

Approved _____ Date _____

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

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

9:05 a.m./~~p.m.~~ on February 10, 1987 in room 423-S of the Capitol.

All members were present except: Representatives Goossen and Dean, who were excused.

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

Conferees appearing before the committee: Gerald Karr, State Senator, Kansas
Roger Smith, Aide to Senator Loran Schmit,
Lincoln, Nebraska
Doug Wildin, Real Estate Broker-Farmer,
Hutchinson
John Stitz, Catholic Rural Life
Lee Hamm, State Representative, Kansas

Senator Gerald Karr testified on HB 2127 encouraging the House Agriculture and Small Business Committee to endorse this legislation and send it to the floor for debate and vote, Attachment I.

Roger Smith, who has been working with grain compact legislation in Nebraska, testified in favor of HB 2127. Mr. Smith stated that the great importance of the Interstate Grain Marketing Compact is that it would provide a vehicle for cooperation between state governments that does not now exist, Attachment II.

Doug Wildin spoke in favor of HB 2127 and asked that the committee diligently support this effort.

John Stitz spoke in favor of HB 2127 stating that one of the goals and purposes of the compact is knowing what is really going on in the grain trade.

Representative Hamm gave a brief statement in favor of the bill stating that the grain quality standards have to be cleaned up if we want to compete in grain marketing.

The meeting adjourned at 9:59 a.m.

The next meeting of the House Agriculture and Small Business Committee will be Thursday, February 12, 1987, at 9:00 a.m. in Room 423-S.

<u>Name</u>	<u>Organization</u>
Julie Andsager	Ks Cooperative Council
John Blythe	Ks Farm Bureau
Chris Wilson	Ks Grain & Feed Ass'n
Bill Juller	Ks. Farm Bureau
Den Andler	Intern Rep. Freeman
Teresa Lents	High School Visitor
Frank Williams	Self
Michelle Graham	High School Visitor
David Gorkell	Farmer - Bus,
Melanie Midden	High School Shadow
Jah Roenby	Lewis, Ks
Howard W. Ford	KAWC
JOHN STITZ	CATHOLIC RURAL LIFE
John O. Miller	CSIC
Joe Lieber	Ks Co-op Council
Julie Patis	Hodsdard High School
Therri Arquist	Hodsdard High School
Roger Smith	aide - Nebr. Legislature
Dary Wilder	Farmer - Real Estate Broker

STATE OF KANSAS

GERALD "JERRY" KARR
SENATOR, SEVENTEENTH DISTRICT
CHASE, LYON, MARION, MORRIS,
OSAGE COUNTIES
R. R. 2, BOX 101
EMPORIA, KANSAS 66801



TOPEKA

SENATE CHAMBER
February 10, 1987

TESTIMONY
TO THE

AGRICULTURAL COMMITTEE
IN REGARDS TO H.B. 2127

COMMITTEE ASSIGNMENTS
MEMBER: AGRICULTURE
ASSESSMENT AND TAXATION
FINANCIAL INSTITUTIONS AND
INSURANCE
EDUCATION
JOINT COMMITTEE ON ADMINISTRATIVE
RULES AND REGULATIONS

I am here today to encourage the committee to carefully examine the Multi-state Grain Compact. As you may remember, Kansas did take the initiative about six years ago to explore the possibility of forming a Grain Marketing compact. At that point in time, the other states in the region did not follow suit. As we begin the discussion in 1987, there are at least three states who have adopted the Compact language; that includes Nebraska, Minnesota, and Iowa. And according to the latest information that I have, there are approximately another half dozen states that have legislation drafted for consideration, and still another half dozen states that are planning to consider Compact legislation during this current legislative year.

Kansas, because of our leadership in the past, should carefully consider the options of joining a newly formed compact. It is especially important for Kansas and other agricultural states in light of a growing concern over how effective we can operate in the national arena. Certainly the regional compact focusing on marketing of grain could become an element in the development and expansion of export markets, as well as, the long-term regional response to Federal Farm legislation.

I have had the opportunity to keep in contact with individuals in Nebraska over the past year, and believe that the direction the farm states are moving in the area of cooperation is important at this time in history.

