

Approved _____

Date _____

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Senator Fred Kerr at _____
Chairperson

10:00 a.m./p.m. on Thursday, March 1, 1984, 19__ in room 423-S of the Capitol.

All members were present except: Senator Ross Doyen (E)
Senator Ed Reilly (E)

Committee staff present: Raney Gilliland, Research Department
Jim Wilson, Revisor's office

Conferees appearing before the committee:

Harlan Page, Franklin County dairyman
Board member of Mid-American Dairymen, Inc.
Robert Thiessen, Jackson Ice Cream Company, Hutchinson
Fred Benson, Meyer Dairy, Basehor
Ben Zarda, Zarda Dairy, Shawnee Mission
Arthur Griggs, Attorney, Department of Administration
Jim Yonally, NFIB, Overland Park

Senator Karr moved the February 29, 1984 minutes be approved, seconded by Senator Arasmith. Motion carried.

SENATE BILL 768 - The first conferee, Harlan Page, had distributed Attachments 1 and 2 stating on behalf of their member owners they want to go on record as supporting an increase in the solids-not-fat content of packaged dairy products sold not only in Kansas, but throughout the U.S. He stated their primary concerns were the downward trend in fluid consumption, downward trend in fat content and the quality of bottled milk being down. He feels the change would make milk more palatable, provide a means to use a substantial amount of solids-not-fat that is currently going to dry milk which is being bought by CCC, increase the nutritive value of milk and at the same time raise the income of the dairy farmers. Attachment 2 sets out the calculated contents of whole milk, 2% fat milk and skim milk. He stated the bill is similar to the California standards and that similar standards were being introduced in Wisconsin, Illinois, Missouri, Nebraska, and Iowa. California, by having higher solids in their milk than other states, has more consumption. He stated there was a need for a block of states to adopt similar legislation to make this requirement feasible. Answering Senator Karr's inquiry as to the increase in milk prices, Mr. Page stated they would go up considerably, but he feels 60% of the consuming public would pay higher prices for higher solids in milk. The solid contents in milk vary by breeds. Answering Senator Warren's inquiry, Mr. Page stated now the average content would probably be 8.25, what the law requires.

Robert Thiessen stated they package milk and ice cream. This bill would increase the cost to consumers, would conflict with ICC regulations, the nutrition improvement is negative, Dr. Babb, Purdue University, in his study concluded it would reduce sales significantly, and that California ranks 22 out of 44 states in consumption. For ten years, whole milk consumption was tops but sales of 2% and low fat have increased greatly. Answering Senator Allen's inquiry, Mr. Thiessen stated California's standards were adopted in 1961--they have milk control and price control boards. He opposes Senate Bill 768.

Fred Benson opposes the bill. It would greatly increase the cost of production which would be passed onto the consumers. He estimated the increased cost to be 5¢/gallon for homogenized; 17¢/gallon for 2% and 8¢/gallon for low fat. It would increase the costs of inventories, testing and ingredients. They would have to test every load coming in. He stated there is only one powdered milk plant

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 SENATE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS,
 room 423-S, Statehouse, at 10:00 a.m./~~pm~~ on Thursday, March 1, 1984, 19

in Kansas but three in Missouri and the Mid America Dairymen hold interests in these. He stated there was no surplus of milk in Kansas--they import some milk from Iowa.

Ben Zarda stated several states have determined such a bill would cause burdens in interstate commerce. Zarda not only sells in Kansas but Missouri and serves Wendy's in Nebraska, South Dakota, Oklahoma and other states. He stated they could not process two different types of products. He referred to comments from a law firm on this particular aspect (Note Attachment 3 incorporating his remarks). He stated he had worked with others a number of years ago in formulating standards to conform with the federal standards and he feels if any changes were to be made the Federal Food and Drug Administration should initiate them. He feels there would be resistance to the increase cost of milk, and the palatability would not be improved. He referred to Professor Babb's statement that the cost of milk has much to do with consumption.

(Note Attachment 4 delivered to Senator Kerr during the hearing from James C. Belknap, Steffen Dairy Foods Company, of Wichita, in opposition to Senate Bill 768.)

SENATE BILL 295 - Senator Kerr stated in reviewing the balloon draft he suggested perhaps the committee would want to consider a substitute bill with any other amendments considered. Arthur Griggs reviewed the deletions and insertions he had authored as contained in the balloon draft (Attachment 5). With reference to Senator Arasmith's inquiry, Mr. Griggs stated on line 39, the committee might want to change the word "invoice".

