

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Buntten at
Chairperson

12:00 a.m./p.m. on Tuesday, April 2, 1985 in room 514-S of the Capitol.

All members were present except: Representatives Chronister and Luzzati (both excused)

Committee staff present: Gloria Timmer - Legislative Research
Laura Howard - Legislative Research
Jim Wilson - Revisor's Office
Sharon Schwartz - Administrative Aide
Nadine Young - Committee Secretary

Conferees appearing before the committee:

- Don Stumbaugh, Crime Victims Reparations Board
- Father John Stitz, Catholic Rural Life
- Eugene Peters, Farmer
- Dick Currie, Farmer
- Jake Geiger, Farmer
- Roger McCollister, Kansas Legal Services
- Bill Fuller, Kansas Farm Bureau
- Ivan Wyatt, Kansas Farmers Association
- Fred Bentley, Kansas Rural Center
- Harland Priddle, Secretary of Agriculture
- Senator Hayden
- Representative Shore
- Robert Anderson, Mid-Continent Oil & Gas Company
- Jack Graves, Anadarko Oil Company
- Don Schnacke, Kansas Independent Oil & Gas Companies

Chairman Buntten called the meeting to order at 12:10 p.m.

SB 108 -- an act concerning docket fees; relating to disposition thereof; amending K.S.A. 1984 Supp. 20-362 and repealing the existing section.

Don Stumbaugh, representing Crime Victims Reparations Board, addressed the committee and explained the provision of the bill. (Attachment 2) Currently, the Board receives \$1.00 from each docket fee collected in criminal court cases. The funds are used solely for the purpose of reimbursing victims of violent crime for medical expenses, funeral expenses, wage loss, etc. SB 108 proposes an increase from \$1.00 to \$3.00 in the portion of the fee earmarked for victims reparations. Mr. Stumbaugh testified that claim filings have increased 33% over FY 1984, and that docket fee receipts have decreased. **

The House subcommittee, chaired by Representative Miller, studied the issue and recommended the bill. Representative Miller moved that SB 108 be recommended favorable for passage. Seconded by Representative Teagarden. The vote was 6 in favor, and 7 opposed. The motion failed.

Representative King offered a motion that SB 108 be amended to reduce the proposed \$3.00 to \$2.00. Seconded by Representative Rolfs. Motion carried.

Representative King then moved that SB 108, as amended, be recommended favorable for passage. Seconded by Representative Rolfs. Motion carried.

**The Office of Judicial Administration provided written testimony, copies of which were distributed to committee members, that opposes in principle the use of docket fee monies to operate noncourt programs. (Attachment 3)

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 12:00 ^{Noon} a.m./p.m. on Tuesday, April 2, 19 85

SB 172 -- an act establishing a farm assistance, counseling and training program.

Carol Hedges, representing the Governor's office, presented the bill to the committee. SB 172 outlines a program that is designed to assist farmers by providing direct legal assistance, referral programs and information about federal lending and commodity programs. (Attachment 4)
The Governor has recommended an appropriation of \$409,000 in the budget of the Board of Agriculture for this program.

Secretary of Agriculture, Harland Priddle, addressed the committee in support of the bill. He said the key part of the program would be the third party contact in providing a toll free line in getting referral services.

Father John Stitz, Director of Catholic Rural Life also appeared in support of the bill and provided written testimony (Attachment 5).

Eugene Peters, a farmer from Republic County, gave a personal testimony of some of the problems he has encountered and asked for support of the bill (Attachment 6).

Dick Currie, a former farmer from Scandia, Kansas also gave a personal account of what he has experienced as a farmer and urged the committee's support.

Jake Geiger, a farmer from Robinson, Kansas appeared briefly and stated his support of the bill.

Roger McCollister, representing Kansas Legal Services, asked for support of the bill (Attachment 7).

Ivan Wyatt, president of Kansas Farmers Union, also appeared before the committee in support of the bill and provided written testimony (Attachment 8).

Fred Bentley, representing the Kansas Rural Center attested to the need for referral services, financial and emotional counseling. He feels the legal aid section of the bill is the most important part of the legislation. (Attachment 9)

Bill Fuller, Assistant Director-Public Affairs Division of Kansas Farm Bureau, addressed the committee. He stated that Kansas Farm Bureau has a policy position on only one component of the proposed FACTS program. This organization opposes the use of state revenues in contracting with the Kansas Legal Services Corporation to provide the legal assistance. (Attachment 10)

HB 2037 -- an act relating to natural gas; concerning the regulation of production from certain common sources of supply; amending K.S.A. 55-703 and repealing the existing section.

Senator Hayden presented the facts behind the bill, which is the same as SB 41. The bill contains a request from City of Hugoton that would permit them to produce more gas from the well to run their electrical generating plant. (Attachment 11).

Representative Shore, sponsor of the bill, appeared in support of HB 2037 and provided written testimony (Attachment 12). HB 2037 is a local bill designed to benefit the City of Hugoton. Representative Shore presented an amendment to the bill (Attachment 13) that addresses the concerns of the Corporation Commission.

Robert Anderson, representing Mid-Continent Oil & Gas, appeared in opposition to the bill. Jack Glaves, counsel for Anadarko Production Company, also appeared in opposition to the bill. He told the committee that passage of the bill would set a precedent, allowing other cities to follow.

Don Schnacke, representing Kansas Independent Oil & Gas Association also appeared in opposition to the legislation (Attachment 14). He feels the amendment would have an unavoidable impact on the correlative rights of producers whose leases would be adjacent to the excepted wells.

Meeting adjourned so that committee members could return to House session.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means

room 514-S, Statehouse, at 12:00 Noon a.m./p.m. on Tuesday, April 2, 19 85

Representative Guldner requested introduction of a bill relating to taxation; concerning bank holding companies and savings and loan associations; and that it be referred to the Tax and Assessment Committee. Representative Mainey seconded. Motion carried. (Attachment 14a)

Chair turned to HB 2037 -- an act relating to natural gas; concerning the regulation of production from certain common sources of supply; amending K.S.A. 55-703 and repealing the existing section.

Chairman asked for a vote on the bill. Representative Heinemann moved that HB 2037 be amended to reflect the changes in the handout (Attachment 13). Seconded by Representative Louis. Motion carried.

Representative Louis moved that HB 2037, as amended, be recommended favorable for passage. Seconded by Representative Teagarden. Motion carried.

HB 2489 -- an act concerning the state youth centers; relating to the provision of educational services for persons housed and maintained therein; amending K.S.A. 72-965, 72-970 and 72-978 and K.S.A. 1984 Supp. 72-962, and repealing the existing sections.

Dr. Robert Harder appeared in support of the bill, which is intended to develop a mechanism that will provide SRS sufficient funds to finance the Youth Center schools. (See Attachment 15 for data sheet)

John Koepke, Executive Director of Kansas Association of School Boards, addressed the committee and stated his concern with the proposed legislation. The bill seeks to acquire funds through the special education act. Mr. Koepke stated this would create a potential loss of federal education funds.

Craig Grant, representing Kansas National Education Association also spoke in opposition to the bill. He stated that the educational programs for the youth centers should be under the Department of Education rather than SRS. He feels the definition change approach would subject us to much greater potential problems than what it seeks to solve.

Onan Burnett also spoke in opposition to the bill, on behalf of Kansas Association of Special Ed Directors.

Representative Rolfs moved that HB 2489 be recommended favorable for passage. Seconded by Representative Shriver. The Motion failed.

Meeting adjourned 4:30 p.m.

Date 4-2-85

Name	Address	Representing
Don Schnacke	Topeka	KIIOGA
Robert C. Anderson	Ottawa	Midwest Silage
Jack Graves	Wichita	Aradarko Prod Co
Bill R. Fuller	Manhattan	Ks. Farm Bureau
Len Stanton	Topeka	NORTHERN NATURAL GAS
Ernest Burnett	Topeka	USD 5817
Eric Hubbell	Highland	Highland
Norm Stumbaugh	Lawrence	CURB
Charles Hensley	Munden	
Ernest C. Pelt	Cuba	Myself
Matthew W. Peters	Cuba	
John Howe	Topeka	
Steve Montgomery	Topeka	Ks. Legal Services, Inc.
Greg R. Kutz	Topeka	KHS
Jerry Stratton	Baileysville	KS
Bruce Zarkin	Baileysville	Farmer
Ed Reznick	Coff	Farmer
Ray Felt	Andover	Farmer's Union
John Stutz	Lansing Kansas	Catholic Rural Life
Susan W. Wyatt	Ms. Pherson Kans. Farmers Union	Kans. Farmers Union
Robert M. Collier	Topeka	Kansashead Inc's
Linda Currie	Scandia Ks	lost farm 2 yrs ago Former Farmer
Dick Currie	Scandia Ks	Former Farmer
John Hubing	Baileysville	Farmer Union
W. J. Buessing	Baileysville	Retired Farmer
Leo J. Arnold	Baileysville	Retired Farmer

4/2/85

(1)

1985
GUESTS

Date 4-2-85

Name	Address	Representing
George Holtkamp	Seneca	Farmer
Mike Johnson	Al. Okla. / S.	K. S. U.
Natalie Giddis	Topeka	U.S. State Bd of Ag.
Cornac Johnston	Topeka	Law Student
Vaughan J. Flora	Topeka	NFO, KFU, KRC
Doug Brekin	Topeka	Inter - Atty General
Pat Baker	Topeka	KASB
Willis Coran	New Holland, Pa	Guest
Raymond Reiser	Moundridge	self
Gary Watts	Emporia	Farmers Union
Raymond Fowler	Emporia	Farmers Union
Craig Grant	Lawrence	K-NEA
John Kuebler	Topeka	KASB
Dennis Williams	Topeka	Div. of Budget
James Seiger	Robinson	Alba Ranch
Jake Seiger	Robinson	farmer