I would encourage the House Agricultural committee to endorse this legislation and send it to the floor for debate and vote.

PRODUCTION OF CROPS AND
percentage of total U.S. production

ITEM	RANK										TOTAL
	1	2	3	4	5	6	7	8	9	10	
CORN FOR GRAIN	IA 19.3%	IL 17.3%	NE 10.8%	IN 8.5%	MN 8.2%	OH 5.8%	WI 4.0%	MI 3.2%	MO 3.1%	SD 2.8%	83.0%
SOYBEANS	IL 18.2%	IA 14.8%	IN 8.8%	MO 8.6%	OH 7.7%	MN 7.6%	AR 4.7%	NE 4.0%	MS 3.4%	TN 2.2%	79.9%
ALL WHEAT	KS 17.9%	ND 13.3%	TX 7.7%	OK 6.8%	MN 5.9%	CO 5.7%	WA 5.3%	SD 4.6%	NE 3.7%	ID 3.0%	73.9%
OTHER SPR WHEAT	ND 43.7%	MN 26.9%	SD 13.3%	MT 5.4%	ID 5.3%	WA 2.7%	CO 1.0%	OR 0.9%	UT 0.3%	NV 0.2%	99.8%
OATS	SD 15.3%	MN 14.8%	IA 11.1%	WI 9.9%	ND 8.6%	OH 5.1%	MI 5.0%	NE 4.4%	PA 4.0%	NY 3.4%	81.8%
BARLEY	ND 31.3%	ID 12.2%	MN 12.0%	WA 9.6%	SD 5.5%	MT 5.1%	CA 4.2%	CO 3.7%	OR 3.3%	UT 2.0%	88.9%
SUNFLOWERS	ND 70.5%	SD 19.3%	MN 6.3%	TX 3.9%	---	---	---	---	---	---	100.0%
ALL HAY	WI 7.5%	TX 5.5%	MN 5.4%	CA 5.4%	IA 4.8%	KS 4.7%	NE 4.5%	MO 4.4%	MI 3.8%	PA 3.6%	49.5%
ALL POTATOES	ID 25.4%	WA 15.4%	ME 6.7%	OR 6.6%	WI 6.0%	ND 5.8%	CA 5.7%	CO 5.0%	MN 3.9%	MI 3.7%	84.3%
SUGARBEETS	MN 22.5%	CA 21.1%	ID 15.4%	ND 10.7%	MI 10.3%	NE 5.4%	WY 4.6%	TX 3.7%	MT 3.6%	OR 1.4%	98.7%
FLAXSEED	ND 72.4%	SD 16.1%	MN 11.5%	---	---	---	---	---	---	---	100.0%
RYE	SD 21.5%	MN 16.0%	ND 12.8%	GA 10.0%	NE 6.0%	OK 4.0%	PA 3.6%	NC 3.2%	MI 3.2%	SC 2.6%	82.9%
DRY ED. BEANS	MI 24.3%	CA 15.6%	ND 13.5%	CO 13.2%	NE 12.1%	ID 9.0%	MN 3.9%	WA 3.2%	WY 2.2%	NY 1.3%	98.3%
MILK PROD	WI 17.5%	CA 11.6%	NY 8.2%	MN 7.5%	PA 6.9%	MI 3.9%	OH 3.4%	IA 2.8%	TX 2.8%	WA 2.6%	67.3%

DURING THE 1985 SESSION, THE NEBRASKA UNICAMERAL LEGISLATURE PASSED LB 628, THE INTERSTATE COMPACT ON AGRICULTURAL GRAIN MARKETING. THE BILL WAS SUBSEQUENTLY SIGNED BY GOVERNOR KERREY AND IS NOW A STATUTE IN THE STATE OF NEBRASKA. IN 1986, FIVE STATES SURROUNDING NEBRASKA INTRODUCED THIS LEGISLATION. THEY WERE SOUTH DAKOTA, MINNESOTA, IOWA, KANSAS, AND OKLAHOMA. OUT OF THIS GROUP, MINNESOTA AND IOWA SUCCEEDED IN PASSING THE GRAIN MARKETING COMPACT BILL.

