

Approved January 27, 1987
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Representative Clifford V. Campbell at
Chairperson

9:04 a.m. ~~p.m.~~ on January 22, 1987 in room 423-S of the Capitol.

All members were present except: Representatives Apt, Freeman, Goossen and Gross,
who were excused.

Committee staff present: Raney Gilliland, Legislative Research Department
Norman Furse, Revisor of Statutes Office
Pat Brunton, Committee Secretary

Conferees appearing before the committee:

The meeting was called to order by Representative Campbell, Chairman.

Representative Campbell introduced suggestions for committee bills
from the Secretary of the State Board of Agriculture, Attachment I.

Representative Solbach moved to introduce these bills. Representative
Crumbaker seconded the motion. The Committee voted in favor of introducing
these bills.

Representative Hamm made a motion to introduce a bill relating to
the interstate grain marketing compact. Representative Teagarden seconded
the motion. The Committee voted in favor of introduction of this bill.

Chairman Campbell adjourned the meeting at 9:08 a.m.

The next meeting of the House Agriculture and Small Business Committee
will be at 9:00 a.m., Tuesday, January 27, 1987, in Room 423-S.

In this area of assistance to those in need I would also suggest that you consider changes in the Kansas foreclosure laws. This is a personal request and not a request of the Board of Agriculture. In my previous life as an agricultural law specialist and attorney whose practice was specialized in agricultural law, I worked with a number of farmers in the area of foreclosure and bankruptcy. I do believe that efforts can be made to change the foreclosure law that would assist farmers in remaining on the land where they desire to without significantly impacting on agricultural credit. Some specific changes I would suggest to be studied in this area would be as follows:

1. Tract selling of land at sheriff sales.

This would require that land sold at sheriff sales be sold in individual tracts as the land is broken out rather than all as one piece of land. It would give the foreclosing upon party a better chance at purchasing back those sections or redeeming those sections that he possibly could get family or outside funding for and allow him to stay on the farm. Furthermore, it may actually provide a higher overall price for the land rather than a lower one and this would benefit creditors.

2. The stating by the creditor at least 14 days prior to the sheriff sale, the price that they are going to bid on the property.

This would be establishing an upset price for everyone to know prior to the sale so that individuals can make the needed arrangements for purchasing the land or the debtor can make arrangements to borrow enough funds to repurchase the sections or tracts that he desires. This would also help in getting land out of creditors hands and into those in the community, something that creditors normally want to do.

3. Disclosure by the Farm Credit System of what they are selling land for and the terms.

The Farm Credit System continues to have large sums of land come into their possession and the dealings surrounding the sale of this land has been subject to many rumors and innuendos as to whether the FCS is merely being vindictive against the debtor farmer for not telling him and allowing him the same opportunity to repurchase the land as someone else. The disclosure of these selling prices and terms would hopefully stop some of the rumors and help the debtor repurchase some of this land as well.

4. Allowing the home quarter or less to be purchased by the debtor at the fair market value.

This is not a new idea, of course, and has been put forth by

others but would allow the opportunity for the party who wants to reside and continue in that community to live there and still give the creditor the amount of money he would realize for that particular tract anyway.

5. Consider allowing the debtor the first right to buy back and lease back at fair market value.

This again is not a new idea but would give to that debtor the opportunity to stay and operate the land, hopefully looking for better times.

6. Spelling out better the equitable rights of a judge in the area of granting or denying deficiency judgments.

Presently, different district judges are interpreting their rights to grant or deny deficiency judgments in different ways. It may behoove the Legislature to look at that particular section of the foreclosure law for greater definition or explanation.

Finally, in this area of assistance to those in distress, the Board of Agriculture has requested to be authorized and funded to do Policy Impact Analysis. Policy Impact Analysis would allow the Board of Agriculture to analyze certain policy initiatives on state and federal level and give its impact so that rather than seeking policy changes or supporting policy changes, that we really do not know the long-term impact of, we can have much better ideas of what could and should be done in these areas. Presently, we seem to go more by guess and by gosh and that is certainly a dangerous way to operate given the present economic situation which does not treat mistakes kindly. We believe this to be a high priority item for us to be able to provide this service to Kansas agriculture to let us better know where we need to go and to reject those things that would be harmful in those objectives.