Senator Karr inquired if it would be helpful if the effective date would be changed to January 1, 1985, and Mr. Griggs stated it would.

Jim Yonally stated he did not see a problem with the balloon draft.

After further discussion, Senator Arasmith moved the amendments on the balloon draft be adopted, seconded by Senator Allen. Motion carried.

Senator Gannon moved to strike the phrase "house and senate ways and means committees and" as inserted on line 89 in the balloon draft, seconded by Senator Arasmith. Motion carried.

Senator Montgomery moved to amend the bill to become effective January 1, 1985, seconded by Senator Karr. Motion carried.

Senator Montgomery moved the revisor change the reference in the definition of "invoice" to clarify the language, seconded by Senator Arasmith. Motion carried.

Senator Karr moved to have the revisor include language to clarify that nothing would prohibit partial payments whether or not all goods or services have been received, seconded by Senator Montgomery. Motion carried.

Senator Montgomery moved Senate Bill 295 with the amendments be introduced as a Substitute Senate Bill 295, seconded by Senator Gannon. Motion carried.

Senator Arasmith moved that Substitute Senate Bill 295 be recommended favorably, seconded by Senator Gannon. Motion carried.

The meeting was adjourned.

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SENATE

AGRICULTURE AND SMALL BUSINESS COMMITTEE

10:00 a.m., Room 423-S

THURSDAY, MARCH 1, 1984

Date

NAME	ADDRESS	ORGANIZATION
DORIS NAGEL	Topeka	Budget
Ray E. Spator	Emporia	Property owner
Robert Thurston	Hutchinson	Jackson Ice Cream
Kenneth M. Wilke	Topeka	Board of Agriculture
Donald L. Jaska Jr.	"	" "
Dale Little	Ka City, Ka	Safeway Stores Milk
Ben Zarda	Shawnee, Ka	Zarda Dairy
L. E. Benson	Bascher, Ka	Meyer Dairy
Norman Walker	Lawrence, Ka.	Will prod. Milk Co.
Bruce Rowley	Topeka	BD of Agriculture

PREPARED FOR PRESENTATION IN SUPPORT OF

SB 768

INTRODUCED FEBRUARY 20, 1984 BY

KANSAS STATE SENATOR JIM ALLEN

Mr. Chairman and members of the Agriculture Committee:

My name is Harlan Page, a Dairyman from Franklin County and a member of the Corporate Board of Mid-American Dairymen, Inc. A Regional Milk Marketing Cooperative with about 12,000 dairy farmer owners located in 12 midwestern states. About 850 of these dairymen reside in Kansas.

On behalf of our member owners we want to go on record supporting an increase in the solids-not-fat content of packaged dairy products sold not only in Kansas, but throughout the United States. This speaks the feeling of the majority of our members whose voting delegates just recently reaffirmed the Cooperatives position on this issue. Not only did our voting delegates support raising the solids-not-fat requirements but they went one step further requesting that current standards be rigidly enforced.

There are many reasons for supporting this change but our primary concern is the :

1. Trend in fluid consumption is down.
2. Trend in fat content is down (Consumed by consumers).
3. Quality of bottled milk (as perceived by consumers) is down.

We don't want to fight the fat battle at this hearing, but sincerely feel that a change in standards will change some of these downward trends by:

1. Making milk more palatable and thus make it taste better.
2. Provide a means to use a substantial amount of solids-not-fat that is currently going to dry milk which is being bought by CCC.
3. Increase the nutritive value of milk and
4. At the same time raise the income of dairy farmers while improving milks image with the consuming public.

We are concerned about continued orderly marketing and free movement of packaged dairy products across state lines. To this end we assume California had the same problems, but to a lesser degree. But in spite of this concern we are still supportive of SB 768. We would encourage consideration of delaying implementation for a period of two years or the date similar standards are adopted by surrounding states, whichever occurs first. This will not only overcome the possibility of problems of free movement across state lines but could offset part of the oppositions position that higher standards could result in higher prices to consumers.

