

Approved February 25, 1986  
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Representative Lloyd D. Polson at  
Chairperson

9:00 a.m.~~p.m.~~ on February 18, 1986 in room 423-S of the Capitol.

All members were present except: Representative Dean who was excused

Committee staff present:

Raney Gilliland, Legislative Research Department  
Norman Furse, Revisor of Statutes Office  
Mary Jane Holt, Committee Secretary

Conferees appearing before the committee:

Lyle Goltz, Corporation Commission, Research and Energy.  
Bill Fuller, Assistant Director, Public Affairs Division, Kansas Farm Bureau  
Howard Tice, Kansas Association of Wheat Growers  
Emmett Koch, Centralia  
Ivan Wyatt, President, Kansas Farmer Union  
Jim Maag, Kansas Bankers Association  
Ron Wilson, Farm Credit Council

Hearing on HCR 5037-Urging the United States Congress to allow the  
production of leaded gasoline for use in farm  
equipment.

Lyle Goltz passed out an information sheet on the number of gallons of gasoline delivered in December 1985 in Kansas by company/refiner. The chart listed 129,751,000 gallons, of which 43% was leaded gasoline and 57% was unleaded, Attachment I. The national average for leaded gasoline is 35%. An information sheet on the annual agricultural purchases of gasoline based on revenue road tax refunds lists the total agricultural gasoline purchases for December 1984 through November 1985 as 2.4% of all gasoline sold in Kansas, Attachment II. A year ago the amount of lead in regular gasoline was 1.1 grams of lead per gallon. In July 1985 it was reduced to .5 grams of lead per gallon and January 1, 1986 it was reduced to .1 grams per gallon. He stated Kerr-McGee and Farmland will be supplying leaded gas for another year, possibly two years.

Bill Fuller stated the Kansas Farm Bureau supports the continued production and use of leaded gas that has the minimum lead content sufficient to operate engines that require leaded gas and they are asking E.P.A. for an agricultural exemption, Attachment III.

Howard Tice testified there are a lot of older engines in farm equipment and with the present economic situation in agriculture it would be impossible to replace the engines with new equipment. With the small amount of lead in gasoline the pollution would be disapated easily and harmlessly due to open country and growing plants. He endorsed an agricultural exemption for leaded gasoline.

The hearing on HCR 5037 was closed.

Hearing on H.B. 2996-Lease of agricultural land with right of first  
refusal on tenancy.

Raney Gilliland reviewed the bill for the Committee.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS,

room 423-S, Statehouse, at 9:00 a.m./~~p.m.~~ on February 18, 1986

Bill Fuller testified in favor of H.B. 2996. The Kansas Farm Bureau recommends the bill should require that the same lease terms be offered the debtor or prior owner as offered any other potential lessee. They propose an amendment in subsection (b) by inserting after the word "reasonable" in line 0062 "and will be offered any other potential lessee", Attachment IV. The Farm Bureau would be agreeable to a one year lease agreement be set forth in the bill.

Emmett Koch testified he strongly supports H.B. 2996. He has been delinquent with the Federal Land Bank since July and has been trying to reach an agreement with them since that time. He has made an offer for the home 80 and to lease back an additional 600 acres. He was told they no longer lease back to the original owner, even with cash rent upfront. Four other family farmers in his area are in the same position. Mr. Koch approved of the provision whereby the farmer can lease back at the same terms as any other potential lessee.

Ivan Wyatt supported H.B. 2996 and stated there is a not just a farm problem, but a rural community problem, and if the farmer is helped to stay on his land then everyone will benefit.

Howard Tice testified his organization supports this bill. He stated there are several bills being introduced to help keep the family farmer on the farm and proposed that several of the bills be put together in a comprehensive package to show that the Kansas legislature wants to work for the Kansas farmer and to help the Committee to more adequately address the problem.

Staff was asked to research whether this bill would interfere with a person's freedom to contract.

Jim Maag explained his association has not researched H.B. 2996 as yet. He said the intent of the bill was good and does not see any problems with it.

Ron Wilson said his organization has concerns about H.B. 2996 and oppose it because of the indirect effect will cause them to carry acquired properties longer and the acquired properties are imposing a tremendous cost on farmer-rancher borrowers. Lease back prevents the property from selling. The Federal Land Bank does not want to be a land owner and they are not a farm management company. They are in the business of lending money to credit worthy farmers. They will lease back if it is in the best interest of all parties to do so.

It was requested Mr. Wilson supply the Committee with how many acres the Farm Credit System has in Kansas that they have had more than one year, and how much of it is leased and farmed.

The Committee adjourned at 10:00 a.m.



