

Approved February 25, 1986  
Date

MINUTES OF THE Senate COMMITTEE ON Agriculture

The meeting was called to order by Senator Allen at  
Chairperson

10:10 a.m./~~pm~~ on February 18, 1986 in room 423-S of the Capitol.

All members were present except: Ross Doyen (excused)

Committee staff present:

Raney Gilliland, Research Department  
Fred Carman, Revisor of Statutes

Conferees appearing before the committee:

Joan Finney, State Treasurer

Senator Allen called the Committee to order and asked for Committee approval of Committee minutes.

Senator Kerr made a motion the minutes of February 12, 13, and 14 be approved. Senator Gannon seconded the motion. Motion carried.

The Chairman announced the Committee would be acting on two bills, SB 459 and SB 546.

After Committee questions, Senator Montgomery stated the bill was written to allow a farmer to use his farm residence as a place of business for selling non-licensed vehicles. The farmer must also have a business phone in his farm residence with a listing in the business section of the phone book. He stated the purpose of the bill was to help some farmers be able to have a business on their premises. Senator Norvell made a motion the Committee recommend SB 459 favorably for passage. Senator Warren seconded the motion. Motion carried.

Mr. Carmen gave copies to the Committee showing the previously adopted amendments written into SB 546 (attachment 1).

The Chairman recessed the Committee for ten minutes. Senator Allen called the Committee to order again at 10:40 a.m. and called on Joan Finney to discuss SB 546 with the Committee.

Ms. Finney gave copies of a balloon copy of SB 546 with amendments to the Committee (attachment 2). Discussion followed concerning the suggested changes. Ms. Finney agreed the word "note" should be removed from the addition to lines 47 and 62. Ms. Finney agreed in line 46 the word "or" after the word "sure" should be added; also after the word "farm" the words "if the farmer is in bankruptcy and in any such case the farmer" should be added to line 46. Senator Norvell made a motion the Committee approve the amendments for SB 546 in lines 45, 46 and 47 with the added words; 54 and 62 with the word "note" removed, and 80 and 93 as shown in the attachment. Senator Karr seconded the motion. Motion carried.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Agriculture,  
room 423-S, Statehouse, at 10:10 a.m./~~pm~~ on February 18, 19 86

Ms. Finney gave copies of a memorandum to the Committee regarding the question of separating the home quarter from the rest of the farm once an individual is facing foreclosure or bankruptcy (attachment 3). Ms. Finney stated a bill similar to SB 546 is working in North Dakota; therefore it should work and help some farmers in Kansas also. Senator Norvell made a motion SB 546 as amended be recommended favorably for passage. Senator Warren seconded the motion. Motion carried.

The Chairman adjourned the Committee at 11:00 a.m.

Attachments: #1 - Previously adopted amendments  
#2 - Balloon copy of SB 546  
#3 - Memorandum from Ms. Finney



## PROPOSED REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your Committee on Agriculture

Recommends that Senate Bill No. 546

"AN ACT concerning agriculture; establishing the farm credit review board; creating the home-quarter purchase fund; making appropriations."

Be amended:

On page 1, in line 32, following the period, by inserting "A tract of not more than 160 acres, a part of which is separated by a road, shall be deemed a contiguous tract."; in line 36, following "The", by inserting "president of the"; also in line 36, by striking "majority leader"; in line 38, following "the", by inserting "speaker of the"; also in line 38, by striking "majority leader";

On page 2, in line 78, before the comma, by inserting "and administrative costs";

On page 3, in line 111, before the period, by inserting "and administrative costs"; in line 113, by striking "statute book" and inserting "Kansas register";

And the bill be passed as amended.

\_\_\_\_\_  
Chairperson

*attachment |*  
*2/18/86 Sen. Ag.*

# SENATE BILL No. 546

By Committee on Agriculture

2-3

0017 AN ACT concerning agriculture; establishing the farm credit  
0018 review board; creating the home-quarter purchase fund; mak-  
0019 ing appropriations.