ALch. 1

CALCULATIONS: WHOLE MILK

100# milk = 11.63 gallons

8.75% solids = 8.75# per 100# milk

8.25% solids = 8.25# per 100# milk

8.75 - 8.25 = an increase of .5# solids per 11.63 gallons milk or .04# solids per 1 gallon milk

This represents the following increase in major nutrient value per gallon of milk:

Protein	7 gm	5%
Carbohydrate	9 gm	5%
Calcium	238 mg	5%
Riboflavin	33 mcg	5%

Or approximately a 5% increase in these nutrients

2% FAT MILK

100# milk = 11.63 gallons

8.25% solids = 8.25# solids per 100# milk

10.0% solids = 10# solids per 100# milk

10 - 8.25 = an increase of 1.75# solids per 11.63 gallons milk or .15# increase per gallon of milk

This represents the following increase in major nutrient value per gallon of milk:

Protein	24 gm	18%
Carbohydrate	35 gm	19%
Calcium	891 mg	19%
Riboflavin	122 mcg	19%

Or approximately a 19% increase in these nutrients

Atch. 2

SKIM MILK

100# milk = 11.63 gallons

8.25% solids = 8.25# solids per 100# milk

9% solids = 9# solids per 100# milk

9.0 - 8.25 = an increase of .75# solids per 11.63 gallons milk or .064# per gallon of milk

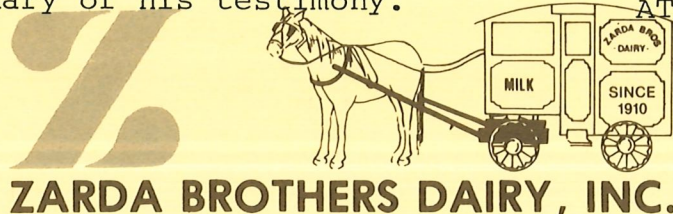
This represents the following increase in major nutrient value per gallon of milk:

Protein	10 gm	8%
Carbohydrate	15 gm	8%
Calcium	380 mg	8%
Riboflavin	52 mcg	9.5%

Or approximately a 8-9% increase in these nutrients

As requested in our 3/1/84 committee meeting,
Ben Zarda sent these comments dated 3/5/84
a summary of his testimony.

ATTACHMENT 3, 3/1/84



ZARDA BROTHERS DAIRY, INC.

Since 1910

Quality Farm Fresh Dairy Foods

March 5, 1984

To the Kansas Committee and Agriculture and Small Business

Attention: Chairperson, Senator Fred Kerr

Regarding Proposed Increased Minimum Solids Levels in Milks

My name is Ben Zarda. I am the president of Zarda Brothers Dairy, Inc. My family has been in the dairy business for 74 years. I am appearing here before you this morning in opposition to S.B. 768 and do hereby respectfully submit the following:

Several states have under consideration legislation to provide that one or more forms of milk sold within the state must contain some level of nonfat milk solids in excess of the federally prescribed minimum of 8.25%. These proposals raise the question whether a state law prohibiting the sale of milk, lowfat milk, or skim milk that complies with the federal minimum of 8.25% but which does not meet a newly-enacted higher state standard would be subject to constitutional challenge on the ground that it constitutes an unreasonable burden on interstate commerce. Although the answer to this question would necessarily turn on the facts that could be established at trial in a challenge to such a state law, it appears likely that under appropriate circumstances a federal or state court would invalidate as an excessive burden on interstate commerce a state law which had the effect of prohibiting the shipment of milk into the state that has been formulated and sold under the federal and most state standards for a number of years.

The following is a quote from a memo from Covington and Burling to E. Linwood Tipton, Senior Vice President, Milk Industry Foundation, 888 Sixteenth Street, Washington D.C. 2006, regarding the legality of such a law:

"... On balance, there is a reasonable probability that a court in such a case would find that there was no legitimate state purpose in the enactment of a higher nonfat solids levels, and that the apparent legislative intent to improve the economic lot of milk producers within the state could not be regarded as justifying the demonstrated burden on interstate commerce that such a law would clearly impose."

Also may I present for your consideration the following from a letter from the Food & Drug Administration, Arthur Hull Hayes, Commissioner of Food & Drug to the Honorable Henry A. Waxman, Chairman Subcommittee on Health and Environment, House of Representatives, Washington D.C.

Commissioner Hayes is clearly against any increase in minimum solids for the following reason:

- Half of the milk from dairy farms wouldn't qualify as milk for consumption.
- Would not significantly increase the nutritional value.
- Would increase costs substantially.
- FDA has previously opposed such legislation.