December 85 Deliveries (number of gallons)

<u>Company/refiner</u>	<u>leaded</u>	<u>unleaded</u>	<u>Unl. Premium</u>	<u>Total</u>
A	3,098	3,009	7,728	13,835
B	1,350	1,687	55	3,092
C	33	68	42	143
D	3	6	---	9
E	20	15	---	35
F	398	398	37	833
G	380	705	---	1,085
H	2,565	2,359	---	4,924
I	7,907	7,133	---	15,040
J	354	344	---	698
K	5,846	4,787	---	10,633
L	1,698	1,640	87	3,425
M	7,143	11,020	178	18,341
N	90	23	---	113
O	201	295	---	496
P	405	266	398	1,069
Q	3,797	4,775	318	8,890
R	1,531	2,253	204	3,988
S	531	916	124	1,571
T	2,802	2,667	52	5,521
U	2,243	7,156	727	10,126
V	11,784	12,623	292	24,699
W	155	149	6	310
X	15	20	---	35
Y	840	---	---	840
	<hr/>	<hr/>	<hr/>	<hr/>
(43%)	55,189	64,314	10,248	129,751
		<u>10,248</u>		
		74,562 (57%)		

2-18-86 H. ASB  
Attachment I

Annual Agricultural Purchases of gasoline  
based on Revenue Road Tax Refunds

	<u>No. of gallons</u>
December 84	6,502
January 85	5,510
February 85	3,155
March 85	1,277
April 85	1,140
May 85	1,194
June 85	1,301
July 85	1,593
August 85	1,459
September 85	1,281
October 85	1,517
November 85	<u>2,474</u>

total ag purchases 28,403 or about 2.4% of  
all gasoline sold in Kansas

2-18-86 Hs. ASB  
Attachment II



# PUBLIC POLICY STATEMENT

HOUSE AGRICULTURE AND SMALL BUSINESS COMMITTEE  
Representative Lloyd Polson, Chairman  
February 18, 1986

RE: HCR 5037 - Urging the continued production  
of leaded gasoline for use in farm equipment

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

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Mr. Chairman and Members of the Committee:

I am Bill Fuller, Assistant Director of the Public Affairs Division of Kansas Farm Bureau. I am speaking on behalf of the farmers and ranchers who are members of Kansas Farm Bureau. We are PROPONENTS of HCR 5037 . . . a resolution urging the U.S. Congress to allow the continued production of leaded gasoline for use in farm equipment.

Farmers and ranchers will be severely affected by the Environmental Protection Agency's proposed ban on leaded gas. Therefore, Farm Bureau policy states . . . **"We support the continued production and use of leaded gas that has the minimum lead content sufficient to operate those engines that require leaded gas."** We are asking EPA for an agricultural exemption.

The AFBF conducted a nationwide survey to gather facts (see attachment A). The response indicated farmers have significant numbers of older engines on hand, the type that require lead as a

2-18-86 Hs. Ag & Sm. Bus.  
Attachment III

lubricant. On the average, each farm operator who responded has 10 engines on his farm that now run with leaded gas. Over half of those engines, 52 percent, were made before 1972. The survey indicates 84 percent of the gasoline used on farms is still leaded gas. Farmers estimate the cost of buying new equipment to replace leaded gas-burning equipment to average \$90,604 and \$7,577 per farm for large engines and small engines, respectively. If leaded gas is banned it will be questionable whether leaded gas-burning equipment will have any resale value at all. EPA's lead phaseout will raise the price of leaded fuel equal that unleaded, an increase of 5 to 7 cents per gallon. This will increase farmers' expenditures for gasoline by \$100 million to \$150 million annually (see attachment B).

Because of agriculture's concern, EPA, in cooperation with USDA, will be performing a testing program to evaluate the effect different levels of lead in leaded gasoline, and additives added to unleaded gasoline, will have on value seat recession. AFBF and KFB have participated in the development of this testing program (see attachment C). Farm Bureau attended the EPA called meeting on January 27, 1986 including tractor manufacturers and makers of additives. We are generally pleased with the plan, however, we are trying to get EPA to agree to an oversight committee and to test 7 instead of 5 engines.

In closing, we again stress our overwhelming support of HCR 5037 and urge its approval. I would attempt to respond to any questions you may have. Thank you!



The U.S. Environmental Protection Agency is demanding the phase-out of leaded gas. On July 1, 1985, EPA rules will

require that the lead in gas be reduced by 55%. By January 1, 1986 lead must be reduced by 91% and a total ban of leaded gas is expected by 1988!

Running unleaded gas through an older engine designed for leaded gas can seriously damage the engine unless expensive modifications are made.