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

0021 Section 1. As used in this act:

0022 (a) "Board" means the credit review board or its authorized  
0023 agent where applicable.

0024 (b) "Farm" means a tract or tracts of land suitable for use in  
0025 farming.

0026 (c) "Farmer" means a person involved in the production of  
0027 an agricultural commodity.

0028 (d) "Fund" means the home-quarter purchase fund.

0029 (e) "~~Home-quarter~~" means a single contiguous tract of not  
0030 ~~more than 160 acres (64.75 hectares) which serves as the base~~  
0031 ~~unit of a farm and upon which the farm residence and buildings~~  
0032 ~~are located.~~

0033 Sec. 2. The governor shall appoint one member to serve as  
0034 chairperson of the board. Such member shall be appointed  
0035 subject to confirmation by the senate as provided in K.S.A.  
0036 ~~75-4315b and amendments thereto. The senate majority leader~~  
0037 ~~and the senate minority leader shall appoint one member each~~  
0038 ~~and the house majority leader and house minority leader shall~~  
0039 ~~appoint one member each. All board members shall serve four-~~  
0040 ~~year terms. The state treasurer shall serve as an ex-officio non-~~  
0041 ~~voting member of the board.~~

0042 Sec. 3. The board shall meet at the call of the chairperson, as  
0043 is necessary to fulfill its duties under this act. The board shall  
0044 serve as a negotiator between a farmer who is in danger of  
0045 ~~immediate~~ foreclosure or who has received a notice of foreclo-

(e) "Home-quarter" means a tract of not  
more than 160 acres which serves as the base

75-43156 and amendments thereto. The president of the senate

and the speaker of the house and house minority leader shall

imminent

OK

Attachment 2  
2/18/86 Sen. Ag.

*OR if the farmer is in bankruptcy and in any such case the farmer*

0046 sure on a farm and has petitioned the board, and any lender who  
0047 holds a valid mortgage upon the property. The board may hire  
0048 staff, subject to appropriations, to serve as negotiators for the  
0049 board. Board members shall be paid compensation, subsistence  
0050 allowance, mileage and other expenses as provided in K.S.A.  
0051 75-3223 and amendments thereto.

holds a mortgage, ~~note~~ or contract for deed upon the property. The board may hire <sup>(OK)</sup>

0052 Sec. 4. (a) Any farmer may petition the board for aid after  
0053 receipt of a notice of foreclosure, or if the farmer is in danger of  
0054 immediate foreclosure. Upon receipt of the petition, the board or  
0055 its authorized agent shall enter into negotiations with the lender,  
0056 on behalf of the farmer.

imminent <sup>(OK)</sup>

0057 (b) The board or its authorized agent shall negotiate with the  
0058 lender in an attempt to extend the term of the loan, reduce the  
0059 dollar amount of payments under the loan or otherwise negotiate  
0060 a settlement that will allow the farmer to reside in the farm  
0061 residence and allow the farmer to continue to produce agricul-  
0062 tural commodities. Any change in the terms of the mortgage shall  
0063 be approved by the lender and the farmer.

insert ✓, ~~note~~ or contract for deed <sup>(OK)</sup>

0064 Sec. 5. (a) If the board, or its authorized agent, is unable to  
0065 mediate a settlement in the negotiation of a farmer's debt, the  
0066 board may approve the purchase, refinancing or redemption of  
0067 the farmer's home-quarter. If the board approves the purchase,  
0068 refinancing or redemption of the home-quarter, it shall subsidize  
0069 the interest rate paid by the farmer after credit has been obtained  
0070 by the farmer from any governmental or private financial insti-  
0071 tution or agency. Other portions of the farm may be considered.

0072 (b) The board may only approve an interest subsidy if the  
0073 farmer has the financial ability to meet all payments and finan-  
0074 cial responsibilities, including the payment of principal and  
0075 interest on loans subsidized under this act.