Also Commissioner Hayes responded to questions as follows:

Does the Food and Drug Administration (FDA) currently have sufficient statutory authority to change the identity standards for milk? If so, has the Agency given consideration to administratively increasing minimum standards for total milk solids? Please describe any relevant Agency activities in this regard.

Section 401 of the Federal Food, Drug, and Cosmetic Act provides the Secretary of Health and Human Services with the authority to issue and amend a standard of identity for food whenever "such action will promote honesty and fair dealing in the interest of consumers." We do not believe that authority exists for changing the standards for other purposes.

The standard of identity for milk was established by determining the range and average milkfat and milk solids-not-fat content of milk produced by cows in the United States, and establishing minimum levels which were slightly above the lower end of the range. To have set the required minimums at these average figures would have meant that in approximately half of all cases, the production from an individual cow or herd would not have been "milk" as defined by the identity standard. The levels of milk solids-not-fat in skim and lowfat milk are identical to that for whole milk; only the milkfat levels are lower.

Would an increase in the minimum amount of total milk solids enhance the nutritional quality of milk and therefore impact positively on consumer health?

We do not believe that an increase in the minimum amount of total milk solids would have a positive impact on consumer health. Our review indicates that the increases in protein, calcium, iron and other nutrients under the draft bill would not be nutritionally significant.

Regarding the two nutrients most often cited as being deficient in the American diet, calcium and iron, our calculations indicate that the increases in these nutrients as a result of the draft bill would also be of minimal nutritional value. The increase in calcium per one cup serving would be 5.6 percent (or less) of the U.S. RDA.

Would FDA support legislation to increase the minimum amount of total solids contained in milk?

We are not in a position to tell whether the Department of Health and Human Services would or would not support any specific legislative proposal. We continue to support the existing rationale of promoting honesty and fair dealing in the interest of consumers, and are not aware of any need to change the standard of identity for milk.

As I previously mentioned, the Department is on record as opposing proposed legislation in the 97th Congress to change the standard of identity for milk. The Department also expressed doubts whether that legislation would achieve its stated objective. As former Secretary Schweiker pointed out at the time, the higher cost of supplemented milk could actually discourage milk consumption. This view has also been expressed in correspondence we have received from the consumer community.

Please consider the following arguments against increasing milk solids:

Groups in Opposition:

There are a number of organizations whose members oppose any laws or regulations mandatorily increasing the nonfat milk solids levels in fluid milks. Those in opposition include fluid milk processors, food retailers, consumers, restauranteurs, and regulatory officials.

Subject Considered at National Level:

The concept of increasing milk solids is currently under serious consideration at the federal level, both administratively and legislatively.

- It is important to understand that the present Food and Drug Administration regulations do not in any way preclude the packaging of milks containing higher milk solids, as proposed. In fact, they are currently provided for in both the Kansas and federal standards.

- Legislation now pending in Congress, having passed both the Senate and House Agriculture Committees requires USDA to study and report on the impact of a nationwide imposition of higher standards for milk solids. This report is directed to cover the areas of consumer consumption trends, nutritional aspects, multiple component pricing, reduced Commodity Credit Corporation purchases, product quality and consumer prices. The report is to be submitted to Congress by July 1, 1984.

- At the meeting of the National Conference of Interstate Milk Shipments, a committee of producers, processors and regulatory officials was appointed to review the compositional standards of fluid milk and make recommendations to IMS if changes need be made. However, it should be noted, that any deviation from the current provision of the 1978 "Grade A Pasteurized Milk Ordinance" and related IMS documents, could lead to a reciprocity issue being raised, which might adversely effect the viability of marketing Kansas milks in other states.

Nutritional Improvement Negligible:

Examination of the nutrient profile of the milks presently available to consumers with those that would result from passage shows no nutritionally significant differences.

Consumption:

A study by Dr. Emerson Babb, Purdue University (1975) emphasized the relative importance to sales of dairy products by keeping costs down. Milk solids standards which increase ingredient cost would reduce total sales significantly. An increase in the cost of these "new" products would reduce consumption, and thereby, could very well increase the existing milk surplus.

California Standards Not The Answer:

Many people seem to think California's beverage milk sales are the highest in the country, and therefore conclude its consumption standards are something to be emulated throughout the rest of the United States. The facts don't justify this conclusion. Twelve federal order markets (accounting for 26% of the fluid milk sales in federal order areas) exceed the per capita sales level of Cal. California's per capita sales of lowfat milk ranked 22 out of 44 markets studies.