SB 108

SUMMARY DATA

	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u> as of 4/1/85
CLAIMS FILED	138	206	252	280
CLAIMS AWARDED (Includes claims from prior FYs)	90	115	155	143
AMOUNT OF NEW CLAIMS AWARDED	*\$179,440.65	*\$309,686.58	*\$333,167.61	*\$227,731.69
AVERAGE AWARD PER CLAIM	\$1,994.00	\$2,698.00	\$2,150.00	\$1,592.53
CLAIMS DENIED	18	25	43	22
CLAIMS DISMISSED OR WITHDRAWN	15	25	26	42
CLAIMS PENDING	57	105	126	FY85 205 Prev. Yrs. 35
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CLAIMS CONSIDERED FOR ADDITIONAL AWARDS FROM PREVIOUS YEARS	9	3	17	42
AMOUNT AWARDED	*\$1,218.50	*\$8,636.61	*\$17,165.96	\$36,408.47
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*GRAND TOTAL	\$182,453.65	\$319,610.12	\$351,253.07	\$264,140.16

Plus Carry Over from FY84 \$57,000.00

TOTAL OBLIGATION TO DATE \$321,140.16

Projected Funds Available FY85 \$293,000.00

Shortfall to Date (4/1/85) \$28,140.16

4/2/85

(2)

CRIME VICTIMS REPARATIONS BOARD

PROGRAM DATA: PART II

1. <u>FY84 Docket Fee receipts:</u>	<u>\$264,596</u>
2. <u>FY85 Docket Fee receipts:</u> (July 1, '84 - Apr. 1, '85)	<u>156,802</u>
3. <u>FY85 projected Docket Fee receipts:</u> (based on 21% decrease during first 7 months)	<u>209,031</u>
4. <u>FY85 projected claim expenditures:</u>	<u>483,000</u>
5. <u>FY85 funds appropriated for FY85 claims:</u> (Includes DF & SGF) \$209,031 + \$87,000	<u>296,031</u>
6. <u>FY85 shortfall:</u>	<u>186,931</u>
7. <u>Governor's recommendation for FY86 claims:</u> (includes DF & SGF) \$273,000 + \$242,856	<u>515,856</u>
8. <u>FY86 claim awards:</u> (projection based on 30% increase)	<u>300</u>
9. <u>FY86 claim expenditures:</u> (projection based on \$2,100 average per claim award)	<u>630,000</u>
10. <u>FY86 shortfall:</u>	<u>114,144</u>
11. <u>Additional FY86 Shortfall:</u> Using FY85 Docket Fee Receipts	<u>64,000</u>
12. <u>Total Projected Shortfall for FY85 and FY86:</u>	<u>\$365,075</u>

CRIME VICTIMS REPARATIONS BOARD

PROGRAM DATA: PART I

Table I: Claims Data

	FY82	FY83	FY84	FY85 (projected)	FY86 (projected)
Claims filed	138	206	252	*384	500
Claims awarded	90	115	155	**230	300
Average per claim award = \$2,100					

* based on an average of 32 claim filings per month through Apr. 1, 1985
** based on a ratio of claims filed to awards paid of 60%

Table II: Docket Fee Data

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY84	32,410	25,277	22,729	26,041	20,923	19,880	16,777	17,416	20,339	19,585	22,007	21,205
FY85	19,009	20,380	19,837	17,933	19,650	18,444	13,882	13,376	14,291			
FY84 Docket Fee Receipts:									\$264,596			
FY85 Docket Fee Receipts:									\$156,802			
									(through 4/1/85)			



State of Kansas

Office of Judicial Administration

Kansas Judicial Center
301 West 10th
Topeka, Kansas 66612

(913) 296-2256

Testimony On SB 108

Offered By Marjorie Van Buren

Office Of Judicial Administration

April 2, 1985

The Judicial Administrator opposes in principle the creation of special funds out of docket fee monies to operate noncourt programs, however worthy the programs are.

The docket fee is a "user fee" charged to citizens to partially offset the cost of a general government function--the court system. Although the legislature raises and allocates both groups of funds--general fund revenues and special funds--it may be argued when docket fee monies are directed from the general fund to noncourt related special funds, they become a tax on a particular group of citizens--i.e., persons who use the courts.

To avoid this, the Judicial Administrator respectfully recommends that such monies be channeled into and appropriated from the state general fund.

4/2/85

(3)

STATE OF KANSAS



OFFICE OF THE GOVERNOR

State Capitol
Topeka 66612-1590

John Carlin Governor

Testimony to
House Ways and Means Committee
on Senate Bill No. 172
by Carol Hedges
on April 2, 1985

I am here representing Governor John Carlin in support of Senate Bill 172.

Senate Bill 172 outlines a program that is designed to assist farmers by providing direct legal assistance, referral programs and more information about federal lending and commodity programs.

Senate Bill 172, as amended by the Senate Agriculture Committee and the Senate Committee of the Whole would establish a Farmers, Assistance Counselling, Training and Referral program. The Secretary of the Board of Agriculture and the Director of Cooperative Extension at K.S.U. would coordinate in the development and operation of this program.

The program is designed to assist farmers with the problems associated with severe economic crisis on the farm. The program staff would provide direct services to the farmers they can help and would refer to other agencies or organizations farmers they are unable to assist. Services available, either directly or indirectly, include legal assistance, business planning, farm management, stress counselling and other needed services.

In addition the staff would investigate and disseminate information concerning existing and proposed federal programs. Currently, no state agency is charged with the responsibility of doing such research and information sharing.

The Governor has recommended an appropriation of \$409,000 in the budget of the Board of Agriculture for this program. This recommendation includes 7 staff positions: 3 attorneys, 2 management specialists and 2 support staff. It also includes \$135,000 for a contract to provide legal assistance to farmers. \$15,000 is included for establishing a toll free hotline.

The FACTS program is critically needed in Kansas as was demonstrated in 2 days of public hearings before the Senate Agriculture Committee. The problems associated with the financial crisis on the farm spread beyond financial counselling and loan application processing, and FACTS is an attempt to address all socioeconomic effects of financial distress.

4/2/85

(4)

The Legislature is to be commended for its serious consideration of a package to address the concerns of farmers. House Bill 2405, the low interest loan bill Senate Bill 347 and Senate Bill 172 represent a comprehensive approach to dealing with the farm crisis.

The Governor urges the passage of Senate Bill 172.

Chairman Bill Buntten
House Ways and Means Committee
April 2, 1985

From: John Stitz, Director, Catholic Rural Life
Subject: SB 172

This office of the Archdiocese of Kansas City Kansas along with many other churches is trying to help families of rural communities survive in this Agricultural Depression. U.S. Secretary John Block predicts that farm prices will not recover until the 1990's. This means that many rural families, especially farmers of all ages are going to have serious trouble over the next few years. That's why this bill is important.

If I understand it correctly under the central coordination by the Kansas Secretary of Agriculture, existing resources to help families in stress will be inventoried and brought into a network. Private and public agencies need this kind of cooperation. It will save us time, personnel and financial costs. But, especially it will assure all rural families of necessary resources when they need them.

From our experiences I'd say the legal assistance component should be expanded. Many farm families, good farmers who should stay on the land, take care of it for our future, cannot afford expenses of livelihood, let alone legal counsel. Its hard for farm families to admit defeat and seek aid. This legal assistance offers an opportunity for them to approach their problem with dignity and respect.

4/2/85

(5)

EUGENE O. PETERS

I live near Cuba in Republic County, which is located in the North Central part of the state. I own and operate a hog and cattle feeding and grain farm.

I have read Senate Bill 172 and believe that it would be a great help to farmers in need of these different assistances. First, I would like to relate some of my own experiences in dealing with Fm HA. This department was started as a self-help program to farmers over 50 years ago, but has since gone by the way of big government with little thought to the individual American Farmer.

Take for instance, the just enacted 25% set-aside. I have just been through the process and the only way a set-aside could be granted is if you are already making decent money, and it would project positively into cash flow. So, if an individual was making money, he would be making his payments or interest. RIGHT!! But, in order, to be granted a set-aside you have to be delinquent on your payments. So, somehow in the mess of all this, something just don't quite JIVE!!

Also, I have been told by the County Supervisor for the last 3 years that I and my wife should talk about what kind of decision we are going to make because we just weren't making any money. Which, to my way of thinking, is a nice way of saying SELL OUT!!! They have a lot of things to say about your not making any money, but when asked what I could do to change or what I could change in my operation. No Answer! Or I don't know!

But, I realize, I have made the mistakes that thousands of farmers have, they just keep plowing ahead, working twice as many hours as they should and praying for the best!

4/2/85

(6)

It took two things to bring me out of the rut I was in; being pallbearer for a close friend and neighbor, who had just committed suicide. And 2 months ago being caught in an unloading auger on a feed grinder and coming 2 inches from leaving this world. Of which, I give most of the credit to my 10 year old son who was there and got me out.

So, while lying in the hospital, I had come to the conclusion that something had to change. Before, I was just working or going through the motions, and being too close to my problems to see the solution.

After being treated for a good case of depression that I didn't even know I had; which my doctor picked up on right away, and being sewed back together. I discovered some changes I could make and it showed the best positive cash flow my operation has projected in 5 years. I have discussed these changes with my hometown banker and he thought them to be a step in the right direction. Plus, it won't take hardly any more borrowed money. Next, I'm going to a computer and plug all of this information in and see if it comes up with the same results I have. This doesn't mean I'm out of the woods yet, but I'm praying it's a start.

