

Approved February 26, 1986
Date

MINUTES OF THE Senate COMMITTEE ON Agriculture

The meeting was called to order by Senator Allen at
Chairperson

10:07 a.m. ~~p.m.~~ on February 24, 1986 in room 423-S of the Capitol.

All members were present ~~except~~:

Committee staff present:

Mr. Fred Carman - Assistant Revisor of Statutes
Mr. Raney Gilliland - Legislative Research Department

Conferees appearing before the committee:

Senator Wint Winter, Jr. - State Senate

Senator Allen called the Committee to order and welcomed the guests present. The Chairman announced the Committee discussion would be concerning Senate Resolution No. 1878. He announced that, at the request of some of the Committee members, the members of the Board of Agriculture had been requested to be present for today's Committee meeting in order to answer Committee questions. The Chairman asked Secretary Priddle to introduce the members of the Board of Agriculture.

Mr. Priddle introduced members present who were:

Jack Beauchamp, President of the Board of Agriculture, Ottawa
Jake Roenbaugh, Vice-Chairman, Lewis
Lois Schlickan, Treasurer, Haven
Leon Ripple, Enterprise
Alvin Epler, Hallowell
Floyd Coen, Elkhart
Bob Arbuthnot, Haddam
Altis Ferree, Yates Center
Francis Bliss, Longton
Duane Steeples, Zurich ; also,

Bob Gottschalk, Executive Secretary, State Fair Board and Elmer Denning, Assistant Secretary, State Fair Board.

The Chairman next acknowledged the presence of Senator Winter and asked the Senator to present information for proposed legislation.

Senator Winter gave copies of information concerning "The Family Farm Rehabilitation Act" (attachment 1).

Senator Gannon made a motion the Committee introduce this proposed legislation. Senator Arasmith seconded the motion. Motion carried.

The Chairman thanked Senator Winter and then called the Committees' attention back to discussion regarding reorganization of the State Board of Agriculture.

Committee and Board discussion and answers and comments included:

The board membership stated that the Board did not set policy; it did not approve of reorganization as proposed in ERO 21. Committee comments included the fact that Kansas needed a Department of

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Agriculture,
 room 423-S, Statehouse, at 10:07 a.m. ~~xxx~~ on February 24, 1986.

Agriculture that could take a position on farm issues in our state. That in states with a Department of Agriculture more money is funded for agriculture than is funded for agriculture in Kansas because our State Board of Agriculture is not a policy making department. It was stated that the ag situation in states with a Department of Agriculture was no different than the ag situation in Kansas. It was stated, that because the Board Members are all members of a farm organizations, that all Kansas farmers are not represented in the Board of the Board of Agriculture. It was stated that the base of the State Fair Board should be broadened so that more people have input into the operation of the State Fair Board. The comment was made that all are interested in agriculture and that the state needs unification of all for the best interests of agriculture in our state. It was stated all need to work together to combine bills that have been introduced this session to get a combined legislation package that will help agriculture in the state. Several commented that they had no requests from constituents for a change in the organization of the State Board of Agriculture.

Senator Thiessen made a motion the Committee recommend Senate Resolution No. 1878 favorable for passage. Senator Doyen seconded the motion with the request that a roll call vote be taken and that the vote be recorded in the minutes. The vote was "yeas": Senators Allen, Montgomery, Arasmith, Doyen, Gannon, Gordon, F. Kerr, Thiessen, Warren; "nays": Senators Norvell and Karr. Motion carried.

The Chairman announced the Committee meeting for the next day would be for the hearing of SB 543; he then adjourned the Committee at 10:57 a.m.