The followings are experts from a study by the Milk Industry Foundation, Washington D.C.:

The issue has received much impetus from California where minimum standards are above those in the rest of the country. In an effort to shed more light on the issue we have tabulated and organized a series of data on sales by market. Several very interesting facts are revealed, and although they may not be conclusive, they are quite informative.

Some contend the answer to this problem lies with increasing the total milk solids requirement to the California level. It has been alleged that California's sales are the highest in the country, or at least greatly above the national average. However, the data indicates 12 federal order markets, accounting for about 26% of sales in federal order areas, exceed California's level.

Data in this report indicates milk consumption may be much more responsive to price level than has previously been thought. Markets with traditionally higher Class I prices have lower per capita consumption than those with lower Class I prices. Because these cost differentials have been effective for a long period of time, it indicates that price level may have a significant effect on consumption. This is an important revelation and is especially important regarding proposals to mandate higher milk solids in beverage milk, because the addition of milk solids means a permanent (long run) increase in costs.

Throughout the last decade California has had some of the lowest cost raw milk in the country. When raw milk costs are considered California's sales record is no better than federal order markets with similar costs.

If milk consumption in California ranked closer to the top it would be easier to make the argument that the higher minimum standards in California, if adopted elsewhere, might be expected to increase milk consumption over what it otherwise might be.

A study by Dr. Emerson Babb of Purdue University emphasized the importance to sales of keeping costs down and measures the "long run" response of consumers to higher prices. After presenting the data showing milk consumption over time decreases sharply with higher prices, Dr. Babb concluded, "If sales are to be maintained or increased, all segments of the industry must continue to make every effort to improve efficiency and keep prices as low as possible." Milk solids standards which increase ingredient cost are likely to reduce sales substantially.

Twenty-one federal order markets had a higher per capital consumption of lowfat and skim milk than did California. These twenty-one markets represent 47 percent of total fluid federal order sales and 60 percent of total federal order sales of lowfat and skim products.

Per capita sales are highest in areas where Class I prices are lowest and lowest where prices are highest. Prices appears to have much more to do with milk consumption than is commonly thought.

This analysis lends credence to the conclusion of Dr. Emerson Babb in a study published in 1975 whereby he found that the long run response to price was elastic. (i.e., An increase in price of 1% causes a more than 1% decrease in consumption.)

If sales are to be maintained or increased, all segments of the industry must continue to make every effort to improve efficiency and keep prices as low as possible, consistent with adequate returns to labor and capital.

Also attached is a cost increase caculated by Mr. Fred Benson of Meyer Dairy, Bashor, Kansas.

*not recd
3-7-84*

This concludes my presentation. Thank you all for your time. If anyone has questions, I will try to answer .

Thank you Senator Kerr.

Copies to: Senator Joseph Norvell
Milk Industry Foundation, Washington D.C.
Food Dealers Association, Inc., Topeka
Fred Benson, Meyer Dairy
Jackson Milk and Ice Cream Corporation, Hutchinson
Safeway Stores, attention: Mr. Dale Sittig

BAZ/kpm



STEFFEN DAIRY FOODS COMPANY 700 EAST CENTRAL/P.O. BOX 2199/WICHITA, KANSAS 67201/(316)267-4221

February 29, 1984

Senator Fred Kerr
Chairman, Agriculture and Small Business Committee
Room 143 North
State House
Topeka, KS 66612

Honorable Senator Fred Kerr,

We are unable to attend in person the hearing at 10 a.m. on Thursday, March 1, 1984 of the Agriculture and Small Business Committee regarding Senate Bill 768. We would appreciate your reading into the minutes our company's opposition to this bill.

This supercedes Federal Standards which the Dairy Industry, the Federal Government and most of the individual states, including Kansas, have worked long and hard to establish Standards with continuity. It would be extremely costly for dairy processors like ourselves to process and package different levels of solids not fat milks for each state that we distribute in. In our case, we distribute in Kansas, Oklahoma, Texas and Colorado.

The consumer would immediately be paying from .04 to .14 a gallon more for the product and our actual plant cost would be more.

Thank you for reading our opposition into your hearing.

Sincerely,

A handwritten signature in blue ink, which appears to read "J. C. Belknap".