0076 Sec. 6. A revolving fund shall be maintained in the state  
0077 treasury for the subsidy of interest rates on home-quarter pur-  
0078 chases, as provided in this act. All moneys transferred into the  
0079 fund, interest upon moneys in the fund and payments to the fund  
0080 are hereby appropriated for the purpose of providing subsidies  
0081 in accordance with this act.

insert and administrative costs

and administrative costs <sup>(OK)</sup>

0082 Sec. 7. An interest subsidy may only be approved on the first

0083 \$50,000 of principal loaned to the farmer for the purchase or  
0084 refinancing of the home-quarter. The board may set the sub-  
0085 sidized interest rate for any loan which shall not exceed the  
0086 amount of interest actually charged on the first \$50,000 of prin-  
0087 cipal. The board may change the rate of subsidized interest  
0088 payments due from the farmer annually, not to exceed the  
0089 amount of interest actually charged on the first \$50,000 of prin-  
0090 cipal. The amount of any interest payments subsidized by the  
0091 board must be added to the principal amount of the loan, and the  
0092 lender shall repay this amount into the fund as it is repaid by the

0093 borrower. Repayment of the interest subsidy shall commence no  
0094 later than five years from the time the subsidy is approved by the  
0095 board. Loans approved by the board shall be amortized and may  
0096 have terms of up to 40 years.

0097 Sec. 8. The board shall determine the appraised value of  
0098 home-quarters for the purposes of this act. In determining ap-  
0099 praised value, the board shall receive testimony from either  
0100 party on the value of the home-quarter as a single tract of land.

0101 Sec. 9. The board may adopt rules and regulations to carry  
0102 out the provisions of this act. The board may prepare forms and  
0103 contracts appropriate to carry out the provisions of this act.

0104 Sec. 10. There is hereby authorized the transfer to the  
0105 home-quarter purchase fund the sum of \$500,000 from the un-  
0106 claimed property receipts in the state general fund. For the  
0107 period beginning with the effective date of this act, all interest  
0108 earnings on unclaimed property moneys shall be credited to the  
0109 home-quarter purchase fund. Any funds transferred under this  
0110 section are hereby appropriated to the home-quarter purchase  
0111 fund for interest buydowns,

0112 Sec. 11. This act shall take effect and be in force from and  
0113 after its publication in the ~~statute book~~

insert

→ Interest subsidy added to the principal amount <sup>OK</sup>  
of the loan shall not accrue interest.

↘ and administrative costs

Kansas Register.

Joan Finney  
TREASURER



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STATE OF KANSAS

TELEPHONE  
(913) 296-3171

M E M O R A N D U M

TO: Members, Senate Agriculture Committee

FROM: Joan Finney *JF*

DATE: February 17, 1986

RE: SB 546; Question of separating the home quarter from the rest of the farm once an individual is facing foreclosure or bankruptcy.

The key phrase is "imminent foreclosure". If a farmer is in bankruptcy, he is not in danger of imminent foreclosure. Once he has been dismissed or released from bankruptcy, he then becomes in danger of imminent foreclosure and he can petition to the Credit Review Board for assistance in saving the home quarter.

During the period of time the farmer is in bankruptcy, he should contact the FACTS people at Manhattan for assistance in preparing cash flow projections relating to the home quarter and petition the Credit Review Board so that they will be prepared to act as soon as the final court decision is reached. It might be possible in certain cases to separate out the home and 30 or 40 acres and get them free and clear from the remainder of the farm to the mortgagors.

Regarding bankruptcy, under Chapter 11 or 13, redemption may be possible; under Chapter 7, probably not. I am still checking on these chapters; will keep you advised.

After foreclosure, the Credit Review Board can still become involved during the redemption period.

*attachment 3  
2/18/86 Sen. Ag.*