ib AS THE SITUATION NOW STANDS, THREE OF THE LARGEST GRAIN PRODUCING STATES IN THE NATION HAVE TAKEN THE LEAD IN FORMING THIS COMPACT AND ONLY TWO MORE STATES PASS THIS LEGISLATION, THE COMPACT CAN BE FORMED AND START TO FUNCTION. BECAUSE OF THIS, INTEREST IN THE GRAIN MARKETING COMPACT HAS INCREASED DRAMATICALLY AND THIS YEAR, THIRTEEN MIDWESTERN AND WESTERN STATES WILL BE CONSIDERING THIS LEGISLATION. THEY ARE OHIO, INDIANA, ILLINOIS, WISCONSIN, NORTH DAKOTA, SOUTH DAKOTA, MONTANA, WYOMING, COLORADO, KANSAS, OKLAHOMA, TEXAS, AND MISSOURI.

IF FORMED, THE INTERSTATE GRAIN MARKETING COMPACT WOULD GIVE THE GRAIN PRODUCING STATES A VEHICLE THROUGH WHICH THEY COULD EFFECTIVELY COOPERATE AT A STATE GOVERNMENTAL LEVEL. THE ONGOING STUDIES AND INVESTIGATIONS CARRIED OUT BY COMMISSION WOULD SERVE TO IDENTIFY AND VERIFY PROBLEM AREAS IN THE GRAIN MARKETING STRUCTURE AND PRACTICES. AS IT IS NOW, PROBLEMS OF THIS TYPE ARE OFTEN DISCUSSED BUT NO OFFICIAL DOCUMENTATION OF THEIR EXISTENCE IS ESTABLISHED. ONCE A PROBLEM OR WEAKNESS HAS BEEN IDENTIFIED, THE GRAIN MARKETING COMMISSION WOULD MAKE A RECOMMENDATION FOR ITS SOLUTION. THIS COULD INCLUDE THE DEVELOPMENT AND DRAFTING OF LEGISLATIVE PROPOSALS TO BE SUBMITTED TO THE MEMBER STATES FOR THEIR CONSIDERATION. RECOMMENDATIONS FOR FEDERAL LEGISLATION COULD ALSO BE MADE.

THE GREAT IMPORTANCE OF THE INTERSTATE GRAIN MARKETING COMPACT IS THAT IT WOULD PROVIDE A VEHICLE FOR COOPERATION BETWEEN STATE GOVERNMENTS THAT DOES NOT NOW EXIST. TODAY THERE IS NO WAY THE STATES CAN COORDINATE THEIR EFFORTS TO DEVELOP EFFECTIVE AGRICULTURAL LEGISLATION. LIKewise, SEVERAL STATES SPEAKING IN UNISON THROUGH THIS AGENCY WOULD BE MUCH MORE INFLUENTIAL IN SHAPING FEDERAL AGRICULTURAL LEGISLATION THAN ANY FORCE WHICH EXISTS TODAY.

SOME OPPONENTS OF THE GRAIN MARKETING COMPACT MAINTAIN THAT IT WOULD BE AN UNNECESSARY AGENCY AND THE FUNCTIONS IT WOULD PERFORM ARE COVERED ADEQUATELY BY THE PRESENT FARM ORGANIZATIONS.

HOWEVER, THE FARM GROUPS ARE SO FRAGMENTED AND DIVERSE IN THEIR

INTERESTS THAT THEY CANNOT SPEAK WITH A UNIFIED VOICE ON PROBLEMS COMMON TO ALL OF THEM. FOR EXAMPLE, THE COMMODITY GROUPS ARE DIVIDED GEOGRAPHICALLY. THE WHEAT GROWERS ARE CONCENTRATED IN THE WEST AND SOUTHWEST, THE CORN AND SOYBEAN GROWERS IN THE EAST AND NORTH WITH THE SORGHUM GROWERS IN BETWEEN. HENCE, THEIR INFLUENCE IS EFFECTIVE ONLY IN THE AREAS WHERE THEY EXIST, YET THEY HAVE MANY OF THE SAME PROBLEMS. AS FOR THE ESTABLISHED FARM ORGANIZATIONS, THEY EXIST THROUGHOUT THE ENTIRE AREA BUT EACH HAS PLACED ITS MAJOR EMPHASIS ON DIFFERENT ASPECTS OF THE FARM PROBLEM. IN SPITE OF THEIR DIFFERENCES, THE ECONOMIC CRISIS HAS CAUSED THE MAJORITY OF THESE ORGANIZATIONS TO MOVE IN THE SAME GENERAL DIRECTION TODAY. HOWEVER, ONE VOICE OF DISSENT STILL DISRUPTS ANY PATTERN OF UNITY AND NEGATES THEIR EFFECTIVENESS ON EITHER THE STATE OR NATIONAL LEVEL.