Because many farmers are operating equipment which still requires leaded gas, the American Farm Bureau Federation is asking the Environmental Protection Agency for an agricultural exemption. Farm Bureau will be testifying on the exemption this summer.

**WE NEED YOUR HELP!** So we can document the impact a phase-out of leaded gas would have on farming and ranching, please take a minute to fill in the attached questionnaire, put a stamp on it and mail it to us **AS SOON AS POSSIBLE.**

### Farm Bureau Leaded Gas Questionnaire

1. Of the total gallons of fuel used on your farm in farm equipment (trucks, tractors, mowers, etc.) what percentage would you estimate you use of each? This includes fuel purchased off the farm at a station for farm use.

Farm Unleaded Gasoline  
Average: \_\_\_\_\_% \_\_\_\_\_ (gal) est. gallons

Farm Leaded Gasoline  
Average: \_\_\_\_\_% \_\_\_\_\_ (gal) est. gallons

2. How much equipment on your farm was originally designed to burn leaded gasoline and is still burning leaded gasoline?

	# of Units		% of Time Units Run at 80 to 100% of Maximum rpm	Estimated cost to buy all this equipment new today
	1972 and newer	1971 and older		
Units 30 Hp & up (trucks, tractors combines, etc.)			%	\$
Units under 29 HP (weed mowers, chainsaws, auger motors, etc.)			%	\$

3. How much equipment on your farm was originally designed to burn no-lead gasoline and is still burning no-lead gasoline?  
Number of Units 30 HP & Up \_\_\_\_\_ Number of Units 29 HP & under \_\_\_\_\_

4. How much longer would you expect your leaded gas-burning equipment to remain in service on your farm if leaded gas continues to be available? (Check one)  
 less than 2 years       2 to 5 years       5 to 10 years       use indefinitely

5. Could most of the lead burning equipment on your farm be modified to burn unleaded gas? (Check one)  
 Conversion could be accomplished.  
 Conversion would not be economically feasible.  
 Don't know.

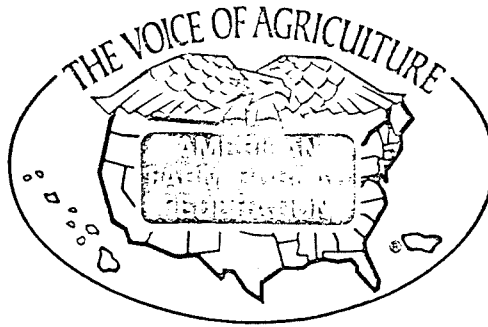
6. Have you ever burned unleaded gasoline in an engine designed to burn leaded? (Check one)  
 It worked fine.  
 It would not burn quite right without adjustment to engine.  
 Didn't work at all.  
 I have never tried unleaded fuel in an engine designed for leaded fuel.

7. (The current EPA standard is 1.1 grams of lead per gallon)  
 What amount of lead would be required for satisfactory operation of your lead burning engines? (Check one)  
 Don't know.  
 Need greater than 0.5 grams of lead per gallon.  
 Reduce allowable amount of lead to 0.5 grams/gallon.  
 Reduce allowable amount of lead to 0.1 grams/gallon (As EPA's new rule does)

8. How would the total elimination of leaded gas affect your farming operation? (Check one)  
 It would really disrupt our fuel situation.  
 It would cause a few problems, but we would cope.  
 It wouldn't bother me at all.  
 Other \_\_\_\_\_

9. What is your preferred method for keeping leaded gasoline available to agriculture?  
 \_\_\_\_\_  
 \_\_\_\_\_





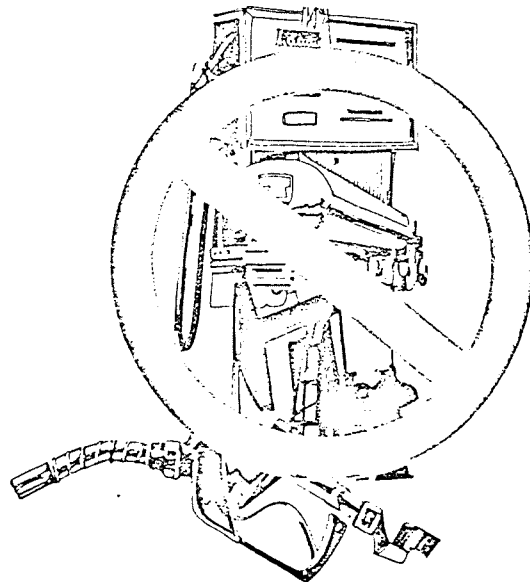
PLACE  
STAMP  
HERE

Return to:

AMERICAN FARM BUREAU FEDERATION  
225 Touhy Avenue  
Park Ridge, IL 60068

Attn: Natural & Environmental  
Resources Division

**SAY GOODBYE  
TO LEADED GAS !!??**



## Results of FB survey on leaded gas

(3,166 responses)

1. Of the total gallons of fuel used on your farm in farm equipment (trucks, tractors, mowers, etc.) what percentage would you estimate you use of each? This includes fuel purchased off the farm at a station for farm use.