GUEST LIST

COMMITTEE: SENATE AGRICULTURE

DATE: February 24, 1986

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Ivan W. Wyatt	W. Pherson	Ks Farmers Union
Jim Plozer	Topeka	Gov. Ofc
Bob Arbuthnot	Haddam	Bd. of Ag.
Jack L. Sweeney	Topeka	Ks. GRAIN INSP.
Lois Schlickau	Shuen	State Board of Ag.
Mick Sore	Topeka	Gov. Off
David H. Scher	Topeka	Ks State Board of Agric.
Steve	Topeka	KSN
Steve Gad	Topeka	Gov. Office
DIANE DUFFY	LAWRENCE	Gov. Office
Jake Kaenbuhl	Lewis	Ks State Board of Ag.
Jack Bouchard	Atchison	State Bd of Ag.
Kathryn Peterson	Topeka	CK 70
Arthur F. Jensen	Yates Center	Ks State Fair
F. E. Bliss	Longton	Ks State Fair
Duane Stepler	Judith, Kans.	St Bd of agric.
Duane A. Parde	Lawrence	A/G's office
DANA COX	Sedgwick	
Floyd O. Coen	Elkhart	STB) Agri. Statistics
Bob Gottschalk	Hutchinson	Ks. St. Fair
Alvin Epler	Hallowell	Ks St. Fair
Frank Piddler	Topeka	Ks St. Bd. Ag.
Walter	Topeka	WKEN
Don	Enterprise	Ks. ST Board of Ag.
Gene Murphy	Newworth	Gov. Office
Jeff Campbell	Beloit	Leg.

WINT WINTER, JR
 SENATOR, SECOND DISTRICT
 DOUGLAS COUNTY
 2229 WEST DRIVE
 BOX 1200
 LAWRENCE, KANSAS 66044



TOPEKA

SENATE CHAMBER

February 25, 1986

Farm
THE FAMILY REHABILITATION ACT

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The Act allows a legitimate but insolvent farmer a period of up to three (3) years in length that will allow a farmer to keep his land and equipment so he can keep farming and, in that period, give him the opportunity to make a profit while the farm economy starts to turn around.

It does so by allowing the farmer to prevent a bank or other lender that has filed a foreclosure or repossession suit from taking his land and equipment. The Bill allows the farmer to apply to the State District Court in any foreclosure or repossession action for a stay or order preventing the lender from conducting the sheriff's sale of farm equipment and implements.

The court will issue the stay preventing the lender from taking the property for a period of one year, on condition that the farmer pay into court prior to the Sheriff's sale a sum of money equal to the market interest rate for one year on the amount determined by the court to be the current fair market value of the land or equipment. Upon the payment of that sum into court, the stay will be issued for one year allowing the farmer to continue in farming. The money is to be paid to the lender by the court. The farmer may continue in possession of the land and/or equipment and prevent the Sheriff's sale and/or repossession of equipment for two additional periods of one year, each upon the payment of similar amounts by the farmer into court.

At the end of any of the three (3) one year periods of Rehabilitation, the farmer will have the right to purchase the land and/or the equipment by paying the lender an amount in cash equal to the fair market value of the property determined as of the date of the entry of the original Stay Order.

The protection under the Act will be valuable only to the legitimate farmers (80% or more of their income from farming) and only if the farmer has no equity in property except (1) property that is exempt from execution under existing Kansas laws, (160 acres, furnishings, tools of the trade and implements up to the value of \$5,000) and (2) cash in an amount determined necessary for family, household and farm expense purposes for a period of (six) 6 months.

attachment 1
2/24/86 Sen. Ag.

2-25-86 copy 2-2-86

Consider, for example, a farmer who owns 480 acres purchased for \$800/acre with 80% financing over 20 years at 13% and who has an equipment loan of \$90,000 payable over 5 years at 12%. The depressed farm economy has reduced the current value of the land to \$300/acre and cut the value of the equipment to \$45,000. The reduced profit margin has left the farmer with some profit but not nearly enough to make high fixed land and equipment payments, and foreclosure actions result.

The Family Farm Rehabilitation Act would provide an opportunity for the farmer to keep farming the land with the equipment for an amount much less than previously required. Since the Act is available only to farmers without equity in other property, the lender will receive cash flow equivalent to that it would receive if judgment and foreclosure were entered against the farmer. Application of the Act would result in the following:

ANNUAL PAYMENTS REQUIRED

	<u>Land</u>	<u>Equipment</u>	<u>Total</u>
Prior Loans:	\$43,457	\$24,966	\$68,423
Rehabilitation Act:	\$14,400	\$ 4,500	\$18,900