Getting back to FmHA and the set-aside and knowing what I know now. If I would have had legal representation dealing with this I believe that I would have been granted the set-aside. After being turned down, I could have filed an approval and with the change in operation that I have just described it would have went through. But now with the appeal date expired there is no chance, even if my new projected cash flow would make it fly.

Being the wife and typist of this person reading this, plus the fact someone had to feed the hogs, I would like to add a post script. The day to day life of a Farmer is a hard one, they are a strong self-reliant person, independant to the point of pig-headed. We've done without so many of lifes pleasures to keep our home and land. We've stood during the night and watched the winds and hail destroy our work. We've carried baby pigs out of the shed filling with water, held each other and watched the horror of a tornado tear up our sheds. He stood and cared for me when I had cancer while carrying our son. I cared for him during ulcers and the loss of his mother from cancer all during one year.

The last couple of years we've seen our crops burn up, freeze, prices fall and high interest. But here's hoping with some sound financial advise, some one to talk to that knows what we are going through and the Grace of God. We can look back on these years and say, " Yes, boy, those were tough years and if you want to farm, you'll probably have some tough years yourself."

But, Lord, I wouldn't want to be anywhere else in this world.

Not only, are farmers so very much in NEED of the legal services, but the EDUCATION of these services NEED to get out so they will know their options. Sure, maybe there are farmers at the point of no return, but there are so many GOOD farmers that can work it out with just a little help.

So, in my own personal experiences, I have found or came up with a lot of answers but I fear many won't be as fortunate.

The only thing I would change about this particular bill is nut counseling, or stress workshops, or how to beat these depressing times as number one priority. Because a lot of Farmers will be able to solve their own problems if they are not feeling guilty about their situation and depressed. I know if those services that are outlined in this bill were available a year or more ago, I would have been calling them for help. I was looking for help! I knew I was slipping, needing to change but I didn't know where to turn or how to go about it.

Being as how this great State of Kansas lies in the center of the nation and is a major contributor to the bread and wheat basket of the world, I believe, it's time we took the lead in trying to solve some of Agriculture's problems instead of waiting for the Federal Government or what some of the others are going to do.

We as Farmers are not looking for a hand-out. Just tools that we can use to pull ourselves back up out of this hole we are in.

THANK YOU

TESTIMONY
BEFORE THE
HOUSE WAYS AND MEANS COMMITTEE

Regarding Senate Bill 172

April 2, 1985

Presented by:

Roger L. McCollister,
Executive Director
KANSAS LEGAL SERVICES, INC.
112 West Sixth Street, Room 202
Topeka, Kansas 66603

4/2/85

(7)

TESTIMONY
IN SUPPORT OF SENATE BILL 172
BEFORE THE HOUSE WAYS AND MEANS COMMITTEE

By Roger L. McCollister
KANSAS LEGAL SERVICES, INC.

INTRODUCTION

Nearly all Kansas citizens are aware that the agricultural crisis confronting this state threatens to alter or destroy our rural economy as we now know it. On February 18, 1985, the Kansas House of Representatives adopted and sent to the Senate a resolution asserting that the state is suffering a "financial crisis," and that the entire "rural economy of Kansas is in a condition of depression."

We know that the state cannot hope to address all of the problems of the agricultural economy, but we can do something on a limited basis that can make an important difference. Senate Bill 172 is such an attempt to partially redress many problems associated with the agricultural crisis. In particular, the FACTS program will provide legal advice and counseling so that federal lending programs are maximized to the benefit of the family farmer. Without compassionate, knowledgeable attorneys, family farmers today have a severely reduced chance of surviving. This is particularly true of farmers suffering both financial distress and the pending threat of creditors foreclosing upon farm assets.

SENATE BILL 172 PROVIDES THE TOOLS TO MAXIMIZE FEDERAL
FARM CREDIT OPPORTUNITIES

The FACTS program is specifically designed to provide an umbrella approach to provide and concentrate all available resources to

directly attack the various problems associated with the farm crisis. The program provides for counseling, advice, education, referral, and legal assistance. It also provides for continuing research and planning into methods to deal with the agricultural crisis as well as to provide personal counseling and relocation assistance to displaced farmers. However, one of the main advantages of this program is to provide an economically-distressed farmer with the ability to take advantage of the federal programs that have been historically designed to aid such farmers. This is not a program for the state to develop subsidies for commodities. It is not a program to provide loans or guaranteed loans for farmers. It is a reasonable, small, and manageable program that will allow those farmers who are on the margin to have the tools to maximize their opportunities under the federal credit system.

HOW COULD FARMERS BENEFIT FROM LEGAL ASSISTANCE IN DEALING WITH FEDERAL PROGRAMS DESIGNED TO AID FARMERS?

Many people are familiar with the various opportunities available to farmers through federal lending programs. The major programs are ownership loans, operating loans, emergency loans, limited resource borrower loans, and loans to young and beginning farmers. The congressional intent of this credit system is to give assistance primarily to the small family farmer and above all, to assist farmers facing economic distress. For example, FmHA is universally considered the "lender of last resort." Legal assistance in dealing with FmHA could be beneficial in many areas. The following are some examples:

1. The Application Process. Assist farmers to fill out FmHA loan applications after July 1, 1985, (when HB 2405 program ends);
2. The Appeals Process. Intervene in the FmHA process to insure that the agency is following the law and meeting time and qualifying deadlines in loan payment accelerations, limited resource loan availability, loan deferrals, the application process, and the appeals process.
3. Loan Payment Accelerations. When a farmer receives a notice to accelerate a loan, a notice setting out the farmer's right to appeal should be included. With the assistance of an attorney, the farmer can protect his or her rights with FmHA and, possibly, avoid the acceleration.
4. Limited Resource Loan Availability. Limited resource loans that carry a lower interest rate could be the difference between a farmer surviving or not. With proper legal advice, farmers can make sure they apply for these loans where appropriate and appeal denials where justified.
5. Loan Deferrals Under 7 U.S.C. 1981(a). Because Congress has recognized that many farmers might be in economic distress, the above section was inserted in 1978 as a means by which farmers could

apply for a temporary deferral of loan payments and interest if the circumstances for default are beyond the farmer's control. This provision, if utilized, could be helpful in carrying the farmer for a time which could lead to eventual stability and recovery. With the assistance of a lawyer, a farmer could apply for deferral and, in appropriate cases, obtain temporary relief.

6. Private Debt Counseling - Negotiation. Many farmers may benefit from loan restructuring by substituting federal loans for private debt. Legal counsel to the farmer regarding private debt and assistance in negotiating restructured arrangements would be valuable and necessary services provided by an attorney.

GENERAL LEGAL ASSISTANCE AVAILABLE THROUGH SB172

Farmers in economic distress need legal assistance for a full range of services related to farm debt and financing. A knowledgeable and compassionate legal representative can provide invaluable advice and representation to the struggling farmer through the following:

1. Negotiation on behalf of the farmer between various lenders.
2. Loan extensions and forbearance, advice, and counseling.
3. Prevent foreclosure and repossession while loan applications or appeals are pending.

4. Federal Court litigation where administrative appeals on Federal loan applications have been exhausted.
5. Alternatives to Bankruptcy counseling, such as Chapter 11 reorganizations, debt counseling, partial liquidations, etc.
6. Bankruptcy advice and representation. Focus would be on Chapter 11 reorganizations with other selected Chapter 7 actions as a low priority under guidance from the Board of Agriculture.

WHAT WOULD LEGAL SERVICES COST?

The provision of legal assistance in the FACTS proposal is a critical element necessary for the success of the program. Senate Bill 172 authorizes \$135,000 for the purchase of legal assistance for farmers from either private or corporate law firms. A great percentage of our Kansas farmers now suffering severe economic distress are in no position to retain and pay counsel for representation in the protection of their rights. Kansas Legal Services would be ready to provide assistance at \$35/hour or 3800 hours of service to 300 to 500 farmers.

THE CRITICAL NEED FOR LEGAL SERVICES

Farmers need legal help now! Next year or even this fall will be too late. For example, after passage of Senate Bill 172 in the Senate, due to publicity, the twelve Kansas Legal Services offices received many phone calls requesting help. Neither the private bar nor Kansas Legal Services have the resources to provide free legal

services to farmers without funds from the state. I urge passage of Senate Bill 172 and immediate implementation.

CONCLUSION

The farm crisis is something that will eventually touch the lives of all Kansas citizens in one way or another. It is something that touches the very roots of our state, our culture, and our social structure. We are all concerned about the problem and in finding meaningful solutions for it. Unfortunately, state resources are not unlimited and the problem is great. The federal government is endeavoring to develop programs that can assist small family farmers in this time of crisis. One way that the state can be of significant benefit within its limited resources is to support a program that will allow small family farmers to maximize their benefits under these federal programs and to generally obtain legal assistance for farm debt problems. In this way, the state of Kansas can do its part within its resources to provide a meaningful solution to the farm crisis.

Agricultural Crisis - 1985

There are currently thousands of small to medium-sized Kansas family farmers facing extinction as viable economic and social entities. Our prolonged, depressed agricultural economic conditions have produced a crisis situation that demands the immediate attention of public policy makers at both the state and national levels.