### Farm Unleaded Gasoline

Average: 16% (464 est. gallons/year)

### Farm Leaded Gasoline

Average: 84% (2,372 est. gallons/year)

2. How much equipment on your farm was originally designed to burn leaded gasoline and is still burning leaded gasoline?

Average/ farm	No. of units		% of Time Units Run at 80 to 100% of maximum rpm	Estimated cost to buy all this equipment new today
	'72 & newer	'71 & older		
30 HP & up	2.1	3.4	70%	\$90,604
29 HP & under	2.9	2.1	81%	\$ 7,577

3. How much equipment on your farm was originally designed to burn no-lead gasoline and is still burning no-lead gasoline?

Number of Units 30 HP & Up—0.8

Number of Units 29 HP & under—0.5

4. How much longer would you expect your leaded gas-burning equipment to remain in service on your farm if leaded gas continues to be available?

2% less than 2 years

10% 2 to 5 years

39% 5 to 10 years

49% use indefinitely

5. Could most of the lead burning equipment on your farm be modified to burn unleaded gas?

5% Conversion could be accomplished.

56% Conversion would not be economically feasible.

39% Don't know.

6. Have you burned unleaded gasoline in an engine designed to burn leaded?

5% It worked fine.

12% It would not burn quite right without adjustment to engine.

8% Didn't work at all.

75% I have never tried unleaded fuel in an engine designed for leaded fuel.

7. (The current EPA standard is 1.1 grams of lead per gallon). What amount of lead would be required for satisfactory operation of your lead burning engines?

82% Don't know.

14% Need greater than 0.5 grams of lead per gallon.

3% Reduce allowable amount of lead to 0.5 grams/gallon.

1% Reduce allowable amount of lead to 0.1 grams/gallon (as EPA's new rule).

8. How would the total elimination of leaded gas affect your farming operation?

70% It would really disrupt our fuel situation.

15% It would cause a few problems, but we would cope.

3% It wouldn't bother me at all.

12% Other.

9. What is your preferred method of keeping leaded gasoline available to agriculture?

32% Exemption.

28% No answer.

25% Keep at 1.1 grams.

15% Other.





# PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS  
Representative Lloyd Polson, Chairman  
February 18, 1986

RE: H.B. 2996 - Requires creditors who acquire agricultural land in settlement of debt to offer debtor or prior owner first opportunity to lease the land for farming

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

\* \* \* \* \*

Mr. Chairman and Members of the Committee:

I am Bill Fuller, Assistant Director of the Public Affairs Division of Kansas Farm Bureau. I am speaking on behalf of the farmers and ranchers who are members of Kansas Farm Bureau. We are PROPONENTS of H.B. 2996 . . . which requires creditors who acquire agricultural land in settlement of debt to offer the debtor or prior owner first opportunity to lease the land for farming.

Delegates representing the 105 county Farm Bureau's at the 67th Annual Meeting of Kansas Farm Bureau adopted this policy statement:

### Agricultural Credit

"In these difficult times neither farmers nor lenders will succeed by themselves if the other fails. We need credit programs that are mutually beneficial for farmers and lenders, programs that will assist farmers and ranchers to maintain viable operations, and programs that will give lenders sufficient latitude to work with producers who have credit or debt difficulties."

2-18-86 Ms. ASB  
Attachment IV

On February 5 in a hearing before this same House committee, we stated in supporting H.B. 2691 . . . "We believe that the debtor or prior owner of farmland from whom it was acquired should be allowed to purchase such land upon the same terms and the same concessions for an amount and at an interest rate equal to the highest bid or bona fide offer made for the land at any proposed sale." We believe the same opportunity should apply under any leasing arrangement offered by the creditor.

The bill provides protection to the lender (lines 0057-0059) **"the debtor . . . has adequate implements and access to the necessary agricultural production inputs to carry on a viable farming operation."**

To assure this proposal is a viable opportunity for leasing and farming the land, we believe the bill should require that the same lease terms be offered the debtor or prior owner as offered any other potential lessee. We believe this could be accomplished by amending subsection (b) by inserting after the word "reasonable" in line 0064 . . . **"and will be offered any other potential lessee."**

Thank you Mr. Chairman and Members of the Committee. We will attempt to respond to any questions you might have.