

Approved March 6, 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 27, 1986, 19   in room 423-S of the Capitol.

All members were present except: Representatives Solbach and Weaver who were 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:

Committee consideration of H.B. 2996 - Prior owner of agricultural lands  
granted first opportunity to lease  
the lands.

Representative Roenbaugh made a conceptual motion to include a sunset provision of three years in the bill. Any lease in effect at the time of the sunset shall continue until it expires under the terms of the lease. Representative Sallee seconded the motion and the motion passed.

Representative Apt made a conceptual motion to change when the act will take effect and be in force from the publication in the Kansas Register to July 1, 1986 and publication in the statute book. Representative Clifford Campbell seconded the motion. The motion passed.

Representative Eckert moved conceptually to insert in line 63 after the word "land" the words "under the same terms as offered to any other potential lessee." The motion was seconded by Representative Bryant.

Representative Hamm made a substitute motion to insert in line 62 after the word "reasonable" the words "and will be offered to any other potential lessee". Representative Bryant seconded the motion. The motion passed.

Representative Buehler moved to pass the bill out favorably, as amended. Representative Sallee seconded and the motion passed.

Committee consideration of H.B. 2691 - Prescribing conditions on the sale  
of agricultural lands by creditors.

Representative Sallee made a conceptual motion to include a sunset provision of three years in the bill, and that the act shall take effect and be in force from and after July 1, 1986 and publication in the statute book. Representative Roenbaugh seconded the motion.

Representative Hamm distributed an amendment to H.B. 2691, Attachment I.

Representative Hamm made a substitute motion to amend the bill to include the Kansas Reserve Program. Representative Dean seconded the motion.

The start-up cost for the Kansas Reserve Program was discussed as being \$17,900,000 at the 8% level.

A vote was taken on the substitute motion by Representative Hamm, and the substitute motion failed.

A vote was taken on the original motion by Representative Sallee and the motion passed.

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 27, 1986

The Chairman announced further discussion by the Committee of H.B. 2691 will be held on Monday, March 3, 1986 at 9:00 a.m., in Room 423-S.

The Committee meeting was adjourned at 10:00 a.m.



## Proposed Amendment to House Bill No. 2691

Be amended:

On page 1, preceding line 24, by inserting the following:

"Section 1. The legislature finds and declares as follows:  
(a) That the economy of this state is based to a large extent on agriculture and that the livelihood of individual farmers, ranchers and agribusinessmen in this state is placed in jeopardy as a result of low commodity prices, high interest rates, the declining value of land used for agricultural purposes and the increasing rate of farm foreclosures; (b) that agricultural economic conditions in this state have caused a severe economic emergency for this state; and (c) that farm foreclosures in this state are contributing to a decline in the value of real property and increasing the economic hardships of citizens of this state. For these reasons, the legislature finds and declares that the purpose of this act is to authorize the establishment of a Kansas reserve program to assist in stabilizing the economic conditions of this state and that this act is to be construed so as to effectuate that purpose.";

Also on page 1, in line 24, by striking "Section 1" and inserting "Sec. 2"; preceding line 34, by inserting the following:

"Sec. 3. There is established under sections 3 to 8, inclusive, a program to be known as the Kansas reserve program. The secretary of the state board of agriculture shall administer and enforce the Kansas reserve program in accordance with the provisions of this act. The secretary may adopt rules and regulations as necessary to carry out the provisions of this act.

"Sec. 4. (a) Any creditor who acquires from a debtor agricultural land located within this state by process of law in the collection of debts, or pursuant to a contract for deed, or by any procedure for the enforcement of a lien or claim thereon

2/27/86 H. ASB  
Attachment I

by mortgage or otherwise, in addition to other conditions prescribed by law, shall hold such property subject to subsections (b) and (c) and any other applicable provisions of this act and rules and regulations adopted under this act. A creditor who acquires land as provided in this subsection shall notify the secretary that such land has been acquired, the name and address of the creditor, the name and address of the debtor, if known, and a legal description of the land. Upon receipt of such notification, the secretary shall notify the creditor and debtor of the provisions of the Kansas reserve program and of the options each has under the program. The creditor who has acquired the agricultural land shall notify the secretary of the option in regard to such land under the Kansas reserve program which the creditor chooses.

(b) Agricultural land described under subsection (a) shall become a part of the Kansas reserve program for the duration of that program as specified in section 8 unless such agricultural land is reacquired by the debtor pursuant to an agreement with the creditor. Except for such reacquired agricultural land, agricultural land which is a part of the Kansas reserve program shall remain for the duration of that program the property of the creditor who has acquired the agricultural land. If such agricultural land is placed in production by a person other than the debtor from whom the land was acquired, the agricultural land shall be seeded to a soil conserving crop not currently a surplus commodity as specified by the secretary and shall not be seeded to any other type of crop.

(c) Agricultural land which is a part of the Kansas reserve program under subsection (b) may be leased to the debtor from whom the land was acquired and may be operated by such debtor under the lease until the expiration of the Kansas reserve program under section 8.

(d) Any person who leases agricultural land which has become a part of the Kansas reserve program under subsection (b), other than the debtor from whom the land was acquired under

subsection (a), shall lease such property subject to the provisions of subsections (b) and (c) and other applicable provisions of this act or rules and regulations adopted under this act.

"Sec. 5. If agricultural land which is a part of the Kansas reserve program is not placed in production, the secretary, in accordance with a payment schedule established by the secretary by rules and regulations, may enter into an agreement to pay the person who has acquired the agricultural land for not placing such land in production. The payment schedule shall provide for annual payments and shall be based upon the particular type of land and crop production which was previously involved in the farming operation. Payments under this section shall be made in accordance with appropriation acts relating to such payments, but in no case shall an annual payment exceed an amount equal to 6% of the current market value of the agricultural land as determined by the secretary. Moneys used to make such payments shall be taken from interest earnings on active and inactive state accounts.

"Sec. 6. The secretary is hereby authorized to establish limitations on the amount of production of surplus commodities on state-owned land. In order to carry out the provisions of this section, the secretary may enter into agreements with state agencies or federal agencies, or both, for such purposes as may serve the best interests of the state.

"Sec. 7. Whenever in the judgment of the secretary any person has engaged, or is about to engage, in any acts or practices which constitute, or will constitute, a violation of this act or any rule and regulation adopted under this act, the secretary may make application to any court of competent jurisdiction for an order enjoining such acts or practices, and upon a showing by the secretary that such person has engaged, or is about to engage, in any such acts or practices, an injunction, restraining order or such other order as may be appropriate shall be granted by the court without bond.

"Sec. 8. The provisions of sections 3 to 8, inclusive, establishing the Kansas reserve program shall terminate on December 31, 1989.";

Also on page 1, in line 34, by striking "2" and inserting in lieu thereof "9"; by striking all of lines 35 to 37, inclusive; in line 38, by striking all before "shall" and inserting in lieu thereof the following: "which becomes a part of the Kansas reserve program, such creditor, upon termination of the Kansas reserve program under section 8,";

On page 2, in line 51, by striking "3" and inserting in lieu thereof "10"