During the past three decades, while the federal government has been minimizing its role in the stabilization of farm commodity prices, inflation has repeatedly pushed the prices of farm inputs upward to all time highs. By the 1980s, low commodity prices and higher production costs have resulted in the reduction of net farm income to its lowest level since the 1930s. This prolonged farm/price recession, the effects of which are beyond the control of farmers, has caused many small to medium-sized farmers to either leave the land or go deeper into debt.

High production expenses, expensive debt service and debt principle obligations coupled with low commodity prices are some of the economic factors or variables that have had such a profound impact upon the current agricultural situation. These factors have exacerbated the crisis facing not only rural economies such as Kansas but also our national economic viability. The unprecedented phenomenon of surviving farmers having to substitute debt for income has had disastrous results on our agricultural economy.

The magnitude of today's farm debt load, which has climbed from \$12 Billion in 1950 to over \$200 billion in 1983, has placed the greatest financial strain on the small to medium-sized farmer. This growth in debt plus the rapid increase in interest rates and low commodity prices has seriously undermined the debt servicing and debt repayment abilities of our agricultural indus-

try. A recent Federal Reserve Bank analysis¹ has estimated that 80% or more of the total farm operator debt is owed by only 30% of our nation's 2.4 million farmers. In terms of numbers, operators of small to medium-sized family farms comprise a very high percentage of the heavily indebted group most likely to be experiencing cash flow and debt servicing problems.

The continuing trend toward largeness in agriculture is evident by the fact that in 1983, small to medium-sized family farms with total gross receipts of \$40,000 to \$100,000 represents only 16% of the nation's farmers and the number of these smaller operations is steadily declining.² To further clarify the continuing skewdness in farm income and size, an analysis of the 1980 federal census data reveals that in 1979-1980 there were 85,992 persons employed in farming in Kansas. Of this farm population, 17,800 farmers received an annual income of \$6,750 or less from all sources. This income is well below the national poverty income level. The 20.7% of Kansas farmers at or below the poverty income level compares to a national average of 22.0% of the farmers at this income level. Kansas has definitely not escaped the farm crisis.

The reduction in farm cash flow capabilities below a level that is adequate to provide a minimal standard of living and to service debt obligations has paved the way for the decline in farm land values. In the seven state region served by the Kansas City Federal Reserve Bank, values of all categories of farm land declined sharply during the third quarter of 1984. Farm land values fell by an average of 7% during the third quarter of 1984 from the 1984 second quarter value line. Third quarter 1984 land values were down 15% from the 1983 third quarter value line and

¹ Federal Reserve Bank; Minneapolis, Minnesota; Announcement of July 17, 1984.

² Des Moines Register, December 7, 1984. USDA Statistics

by the end of the third quarter of 1983, farm land values had decreased 29% from their peak values of 1981.³

This decline in farm land values has caused serious collateral problems in our agricultural economy and has caused partial and total farm liquidations to satisfy margin call on existing debt. The collateral problem caused by falling farm land values is further exacerbated by the tremendous increase in farm foreclosures and farmers going out of business due to financial difficulties. The Kansas City Federal Reserve Bank reports that in its seven state service area, the rate of farm foreclosures worsened during the third quarter of 1984. They reported that an average of 4.5% of the farmers and ranchers in this service area went out of business during the second and third quarters of 1984 due to financial difficulties. This liquidation rate was nearly three times as many failures as the areas' financial institutions considered normal and that partial liquidations were occurring at a similar rate.⁴

The subject farm financial crisis is having a severe impact upon the social and economic structure of our state. The effect upon our local communities and their economies is most severe as the small and medium-sized family farmer leaves the land and the community. The micro-economic impact of the multiplier effect as a result of the concentration of purchasing power through farm consolidation was studied and reported by an economist at the University of Nebraska.⁵ This study projects that current agricultural economic conditions will result in the virtual extinction of rural towns of 900 population or less by the year 2000. Secondly, this study projects that by the year 1990, rural school enrollments will decline by 15% and that at least 10% of all rural business will fail to survive.

³ Kansas City Federal Reserve Bank Study, Released December 11, 1984.

⁴ Ibid.

⁵ Larry Swanson, University of Nebraska, "Economist Sees Demise Of Small Town", February 20, 1984.

Thus, these issues affecting the survival of small to medium-sized family farms are issues of grave concern to all our citizens. The economic and human dislocations caused by the farm crisis is having, and will continue to have, a profound effect on the economy of Kansas. These issues must be addressed at both the state and federal levels.

STATEMENT
BY
IVAN W. WYATT, PRESIDENT
KANSAS FARMERS UNION
ON
SENATE BILL NUMBER 172
FARMERS ASSISTANCE, COUNSELING AND TRAINING SERVICE
(FACTS)
BEFORE THE
HOUSE COMMITTEE ON WAYS AND MEANS

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN W. WYATT, PRESIDENT OF THE KANSAS FARMERS UNION.

A FEW MONTHS AGO, THE QUESTION MIGHT HAVE BEEN RAISED, IS A PROGRAM SUCH AS THIS NEEDED?

AFTER THE AGRICULTURAL HEARINGS THAT HAVE BEEN HELD OVER THE STATE BY MEMBERS OF THE LEGISLATURE, THERE CAN BE NO DOUBT OF THE NEED FOR A CENTRAL SOURCE OF INFORMATION AND ADVICE PROVIDED IN SENATE BILL 172.

THERE IS A DEFINITE, URGENT NEED.

OVER THE PAST YEAR OR SO, I'VE HAD NUMEROUS CALLS FROM FARMERS ASKING:
WHAT CAN I DO?

WHAT SHOULD I DO?

WHERE COULD THEY TURN TO FOR ADVICE?

WHAT ARE THEIR ALTERNATIVES?

WHAT DIRECTION SHOULD THEY TURN?

THIS ALL TELLS ME THERE ARE MANY FARMERS AND RANCHERS OUT THERE WANTING AND NEEDING TO TALK TO A THIRD PARTY ABOUT THEIR SITUATION AND POSSIBLE SOLUTIONS.

SOME MAY SAY THAT KANSAS STATE IS PROVIDING SEMINAR SESSION ON AG LAW.

THE K-STATE PROGRAM PROVIDES ADVICE IN GENERALITIES.

4/2/85 (8)

THEIR SEMINAR SCHEDULE LISTS:

1. FENCE LAW
2. LIABILITY LAW
3. SELLING DEFECTIVE LIVESTOCK
4. FARM CREDITOR AND DEBTOR RIGHTS AND WHAT CAN YOU SAVE IF YOU GO BANKRUPT.

THIS INFORMATION IS FINE AS FAR AS IT GOES, BUT THIS IS MUCH LIKE PROVIDING THE GENERAL WARNING SIGNS OF CANCER AND WHAT TO LOOK FOR.

UNLIKE THE NEEDS OF HUNDREDS OF FARMERS WHO HAVE A DEFINITE PROBLEM OF SURVIVAL AND ARE SEEKING SOLUTIONS TO A VERY DEFINITE AND PERSONAL PROBLEM.

THESE FARMERS ARE NOT LOOKING FOR A GENERAL PRACTITIONER, BUT ARE IN NEED OF A SPECIALIST.

A FEW MONTHS AGO, A NEWS STORY BROKE THAT EXPOSED A SCAM THAT BILKED FARMERS SEEKING RELIEF FROM FORECLOSURE OUT OF OVER A QUARTER OF A MILLION DOLLARS.

JUST A FEW DAYS AGO, A KANSAS CITY NEWSPAPER CARRIED ANOTHER STORY HOW SEVERAL UNSUSPECTING FARMERS HAD BEEN BILKED OUT OF THOUSANDS OF DOLLARS FROM AN INDIVIDUAL OFFERING SOLUTIONS FOR DESPERATE PEOPLE.

AUTHORITIES INVESTIGATING THE CASE SAY THEY HAVE YET TO OBTAIN ANY PROOF THE SUSPECT HAS HELPED A SINGLE FARMER FIND A LOAN OR STOP A FORECLOSURE.

INVESTIGATORS ADD A GRIM WARNING EVEN IF THE SUSPECT IS FOUND GUILTY AND IMPRISONED: "SOME ONE ELSE WILL EMERGE."

THESE PEOPLE NEEDED HELP BUT THERE WAS NO WHERE TO TURN, SO THEY BECAME VICTIMS.

NOTHING SPEAKS LOUDER FOR THE NEED OF THE SERVICES THAT SB-172 WILL PROVIDE, EXCEPT THE STATEMENTS OF THE FIRST HAND EXPERIENCES OF PEOPLE APPEARING HERE TODAY.

TIME IS SHORT, MANY FARMERS NEED THE ASSISTANCE THE FACTS PROGRAM CAN GIVE IN CUTTING THROUGH THE MAZE OF BUREAUCRATIC RED TAPE.

OTHERS, SUCH AS THOSE I SPOKE OF EARLIER, NEED A RELIABLE SOURCE OF LEGAL ADVICE THAT MANY CAN'T AFFORD.

SOME MAY OPPOSE THIS PART OF THE PROGRAM BECAUSE THEY ARE OPPOSED TO "OUR GOVERNMENT GIVING AWAY LEGAL HELP".

SUCH REMARKS MAY UNFAIRLY INFER THESE TROUBLED FARMERS ARE "FREE LOADERS". I WOULD POINT OUT THAT THESE ARE HARD WORKING CITIZENS OF THE STATE WHO HAVE LABORED UNDER SEVERE FINANCIAL DIFFICULTIES FOR SEVERAL YEARS, BROUGHT ON BY EXTREMELY LOW COMMODITY PRICES AND THE RESULTING DEVALUATION OF ASSETS.