THE IMPORTANCE AND INFLUENCE OF THE FARM ORGANIZATIONS WOULD NOT BE DIMINISHED BY THE COMPACT. INSTEAD, BY WORKING IN CONJUNCTION WITH THE GRAIN MARKETING COMMISSION, THEIR VIEWS WOULD BE GIVEN MUCH BROADER CONSIDERATION.

OTHER OPPONENTS OF THE GRAIN MARKETING COMPACT OFFER THEIR SYMPATHY AND CONCERN FOR THE FARMER AND HIS PLIGHT, BUT INDICATE THAT THIS IS NOT THE ROAD TO TAKE. THEY STATE THAT THIS LEGISLATION WOULD NOT HELP THE FARMER IN ANY WAY AND WOULD ONLY FURTHER COMPLICATE THEIR ALREADY OVER REGULATED BUSINESS. NONE OF THESE OPPONENTS OFFER ANY NEW OR CONSTRUCTIVE IDEAS TO AID THE GRAIN PRODUCER AND IT IS QUESTIONABLE IF THEY WOULD APPROVE OF ANYTHING THAT WAS OFFERED. THE ONLY COURSE LEFT WOULD BE TO CONTINUE ON DOWN THE SAME DISASTROUS ROAD WE ARE NOW TRAVELING.

WE ARE ALL AWARE OF THE ENORMITY OF THE PROBLEMS FACING AGRICULTURE AND WE MUST LOOK FOR NEW WAYS TO TRY AND TURN THIS THING AROUND. THE 1985 FARM BILL GUARANTEED LOWER GRAIN PRICES IN 1986 AND IN EACH SUCCEEDING YEAR, AND THERE IS NO CERTAINTY THAT THE FARM STATE CONGRESSMEN WILL BE ABLE TO SUBSTANTIALLY CHANGE OR IMPROVE THE EXISTING LEGISLATION. IF WE EVER HOPE TO IMPROVE OUR SITUATION, WE MUST DO EVERYTHING WE CAN TO HELP OURSELVES. THERE ARE STILL THINGS WE CAN DO THROUGH OUR STATE GOVERNMENTS. FORMATION OF THE INTERSTATE GRAIN MARKETING COMPACT COULD EFFECTIVELY ENHANCE THESE EFFORTS BY COORDINATING AND FOCUSING THE LEGISLATIVE EFFORTS OF SEVERAL STATES ON THE SAME PROBLEMS. THE COMPACT IS ALSO THE ONLY MEANS BY WHICH THE MEMBER STATES COULD HAVE ANY DIRECT EFFECT ON THE PRICES OF THE COMMODITIES WHICH THEIR CITIZENS PRODUCE.

THE ESTABLISHMENT OF INTERSTATE COMPACTS IS NOT A NEW IDEA. THE BOOKLET, "INTERSTATE COMPACTS AND AGENCIES", PUBLISHED BY THE COUNCIL

OF STATE GOVERNMENTS LISTS WELL OVER ONE HUNDRED SUCH COMPACTS IN EXISTENCE IN THE UNITED STATES TODAY. IF YOU CHECK THIS PUBLICATION, YOU WILL FIND SOME COMPACTS DEALING WITH BROAD AREAS COMPARABLE TO GRAIN MARKETING. EXAMPLES ARE: THE ATLANTIC STATES MARINE FISHERIES COMPACT, THE GULF STATES MARINE FISHERIES COMPACT, THE INTERSTATE MINING COMPACT, AND THE INTERSTATE OIL AND GAS COMPACT. THESE COMPACTS RANGE IN MEMBERSHIP FROM FIVE TO THIRTY STATES.