James C. Belknap
Senior Vice President - General Manager

JCB:pd
cc: Senator Jim Allen

Atch. 4

SENATE BILL No. 295

By Committee on Agriculture and Small Business

2-16

0016 AN ACT concerning prompt payment of certain amounts owed
0017 by state agencies; imposing interest penalties under certain
0018 circumstances; prescribing duties for the director of accounts
0019 and reports; authorizing rules and regulations.

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 Section 1. Sections 1 to 7, inclusive, shall be known and may
0022 be cited as the Kansas prompt payment act.

0023 Sec. 2. (a) As used in the Kansas prompt payment act, unless
0024 the context clearly requires otherwise, the following words and
0025 phrases shall have the meanings respectively ascribed thereto.

0026 (b) "Agency" means the state and any state agency, depart-
0027 ment, division, authority or instrumentality thereof.

0028 (c) "Vendor" means any person, corporation, association, or
0029 other business concern engaged in a trade or business, either on a
0030 profit or nonprofit basis, and providing any goods or services to
0031 an agency.

0032 (d) "Goods" means any goods, supplies, materials, equipment
0033 or other personal property, but does not mean any real property.

0034 (e) "Services" means any contractual services including ar-
0035 chitectural, engineering, medical, financial, consulting or other
0036 professional services, any construction services, and any other
0037 personal services, but does not mean any services performed as an
0038 officer or employee of any agency.

0039 (f) "Invoice" means a proper invoice or billing which con-
0040 tains or is accompanied by such substantiating documentation as
0041 may be required for payment for the goods or services.

0042 Sec. 3. (a) Each agency purchasing or contracting for goods
0043 or services from a vendor shall make prompt payment therefor,
0044 including payment of any interest penalties due, in accordance

0045 with this section.

0046 (b) Each agency which has received goods or services from a
0047 vendor shall make payment of the full amount due for such goods
0048 or services on or before the 30th calendar day after the date of
0049 receipt by the agency of the goods and services or the date of
0050 receipt by the agency of the invoice therefor, whichever is later,
0051 unless other provisions for payment are agreed to in writing by
0052 the vendor and the agency. No goods or services shall be deemed
0053 to be received by an agency until all such goods or services are
0054 completely delivered and finally accepted by the agency.

0055 (c) ~~Each agency which does not make payment of the full~~
0056 ~~amount due for such goods or services by the required payment~~
0057 ~~date determined under subsection (b) shall pay an interest pen-~~
0058 ~~alty at the rate of 1.5% per month to the vendor on the amount of~~
0059 ~~the payment which is due in accordance with this section. Inter-~~
0060 ~~est penalties on amounts due to a vendor shall be paid to the~~
0061 ~~vendor beginning on the day after the required payment date~~
0062 ~~under subsection (b) and ending on the date on which payment of~~
0063 ~~the amount due is made, except that no interest penalty shall be~~
0064 ~~paid if full payment of the amount due for such goods or services~~
0065 ~~is made on or before the 15th calendar day after the required~~
0066 ~~payment date under subsection (b).~~

0067 (d) Any amount of an interest penalty which remains unpaid
0068 at the end of any thirty-day period after the required payment
0069 date under subsection (b) shall be added to the principal amount
0070 of the debt and thereafter interest penalties shall accrue on such
0071 added amount.

0072 ~~Sec. 4. For all purposes under the Kansas prompt payment~~
0073 ~~act, a payment by an agency shall be considered to be made on the~~
0074 ~~date on which the warrant or check for such payment is dated.~~

0075 Sec. 5. (a) If a vendor offers an agency a discount from the
0076 amount otherwise due under a contract for goods or services in
0077 exchange for payment within a specified period of time, the
0078 agency may make payment in an amount equal to the discounted
0079 price only if payment is made within such specified period of
0080 time.