MANY OF THESE FARMERS REPRESENT THE EFFORTS OF SEVERAL GENERATIONS WHO OVER THE YEARS HAVE PAID MANY DOLLARS IN TAXES TO SUPPORT LOCAL AND STATE GOVERNMENT.

WE ALSO HAVE THE YOUNGER FARMERS WHO HAVE INVESTED THEIR FUTURE IN AGRICULTURE. MANY OF THESE YOUNGER FARMERS CAME INTO AGRICULTURE LATE BECAUSE THEY GAVE PART OF THEIR YOUTH IN THE SERVICE OF THIS NATION IN THE ARMED FORCES AND IN VIETNAM.

WHO IS TO SAY "THEY DON'T BELIEVE THE GOVERNMENT OUGHT TO BE GIVING AWAY LEGAL HELP."

PERHAPS IT'S TIME WE RETURN A HELPING HAND.

SENATE BILL 172 DOES NOT INITIATE NEW PROGRAMS, NEITHER DOES IT CHANGE OR ADD NEW LAWS.

THE FACTS PROGRAM MATCHES PEOPLE'S NEEDS WITH EXISTING LAWS AND PROGRAMS. THEREFORE, WE ASK FOR YOUR SUPPORT OF SENATE BILL 172.

THANK YOU.

THE KANSAS RURAL CENTER, INC.

215 Pratt

WHITING, KANSAS 66552

Phone: (913) 873-3431

TESTIMONY ON SB 172

My name is Fred Bentley, representing the Kansas Rural Center, which is a private, non-profit organization which has been providing research, education, and advocacy for the past five years on a variety of issues affecting the family farm structure of agriculture in Kansas.

For the past 20 months we have been operating a "Farm Crisis Hotline" to provide assistance and moral support to farmers who are experiencing financial difficulties. Since the first of the year, we have received about 200 calls from farmers of all descriptions from every corner of the state who need help in responding to particular credit problems.

Based on these conversations, we can attest to a great need for referral services, financial and emotional counseling, assistance in lender negotiations and administrative appeals, and moral support. While we have been able to identify some support services for farmers, we believe that the need for assistance is much greater than any existing services can provide. Certainly, the demand for our services far exceeds what our staff can provide.

Therefore, we support SB 172 as it is currently written. Although the bill is not a solution to the current problems being faced by our state's farmers, the legislation is a step in the right direction and constitutes one appropriate state response to the farm depression.

In our opinion, the legal aid section of this bill is the most important part of the legislation. In our visits with farmers, we have been alarmed at the apparent lack of due process of law in many liquidations and foreclosures. Inadequate legal notice of hearings and repossessions, poor legal representation, and a lack of unbiased attorneys have been reported to us frequently. A majority of the farmers who have called us have stated that they cannot afford legal representation. It would seem obvious and unfair that farmers who are being faced with a loss of their livelihood through liquidation or foreclosure of their property and cannot afford to hire legal assistance are at a severe disadvantage. We believe the state has a strong moral obligation to insure that farmers are treated fairly in our legal system and are aggressively represented within the bounds of the law.

Thank you for holding this hearing and considering the bill. We urge to act quickly and send the bill with a favorable recommendation to the House as it is currently written.

4/2/85

(9)



Kansas Farm Bureau, Inc.

2321 Anderson Avenue, Manhattan, Kansas 66502 / (913) 537-2261

STATEMENT
of
KANSAS FARM BUREAU
to

HOUSE WAYS & MEANS
Rep. Bill Buntten, Chairman

RE: Senate Bill 172--Establishing a Farm Assistance,
Counseling and Training Service (FACTS)

by
Bill R. Fuller, Assistant Director
Public Affairs Division
Kansas Farm Bureau

April 2, 1985

Mr. Chairman and members of the Committee:

We appreciate this opportunity to speak on behalf of the farmers and ranchers of the Kansas Farm Bureau as you consider S.B. 172, a proposal to establish a Farm Assistance, Counseling and Training Service.

We, too, recognize that the problems in the farm economy have reached crisis proportions in many areas. We commend the Governor and the Legislature for the compassion, willingness to listen and consideration of legislation to reduce the suffering ~~caused~~ by farmers.

Mr. Chairman, at a recent meeting of the Joint House-Senate Farm Crisis Committee in Junction City, a prominent County Extension Agent who is trying to work 50 farmers through this crisis made this statement: "Poor farm management if not the problem! In 90% of the cases, factors beyond the farmers' control are creating the financial crisis." (Natural disasters, high interest rates, low commodity prices, asset devaluation, strong dollar, etc.) Because of this

4/2/85 (10)

helpless feeling, a great deal of frustration, anxiety and stress has built up. As a result, the "FACTS" program is being considered in Kansas. Similar programs have been developed or are being refined in several other states. Administration is provided either by the state departments of agriculture or the extension service.

S.B. 172 directs that assistance shall consist of:

1. Farm Management
2. Legal Assistance
3. Financial Planning
4. Employment Services
5. Business Planning
6. Support Counseling

The Kansas Farm Bureau has a policy position on only one of the components of the proposed FACTS program. The farmers and ranchers who were voting delegates at the most recent annual meeting of KFB adopted the following resolution:

Public Funds for Legal Services

A proposal was made to the Kansas Legislature in 1984, and was supported by the Federal Legal Services Corporation, to provide legal services to farmers who have credit problems with any federal credit agency, including Farmers Home Administration (FmHA), Production Credit Associations, and the Federal Land Banks. Assistance could include loan applications, debt service, and foreclosure procedures. We oppose the use of State General Fund revenues for these purposes.

Our membership opposes the use of state revenues in contracting with the Kansas Legal Services Corporation to provide the legal assistance.

There are alternatives in providing legal assistance to farmers besides contracting with Kansas Legal Services Corporation:

1. Expand "Agricultural Law Program" ^{with} ~~and~~ the Cooperative Extension Service.

2. Develop a legal staff in the State Board of Agriculture.
3. Develop a program similar to H.B. 2405 where 170 financial experts "retirees and individuals loaned by banks and other agricultural credit agencies" volunteered to assist in processing FmHA loan applications.

H.B. 2405 was overwhelmingly supported by 122 members of the House and passed the Senate without a dissenting vote. We have no reason to believe that members of the legal profession would be any less responsive to assist during this agricultural crisis.

We prefer placing any legal assistance programs created by this Legislature directly with existing state agencies: Cooperative Extension Service or the State Board of Agriculture---rather than contracting with Kansas Legal Services Corporation over which state government has no effective control. Also responsibilities could be limited to education, legal counseling and advice, rather than providing legal representation.

Although KFB does not have official policy on the other FACTS components, we desire that farmers and ranchers have full access to all farm management, employment and job-retraining services and stress management programs needed while attempting to survive during these very trying times. Since FACTS was brought to our attention several months ago, we have carefully studied the proposal. We have discovered that many of the suggested services are currently being provided--a few examples include:

1. Kansas Farm Management Associations
2. Private farm management companies
3. Management assistance from ag-lenders (banks, PCA, FmHA, etc.)
4. Farm Management training at Community Colleges and Area Vocational Technical Schools
5. Cooperative Extension Service
6. Mental Health Centers
7. Kansas Ecumenical Farm Task Force
8. Kansas Department of Human Resources (Job Training Partnership Act - JTPA)

9. Farm Organizations
10. Etc.

To avoid duplication of existing programs, we suggest a thorough study and listing of current programs be developed, both in the private and public sectors.

We recognize that a beneficial "Toll-Free Farm Crisis Hotline" could be developed to refer the farm family needing assistance to the proper agency or resource.

During these critical times in rural Kansas we recognize the need for farm families to receive adequate assistance, guidance and support. We trust that any program you create will provide farmers with meaningful assistance and avoid duplication of services that are currently available. Thank you!

AG LAW

S E M I N A R

*An in-depth look
at how producers
can stay out of court
plus protect their rights*

Cooperative Extension Service
Kansas State University
Manhattan

Agricultural Law Seminar

One mistake with the law can cost a farmer or rancher everything he owns—one big error in applying pesticides, one lawsuit won by an injured trespasser, one oversight while filing for bankruptcy.

Usually, however, the law is just a headache for those who don't know what's what.

For example, who settles arguments about fencing between two properties? Believe it or not, according to an old Kansas law, county commissioners are the official "fence viewers." And their decisions can't be appealed!

To help producers and others learn more about how farmers and ranchers can stay out of court, yet protect their rights, Kansas State University's Department of Agricultural Economics is offering this in-depth Ag Law Seminar in five locations:

Great Bend, Black Angus Steak Ranch (meal \$6), March 4, 9 a.m.-3 p.m. (Pre-registration needed by March 1—write the Barton County Extension office or call 316-793-3549.)

Dodge City, 4-H Building, Fairgrounds, March 5, 9:30 a.m.-3:30 p.m.

Salina, 4-H Building, Kenwood Park, March 6, 9 a.m.-3 p.m.

Chanute, Neosho County Community College Auditorium, March 7, 9:30 a.m.-3:30 p.m.

Holton, Fair Building, off U.S. Hwy. 75, March 8, 9 a.m.-3 p.m.

The seminar program will include top Kansas specialists, covering topics that often bring state producers law-related problems. In addition, those attending will be invited to pick up free publications on a variety of ag law topics.

County extension agricultural agents can provide information about whether groups from other towns will be car-pooling to a seminar.

Cost for participating will be just \$5. At most locations, participants will lunch on their own and no preregistration is required.

1. Fence law. Who's responsible for what? What if the half you're responsible for is harder to maintain than the other half? Who settles disputes? What can you do if your neighbor's cattle break through the fence and damage your crop?

