destruction of Chlorinated Hydrocarbons.

- 8 ~~Alfalfa-Dehydrators-and-Sun-Cured-Plants~~; Roofing Granules Processing; Cement Bulk Terminals; Sewerage Systems, (lime burning); Sodium Silicate Processing.
- 9 Grain Elevators, storage capacity <875,000 bu. to <2,500,000 bu.; Expanded Shale Manufacturing; Commercial Printing; Greeting Card Publishing; Beet Sugar; Electric Power Generation, internal combustion only; Natural Gas or Petroleum Liquid Transmission, stations total maximum HP rating \geq 950 HP to <10,000 HP; Natural Gas or Petroleum Liquid Storage Only; Electric Power Generation, steam generation only (excluding coal fired); Brick and Structural Clay Tile; Clay Pipe and Refractories; Paperboard Containers and Boxes (with printing); Reconditioned Barrels and Drums (with incineration); Steel Drum Manufacturing; Paperboard Mills; Paints, Varnishes, Lacquers, Enamels and Allied Products.
- 10 Salt Mining, Evaporation or Brine Process; Steel Foundries; Gasohol Manufacturing.
- 11 Aircraft Manufacturing; National Security; Sewerage Systems, (sludge incineration).
- 12 Grain Elevators, storage capacity >2,500,000 bu. to <10,000,000 bu.; Electric Power Generation, internal combustion and steam generation (excluding coal fired).
- 13 Lubricating Oils and Greases; Petroleum Bulk Terminals; Medicinal Chemicals and Botanical Products; Petroleum Liquid Storage (with pump station).
- 14 Ammunition, Except for Small Arms; Storage Batteries.
- 15 Grain Elevators, storage capacity >10,000,000 bu.; ~~Flour and--Other-Grain-Mill-Products~~; ~~Soybean-Oil-Mills~~; Natural Gas or Petroleum Liquid Transmission, stations total maximum HP rating \geq 10,000 HP; Natural Gas Liquids; Mixed, Manufactured or Liquified Petroleum Gas Production and/or

Storage and Distribution; Helium Plants; Gypsum Manufacturing.

16 Carbon Black; Asphalt Felts and Coatings; Electric Power Generation, total plant generating capacity <1000 MW (coal fired); Soap and Other Detergents.

17 Sulfuric Acid Manufacturing; Nitrogenous Fertilizer Manufacturing; Phosphoric Acid Manufacturing; Industrial Chemical Manufacturing; Cellophane Manufacturing.

18 Distilled, Rectified and Blended Liquors; Fiberglass Insulation Manufacturing; Tire Manufacturing.

19 Explosives; Portland Cement Manufacturing; Motor Vehicles and Passenger Car Bodies.

20 Electric Power Generation, total plant generating capacity \geq 1000 MW (coal fired); Petroleum Refinery.

*Primary crusher -- initial crushing unit to process quarried rock.

(c) The department shall send written notice to any source that is required to pay a permit fee under this regulation. This notice shall be sent to the owner or operator of the source not later than January 1 of each year, shall specify the source classification and class number assigned to the source, and shall specify the amount of the fee that is to be remitted to the department.

(d) The permit fee shall be received by the department before April 1 of each year.

(e) If any fee is not paid by April 1, the department shall assess and collect an additional permit fee of \$5.00 for each day that the fee is not paid after March 31.

(f) Any source that does not submit the permit fee before June 1 of any year shall be considered to be an inactive source. The department, before July 1 of any year, shall send written notice to the permit holder of this determination and that the permit will be revoked unless a hearing is requested within 15 days of the notice.

(g) Any source that is deactivated shall not be reactivated

or granted an operating permit unless the department has determined that the source complies with the emission and permit requirements of these regulations that pertain to the construction and operation of new sources. The 90 day reporting period required by K.A.R. 28-19-8(a) shall apply to the date that the source is proposed to be reactivated.

(h) The permit fee required by this regulation shall be remitted in the form of a check or money order made payable to the Kansas department of health and environment. Any check for the fee that is not covered by sufficient funds shall be considered to not have been received and the operation of the source shall continue to remain subject to the provisions of subsections (d), (e), (f) and (g) of this regulation.

Be it further resolved: That Kansas administrative regulations 28-19-7, 28-19-8, 28-19-14, 28-19-14a and 28-19-14b, as adopted by the secretary of health and environment and filed with the revisor of statutes on November 18, 1983, shall be become effective as modified by this concurrent resolution on May 1, 1984.

PROPOSED AMENDMENT TO HOUSE CONCURRENT RESOLUTION NO. 5071

On page 2, in line 46, preceding "a" by inserting ", in consultation with representatives of both public and not-for-profit private groups,";

6

HOUSE BILL NO. _____

By

AN ACT relating to the public health; requiring agencies of the United States government to comply with the requirements of K.S.A. 65-161 through 65-171w, and amendments thereto, relating to water supply and the discharge of sewage.

Be it enacted by the Legislature of the State of Kansas:

Section 1. The provisions of K.S.A. 65-161 through 65-171w, and amendments thereto, and any rules and regulations adopted under the authority thereof shall apply to agencies of the United States government.

Sec. 2. This act shall take effect and be in force from and after its publication in the Kansas register.

HOUSE BILL NO. _____

By

AN ACT relating to elections; concerning the use of voter registration lists for commercial purposes; amending K.S.A. 25-2320a and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 25-2320a is hereby amended to read as follows: 25-2320a. (a) Use of voter registration lists for commercial purposes is knowingly selling, giving or receiving the information on or derived from voter registration lists with the intent to use such list or information for any commercial purpose. The provisions of this subsection shall not apply to or prohibit the use of voter registration lists in political campaigns by candidates for public office or persons, firms or corporations employed by candidates for such purposes.

(b) Use of voter registration lists for commercial purposes is a class C misdemeanor.

Sec. 2. K.S.A. 25-2320a is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas register.

REPORTS OF STANDING COMMITTEES

Your committee on House Ways and Means

Recommends that SB 728

"AN ACT an act relating to acceptance of charge credit card tickets for fees, tuition and other charges collected by state agencies; prescribing powers, duties and functions for the secretary of administration; exempting certain contracts from competitive bidding.

be passed.

Tom W. Austin Chairman.

Your committee on House Ways and Means

Recommends that SB 820

"AN ACT concerning the state park and resources authority; relating to the sale of state park permits; amending K.S.A. 1983 Supp. 74-4509b and repealing the existing section.

be passed.

Wm. W. Hunter Chairman.