0081 (b) Each agency which violates subsection (a) shall ~~pay an~~

and which does not make payment therefor as prescribed by
this subsection shall be subject to an interest payment
penalty in the event a vendor makes a request for payment
in accordance with subsection (c). Each state agency

For purposes of determining whether a payment was made in
accordance with this subsection, a payment by an agency shall
be considered to be made on the date on which the warrant or
check for such payment is dated. *w/Sec 4*

Any vendor to which payment has not been made within the time
prescribed by subsection (b), may make a written request for
payment to the head of the state agency obligated to make the
payment and interest thereon. Such request shall indicate
the state agency obligated to make the payment, the date of
receipt of the goods or services by the agency and the date
the vendor sent the agency the invoice for such goods or
services and such other information as may be prescribed by
rules and regulations adopted pursuant to section 6. The
state agency shall forward a copy of each vendor's request
for payment to the director of accounts and reports along
with the voucher prepared by the agency to make payment to
the vendor, including payment of the interest penalty herein-
after prescribed. For purposes of state agencies computing
the interest penalty due vendors, the state agency shall add
seven days from the date the voucher is sent to the director
of accounts and reports for payment. The

shall be computed

ending seven days after the voucher for payment is sent to the
director of accounts and reports

(e) In the event a state agency denies liability and alleges
grounds to not make payment after a vendor has requested pay-
ment therefor in accordance with subsection (c), the state
agency shall inform the vendor in writing of the reasons
therefor and that the vendor has the right to file a claim
on the dispute with the joint committee on claims against the
state. No interest penalty shall be payable if a vendor fails
to request payment in accordance with subsection (c) within
four months after the payment date prescribed by subsection (b)

be subject to a late payment penalty in the event a ven
makes a request for payment in accordance with subsection (c)
of section 3. *Suggest the part*

0082 ~~Interest penalty on any amount which remains unpaid in viola-~~
0083 ~~tion of subsection (a). Such interest penalty shall accrue on such~~
0084 ~~unpaid amount at the rate and under the conditions prescribed by~~
0085 ~~section 3, except that the required payment date with respect to~~
0086 ~~such unpaid amount shall be the last day of the specified period~~
0087 ~~of time described in subsection (a).]~~

0088 Sec. ~~5~~ ⁵ ~~(a)~~ Prior to October 1, ~~1984~~ and each October 1
0089 thereafter, each agency shall make a detailed report to the director
0090 of accounts and reports on any interest penalties paid or incurred
0091 under the Kansas prompt payment act during the preceding fiscal
0092 year. Such report shall include the number, amounts and fre-
0093 quency of interest penalty payments and accruals, the reasons
0094 such payments and accruals were not avoided by prompt pay-
0095 ment, and such other information relating thereto as may be
0096 required by the director of accounts and reports.

0097 ~~[(b) Prior to December 1, 1984, and each December 1 thereaf-~~
0098 ~~ter, the director of accounts and reports shall make a detailed~~
0099 ~~report to the legislative coordinating council and to the commit-~~
0100 ~~tees on ways and means of the senate and house of representatives~~
0101 ~~on state agency compliance with the Kansas prompt payment act~~
0102 ~~during the preceding fiscal year, including a summary and anal-~~
0103 ~~ysis of each report received by the director under subsection (a)~~
0104 ~~and an analysis of progress made by each state agency in reducing~~
0105 ~~the amount of interest penalties paid or incurred by that state~~
0106 ~~agency from prior fiscal years.]~~

0107 Sec. ~~7~~ ⁷ The secretary of administration may adopt necessary
0108 rules and regulations for the implementation of the provisions of
0109 the Kansas prompt payment act applicable to agencies.

0110 Sec. ~~8~~ ⁸ This act shall take effect and be in force from and after
0111 its publication in the statute book.

1985

house and senate ways and means committees and

*Reduce
paperwork*

MILK *Jackson*
ICE CREAM CO., INC.

2600 East Fourth, P.O. Box, 1386, Hutchinson, KS 67504
AC 316/663-1244



ONE OF THE DILLON COMPANIES

March 2, 1984

Senator Fred Kerr
State Capital
Topeka, Kansas 66600

Dear Sir:

I would like to thank you and your committee for allowing me to speak to you on Senate Bill 768.

I would like to apologize for not having a written statement to provide you at the hearing.

In brief, here is a list of some of the reasons given:

1. Increase cost to the consumer 5 - 20¢ a gallon
2. No appreciable increase in nutritive value
3. Reverse effect of decrease consumption due to higher cost
4. Undesirable taste to the consumer
5. No guarantee of increased consumption (California did not show it)
6. Impact on processors requiring them to maintain two milks of each fat content for sale in Kansas and other states
7. Possible illegality of this legislation due to the effect on interstate regulations.

If we can be of further help to you and your committee please call or write.

Sincerely,

JACKSON ICE CREAM CO., INC.

Robert Thiessen
Vice President

RT/lh