2. Farmer's responsibility to others who are on his land. Are you liable if trespassers are hurt while on your property? How can you legally discourage trespassers? What if a friend or someone you do business with is injured while visiting?

3. Selling or buying of diseased or defective livestock. Can you be sued if the "bred" heifers you sell don't calve? What are your rights if the dairy cows you buy turn out to have a history of mastitis?

4. Farm creditor and debtor rights during a bankruptcy or foreclosure. What property can you keep if you go through bankruptcy proceedings? How can you avoid a surprise tax bill long after you've turned over your collateral?

5. Farm lease law. Isn't a handshake as good as a contract? Does the landowner or the renter decide whether to participate in government programs? Should a renter be repaid for liming, building a shed or other improvements?

Seminar Leaders

Sam Brownback, a practicing attorney and the extension ag law specialist at K-State will lead each seminar.

Others who will speak during at least some of the meetings will include John Stauffer, a Topeka attorney specializing in bankruptcy law; Mark Sherraden, third-year University of Kansas law student with a background in trespass law; and James Wadley, ag law professor at Washburn University.

TAKING CONTROL: Health & Farm Stress

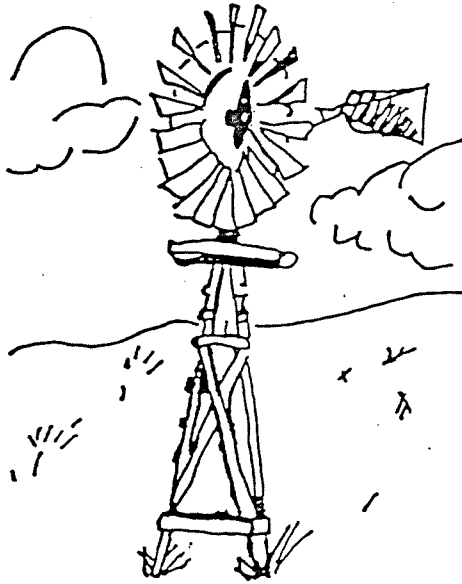
A WORKSHOP FOR FARM FAMILIES

WEATHER

BILLS

LIVESTOCK CARE

REPAIRS



FAMILY RESPONSIBILITIES

TAXES

INFLATION

HARVEST

Learn how to "flow with the current" of stress in your life.

Location Information:

1984:

GEARY COUNTY

January 31
4-H Building
Spring Valley Road
Junction City

MARSHALL COUNTY

January 26
Marshall County Courthouse
Basement Meeting Room
Marysville

MITCHELL COUNTY

January 18
Farmway Coop
204 E. Court
Beloit

WASHINGTON COUNTY

January 19
Swirly Top Steak House
Highway 36
Washington

Time: 7:30 - 9:30 p.m.

Sponsored by: Pawnee Mental Health Services and
2001 Claflin, Manhattan
County Extension Services in Geary, Marshall, Mitchell, and
Washington Counties

Sign-Up Still Open For Ag Convention

MARCH 28, 1985

WICHITA — Registrations are still being accepted for "A Kansas Convocation on Agriculture," Friday and Saturday, March 29 and 30, in Wichita. College Hill United Methodist Church, 2930 E. 1st St., Wichita, will host the event.

The Kansas Ecumenical Farm Issues Task Force will host the evening and day of speeches and workshops, worship, sharing, and fellowship. The program is to aid urban and rural Kansans to learn more about the agriculture crisis and its effect on farmers and non-farmers.

Individuals and families suffering most from the economic crunch drastically affecting rural America will receive practical information for dealing with different aspects of it.

Participants also will focus on ways the Kansas' religious community can support those affected by the agriculture crisis.

Theme for the convocation is

"One Loaf — One People."

The convocation will begin at 5:30 p.m. Friday, March 29, with registration and booth viewing. The opening worship service will begin at 7:30 p.m. Saturday's program will start with a continental breakfast at 7:30 a.m., the keynote address at 8:15 a.m., workshops until 3 p.m., and the closing worship.

Keynote speakers will be the Rev. John W. Stitz, director of Catholic Rural Life for the Archdiocese of Kansas City in Kansas; Leon C. Neher, speaker on farm issues throughout the country and owner of Paramount Farms, Quinter; and Rev. Luther E. Tyson, director of the department of environmental justice and survival, General Board of Church and Society, United Methodist Church, Washington, D.C.

Participants will attend three of 14 workshops.

Topics and leaders are:

"Rural Clergy Forum," Father John Stitz;

"Marketing: Import/Export," Dr. William I. Tierney Jr., agriculture economist in marketing, Kansas State University, Manhattan;

"Stress Management and the Family," Dr. Virginia Moxley, chairperson, division of sociology, family and anthropology, Emporia State University, Emporia;

"Family Farming Made Simple for Non-Farmers," Minnie Finger, rancher, Powhattan, and Dale Fooshee, farmer, Garnett;

"The Food Chain — From Field to Table," Dr. John R. Schlender, agriculture economist in farm management, Kansas State University, Manhattan;

"And God Said, 'Fill the Earth, and Serve It,'" Malcolm Strom, 32 years experience with Soil Conservation Service, Dwight.

"Making Cents Out of Farming," Phil S. Barber, agriculture loan officer, Farmers and Merchants State Bank, Wakefield;

"Economic Justice in the 1985 Farm Bill," Rodger Claassee, policy analyst for Interfaith Action for Economic Justice, Washington, D.C.;

"Borrower's Rights and Bankruptcy," William H. Zimmerman Jr., attorney, McDowell, Rice and Smith, Wichita;

"101 Things We Can All Do to Make an Impact on Agriculture," Dr. Brooke B. Collison, associate professor, Wichita State University, Wichita;

"World Hunger," Elvin Frantz, director, Church World Service/CROP in Kansas, Topeka;

"Joys of Farming," Edwin E. Boots, farmer, Garden City;

"Peace with Justice," Witness for Peace Team recently returned from Nicaragua; and

"Hope for Agriculture — New Models," Leon C. Neher, Quinter.

Registration fee for the convocation, sponsored by the Kansas Ecumenical Farm Issues Task Force, is \$7.50, including the continental breakfast and lunch on Saturday. Advance registration will assist with the planning but is not required. Registrations should be mailed to: Agriculture Convocation, Mary Harvey, Registrar, 151 N. Volusia, Wichita, Kan. 67214.

Jim Henry, Longford, is chairperson of the Kansas Ecumenical Farm Issues Task Force. The task force is composed of volunteer clergy and laypeople from across the state concerned about the people most affected by the agriculture crisis. Several of the members have weathered severe setbacks in their own farming operations and now provide support for those experiencing difficulties.

The Ecumenical Farm Issues Task Force began under the auspices of the United Methodist Kansas West Conference Commission on Church and Society. It now includes members of Presbyterian, Brethren, Mennonite, Roman Catholic, United Methodist, Lutheran Church in America, Episcopal, Christian (Disciples of Christ), Lutheran Church — Missouri Synod, and American Baptist churches. The Consultation of Cooperating Churches in Kansas also is represented on the task force.

STATE OF KANSAS

SENATOR LEROY A. HAYDEN

SENATOR, 39TH DISTRICT
GREELEY, HAMILTON, KEARNY,
FINNEY, STANTON, GRANT,
MORTON, STEVENS AND PART
OF HASKELL COUNTIES
BOX 458
SANTANTA, KANSAS 67870



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS

MEMBER: ASSESSMENT AND TAXATION
ENERGY AND NATURAL RESOURCES
PUBLIC HEALTH AND WELFARE
TRANSPORTATION AND UTILITIES
JOINT COMMITTEE ON SPECIAL
CLAIMS AGAINST THE STATE

QUICK FACTS REGARDING S.B. - 41

1. City of Hugoton bought \$500,000 to \$600,000 worth of gas last year due to the fact they are not allowed to produce enough from their gas well to run their electrical generating plant.
2. The Company that sold all of the high price gas for the city of Hugoton's electric generation production last year does not oppose this bill.
3. The KCC did not appear against this bill during Senate deliberations.
4. Regarding opposition statements about violation of coorelative rights, virgin pressures of surrounding wells were as high as 450 PSI, the Hugoton well, drilled 15 years later only was 395.1 PSI. Whose coorelative rights were violated for 15 years while the City of Hugoton was unable by statues to drill a well?
5. It is estimated "gas bubble" will burst and at that time surround wells will be allowed to produce more and catch up with the Hugoton well. Sunset Provision provides ample protection against inequities.
6. Hugoton is the only city that has their own gas well and uses that gas only for consumption. It is therefore the only city that will be exempted under this bill.

4/2/85

(11)

STATE OF KANSAS



TOPEKA

SENATE CHAMBER

SENATOR LEROY A. HAYDEN

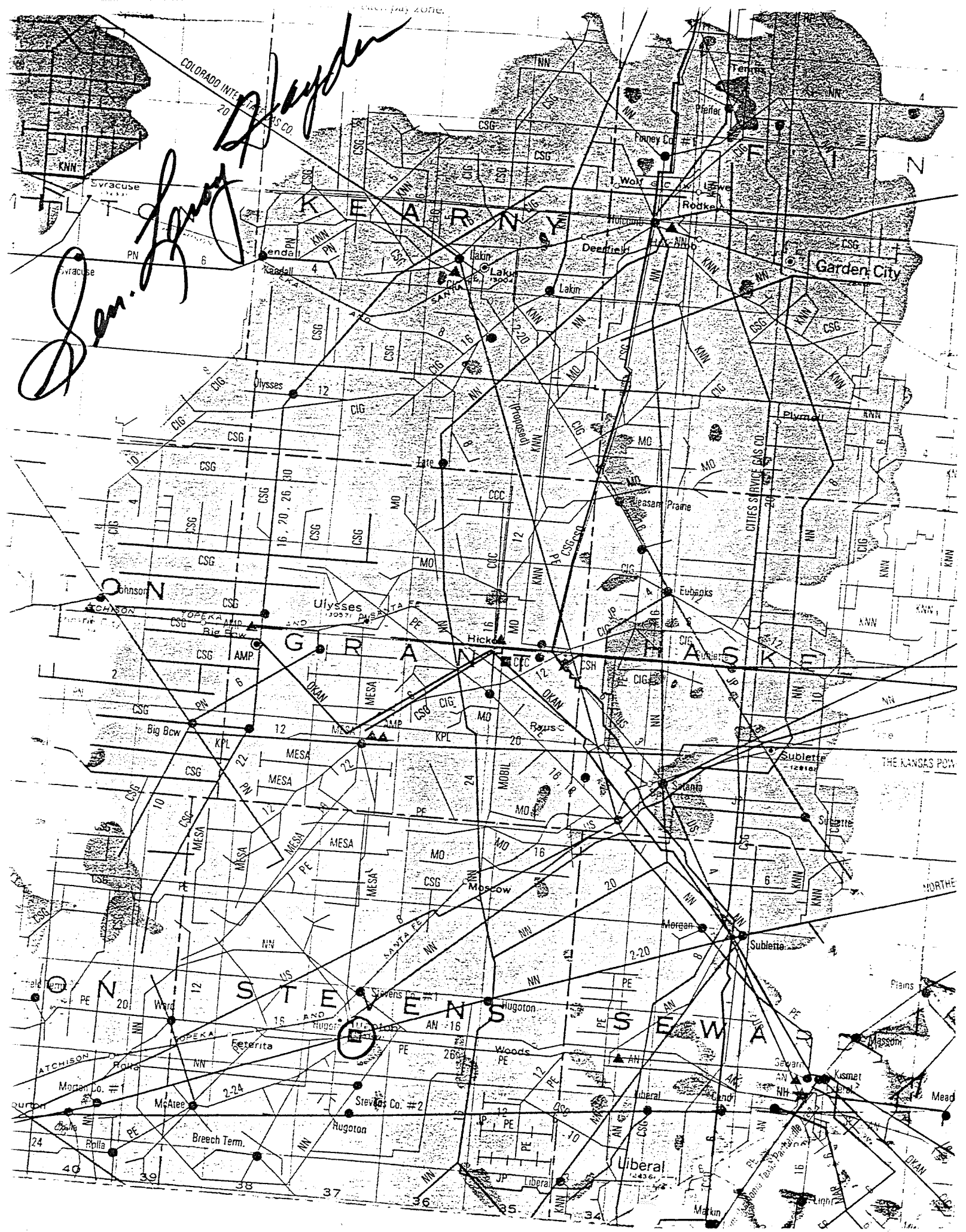
SENATOR, 39TH DISTRICT
GREELEY, HAMILTON, KEARNY,
FINNEY, STANTON, GRANT,
MORTON, STEVENS AND PART
OF HASKELL COUNTIES
BOX 458
SATANTA, KANSAS 67870

COMMITTEE ASSIGNMENTS

MEMBER: ASSESSMENT AND TAXATION
ENERGY AND NATURAL RESOURCES
PUBLIC HEALTH AND WELFARE
TRANSPORTATION AND UTILITIES
JOINT COMMITTEE ON SPECIAL
CLAIMS AGAINST THE STATE

7. The Hugoton well contains only .025% of total area of the Hugoton gas field, it is 1 out of 4,000 wells.
8. The Senate passed the bill on final action 32-5.

Sanford
Steffen



*San Leroy
H. Taylor*

N
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<p>Mobil 1930 402 PSI</p>	<p>Mobil 1930 Anardako 1947</p>	<p>Mobil 1949</p>
<p>Mobil 1930 450 PSI</p>	<p>Hugoton 1945 395.1 PSI</p>	<p>Mobil 1942 402 PSI</p>
<p>Panhandle 1946</p>	<p>Panhandle 1946 Anadarko 1952</p>	<p>Mobil 1945 Mobil 1945</p>

West City Limits

Washington Street

First Street

Eleventh Street

SENATE ENERGY AND NATURAL RESOURCES

TESTIMONY
HOUSE BILL 2037
REPRESENTATIVE EUGENE L. SHORE

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

HOUSE BILL 2037 PROVIDES FOR THE EXEMPTION OF A SECOND CLASS CITY WHICH OWNS THE MINERALS WITHIN ITS CORPORATE LIMITS, WITHIN WHICH IT PRODUCES ITS OWN GAS WELL AND THE TOTAL PRODUCTION IS CONSUMED BY AND FOR THE BENEFIT OF THAT CITY.

THE FACTS ARE THESE:

- 1-THIS IS A LOCAL BILL DESIGNED TO BENEFIT THE CITY OF HUGOTON, KANSAS.
- 2-HUGOTON OWNS 640 ACRES OF MINERALS WITHIN ITS CORPORATE BOUNDARIES .
- 3-HUGOTON DRILLED AND MAINTAINS ITS OWN GAS WELL SOLELY TO GENERATE ELECTRICITY FOR ITS CITIZENS. NO ELECTRICITY IS SOLD OUTSIDE THE CITY.
- 4-HUGOTON OWNS ITS OWN ELECTRIC GENERATING PLANT WITH NO BACK UP BY AN ALTERNATE SOURCE.
- 5-BECAUSE OF CURRENT ALLOWABLES SET BY KCC, HUGOTON MUST PURCHASE 7,000 TO 10,000 MCF OF ADDITIONAL GAS FROM ALTERNATE SUPPLIERS. SOLELY BECAUSE OF LOW TAKES FROM THE SURROUNDING WELLS (WHICH IS FOR ALL PRACTICAL PURPOSES STORING THE GAS WHILE USING TAKE OR PAY GAS)

4/2/25

(12)

6-HUGOTON IS PAYING FOR ITS GAS TWICE; ONCE WHEN IT DRILLED AND MAINTAINS ITS GAS WELL, AND A SECOND TIME WHEN FORCED TO BUY SUPPLEMENTAL SUPPLIES.

7-HUGOTON'S GAS WELL CURRENTLY HAS A WELL HEAD PRESSURE OF 131# COMPARED TO 100# AND 120# FOR ADJOINING WELLS, SO ANY GAS MIGRATION WOULD BE AWAY FROM, NOT TO HUGOTON'S WELL.

8-TWO LETTERS TO KCC HAVE BROUGHT LITTLE HOPE FOR RELIEF BY THEM. THE FIRST CONFIRMED THAT LOWERING OF ALLOWABLES WAS DUE TO LOW MARKET DEMAND AND EXCEPTIONS WERE DOUBTFUL. THE LAST LETTER WAS NOT ANSWERED.

9-KCC INFORMS ME THAT APPLYING TO THEM FOR RELIEF IS NOT REALISTIC BECAUSE OF:

A-TIME-KCC IS PREOCCUPIED WITH SUNFLOWER, WOLFCREEK, AND INFILL DRILLING HEARINGS

B-MONEY-APPLYING FOR RELIEF WOULD REQUIRE A FULL EVIDENTURARY HEARING, BEFORE KCC

C-THE REASONS RELIEF CAN BE GRANTED.

D-A LETTER HAS BEEN RECEIVED FOLLOWING TWO HEARINGS BEFORE HOUSE AND SENATE COMMITTEES. SINCE THEY DID NOT TESTIFY BEFORE EITHER COMMITTEE I WOULD QUESTION THE SINCERITY OF THEIR CONCERNS. I HAVE PREPARED AN AMENDMENT WHICH WILL ADDRESS THEIR FEARS AND WILL OFFER IT AT THE CLOSE OF MY PRESENTATION.

10-OUR ATTORNEY ADVISES US THAT TWO COURSES OF ACTION COULD BE TAKEN BEFORE KCC:

A-ATTEMPT TO PROVE THE HUGOTON WELL IS NOT A PART OF THE HUGOTON FIELD (WHICH WE KNOW IS NOT TRUE)

B-ASK KCC TO EXEMPT THIS ACREAGE FROM THE ALLOWABLES SET FOR THE HUGOTON FIELD. (THIS MAY BE POSSIBLE BUT THE KCC HAS NO CURRENT BASIS OR HISTORY FOR THIS TYPE OF EXEMPTION SO AT BEST IT WOULD BE A LONG-SHOT).

11-RELIEF BY LEGISLATION RATHER THAN A KCC HEARING IS:

A-JUSTIFIED-AS LOCAL AND SMALL USEAGE

B-LESS EXPENSIVE THAN FULL HEARINGS BEFORE KCC

C-QUICKER SINCE OTHER MAJOR HEARINGS ARE PENDING

D-SURER SINCE KCC HAS NO HISTORY OF THIS TYPE OF EXEMPTION

E-FAIRER SINCE THIS SMALL CITY IS HELD HOSTAGE BY NON-USE BY THE MAJOR PRODUCERS.

12-WHEN SURROUNDING PRODUCERS START PRODUCING THEIR WELLS AGAIN THE ALLOWABLES WILL RAISE AND THIS LEGISLATION WILL NOT BE NEEDED.

13-TOMORROW APRIL 2, HUGOTON WILL VOTE ON A PROPOSAL TO ALLOW THEM TO DRILL A SECOND WELL IN THE COUNCIL GROVE GAS ZONE WHICH IF PASSED WILL GIVE THEM LONG TERM RELIEF. SUCH RELIEF, HOWEVER, IS 2 OR 3 YEARS AWAY.

14-I OFFER TWO AMENDMENTS WHICH SHOULD ALLEVIATE ANY FEARS EXPRESSED BY EITHER THE INDUSTRY OR THE KCC

A-A THREE YEAR SUNSET FOR THOSE WHO FEAR HUGOTON WILL USE THIS BILL FOR LONG TERM RELIEF AND NOT MAKE OTHER PROVISIONS FOR FUTURE SUPPLIES AND

B-A LIMIT OF NO MORE THAN 100 PER CENT OVER PRODUCTION OF THE HUGOTON GAS WELL FOR THOSE WHO FEAR HUGOTON WILL SERIOUSLY DEplete THE GAS FIELD BY BEING EXEMPT FROM ALLOWABLES OR MAY ATTEMPT TO SELL GAS IN ADDITION TO WHAT THEY CONSUME.

HOUSE BILL 2037 IS A LOCAL BILL WHICH SEEKS TO REMEDY AN INJUSTICE CAUSED BY REGULATION OF PRICING OF NATURAL GAS, SPECIFICALLY WHEN A SMALL TOWN HAS PROVIDED FOR ITS OWN PEOPLE AND BECOMES HOSTAGE TO LARGE PRODUCERS WHO USE TAKE OR PAY GAS AT HIGH PRICES AND STORE CHEAP GAS BY NON-USE, KNOWING CURRENT LAW WILL PROTECT THESE SUPPLIES UNTIL THE PRICE IS RAISED EITHER BY INFILL DRILLING OR DEREGULATION. THE SUNSET PROVISION PROTECTS AGAINST USING THIS LEGISLATION AS PERMANENT RELIEF AND THE LIMITATION ON OVER PRODUCTION PROTECTS AGAINST PRODUCING MORE THAN THE CITY'S NEEDS FOR POSSIBLE RESALE.

HOUSE BILL 2037 has merit and should be passed.

PROPOSED AMENDMENTS TO HOUSE BILL No. 2037

On page 1, in line 22, before "Whenever", by inserting "(a)"; in line 41, by striking "this section" and inserting "subsection (b)";

On page 2, in line 60, before "The", by inserting "(b)"; in line 65, following the period, by inserting "Such well shall not be allowed to be produced in an amount which exceeds two times the amount authorized by any rule, regulation or formula promulgated by the commission pursuant to subsection (a)."

"The provisions of this subsection shall expire on July 1, 1988.";

4/2/85

(13)



KANSAS INDEPENDENT OIL & GAS ASSOCIATION

500 BROADWAY PLAZA • WICHITA, KANSAS 67202 • (316) 263-7297

April 2, 1985

TO: House Committee on Ways and Means

RE: HB 2037

We would concur with the written statement by the Chairman of the State Corporation Commission who reflected on the merits of a Senate bill that would do what HB 2037 would permit. Chairman Lennen stated:

The bill would amend K.S.A. 55-703 to permit a gas well located within the corporate boundary of and solely owned by a second class city to produce whatever amount can be consumed for that city's benefit.

K.S.A. 55-703 established a system of gas proration which protects the correlative rights of producers, prevents waste, and permits the orderly development of common sources of supply. The statute requires the commission to consider the market demand for gas when determining an appropriate level of production from a common source of supply. In my judgement the current proration system is working well. Certainly, the precedent established in sanctioning the potential violation of correlative rights would appear to undermine the vitality and effectiveness of this system.

Though the Commission has taken no position, it is my personal opinion that the proposed amendment excepting certain city-owned gas wells may do serious damage to this system of proration. A well which is permitted to produce amounts of gas significantly greater than those being produced by wells on adjoining leases may unnecessarily deplete the energy drive of the reservoir and permit increasing amounts of water to come to the surface with the gas. Excessive production of any gas well may lead to premature water encroachment. The problem of water encroachment in some Kansas fields, most notably Hugoton and the Panoma Council Grove Field, is a growing concern and could be aggravated by this proposal. It is possible that a second class city (defined by statute as one with more than 2,000 but less than 15,000 residents) could use for its benefit an amount of gas that would lead to waste of natural gas reserves.

The amendment of K.S.A. 55-703 would appear to have an unavoidable impact on the correlative rights of producers whose leases would be adjacent to the excepted wells. Many wells in Kansas are either shut-in or producing less gas than allowed because of current market conditions. Gas in subsurface formations will move toward the offset well. If such a well were permitted to produce at a high rate there will be drainage away from the non-producing well. The current system of proration would protect the rights of both producers in such a situation by adjusting allowables to permit compensating drainage. A city-owned well under this proposal would be exempt from this proration formula with a resulting violation to the rights of offset producers and royalty owners.

Donald P. Schnacke

4/2/85 (14)

HOUSE BILL NO. _____

AN ACT relating to taxation; concerning bank holding companies and savings and loan associations; amending K.S.A. 79-1108 and repealing the existing section.

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

New Section 1. (a) Every bank holding company located or doing business within the state shall annually pay to the state for the privilege of doing business within the state a tax according to or measured by its net income for the next preceding calendar year or fiscal year ending in the next preceding year to be computed as provided in this act. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

(1) The normal tax shall be an amount equal to 4 1/4% of such net income; and

(2) the surtax shall be an amount equal to 2 1/8% of such net income in excess of \$25,000.

(b) In addition to the taxes provided in subsection (a), a surtax based on the number of banks owned by the bank holding company shall be computed as follows:

(1) Ownership of more than two but less than 10 banks, the surtax shall be an amount equal to 1% of the net income; and

(2) ownership of more than 10 banks, the surtax shall be an amount equal to 2% of the net income.

(c) In addition to the taxes provided in subsections (a) and (b), a surtax of 3% of the net income shall be computed if the total assets of the bank holding company equals or exceeds \$10,000,000,000.

Sec. 2. K.S.A. 79-1108 is hereby amended to read as follows:
79-1108. (a) Every trust company and savings and loan association located or doing business within the state shall

4/2/85 (14a)

annually pay to the state for the privilege of doing business within the state a tax according to or measured by its net income for the next preceding calendar year or fiscal year ending in the next preceding year to be computed as provided in this act. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

~~(a)~~ (1) The normal tax on every trust company and savings and loan association shall be an amount equal to ~~four--and one-half-percent-(4-1/2%)~~ 4 1/2% of such net income; and

~~(b)~~ (2) the surtax on every trust company and savings and loan association shall be an amount equal to ~~two--and--one-fourth percent---(2-1/4%)~~ 2 1/4% of such net income in excess of ~~twenty-five-thousand-dollars-(25,000)~~ \$25,000.

(b) In addition to the taxes provided in subsection (a), a surtax based on the number of branch offices a savings and loan association has, shall be computed as follows:

(1) Less than 10 branch offices, the surtax shall be an amount equal to 1% of the net income; and

(2) ten or more branch offices, the surtax shall be an amount equal to 2% of the net income.

(c) In addition to the taxes provided in subsections (a) and (b), a surtax of 3% of the net income shall be computed if the total assets of a savings and loan association equals or exceeds \$10,000,000,000.

(d) The tax levied shall be in lieu of ad valorem taxes which might otherwise be imposed by the state or political subdivision thereof upon shares of capital stock or other intangible assets of trust companies and savings and loan associations.

Sec. 3. K.S.A. 79-1108 is hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

State Department of Social and Rehabilitation Services

Statement Regarding H.B. 2489

Title - An act concerning the state Youth Centers; relating to the provision of educational services for persons housed and maintained therein; amending K.S.A. 72-965, 72-970 and 72-978 and K.S.A. 1984 Supp. 72-962, and repealing the existing sections.

Purpose - The intent of H.B. 2489 is to develop a mechanism that will provide SRS sufficient funds to finance the Youth Center schools.

Background - At present the Youth Center schools are funded from two sources: the state general funds appropriated directly to SRS and Kansas State Department of Education categorical reimbursement for instructional staff (approximately \$15,000 per instructor for a 225 day school year).

FY 1986 "B" LEVEL BUDGET REQUEST

	YCAA	YCAB	YCAT	TOTAL
Administration	1	1	1	3
Teachers/Staff*	13	14	25	52
Paraprofessionals	2	13	8	23
SRS General Fund	\$312,362	\$307,266	\$410,934	\$1,030,562 (57%)
Categorical Aid	\$186,000	\$213,240	\$375,000	\$ 774,240 (43%)
Total Operating	\$498,362	\$520,506	\$785,934	\$1,804,802

*All Teachers generate categorical aid. (Computed at \$15,000 per teacher for 225 days taught.)

As indicated above the Youth Center programs is dependent on KSDE categorical aid for 43% of its total budget.

Receiving these KSDE funds is dependent on the student population meeting the definitions and expectations of special education. Though most students at the Youth Centers are Personal Social Adjustment or other identified special education students, some are not.

Each new student to the Youth Center may or may not become eligible for special education. The program must remain constant and teachers' salaries must be met. Thus, SRS must maintain a stable program and teaching staff with over 40% of its funds in constant jeopardy.

Effect of Passage - H.B. 2489 will allow SRS to continue to operate the Youth Center schools at the present level of programming and student teacher ratios.

SRS Recommendation - Support H.B. 2489.

Robert C. Harder
Office of the Secretary
Social and Rehabilitation Services
296-3271
April 2, 1985

4/2/85

(15)