

Approved April 6, 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

9:10 a.m. ~~PM~~ on March 18, 1987 in room 423-S of the Capitol.

All members were present except: Representatives Roenbaugh, Crumbaker, Freeman, Dean and Teagarden, who were excused.

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

Conferees appearing before the committee: Jack Selzer, Attorney, Counsel for Western Retail Implement and Hardware Association  
Ron Royer, Implement Dealer, Otis, Kansas

Raney Gilliland explained Senate Bill 122 as making provision for transferee if the transferee has acquired assets of wholesaler or manufacturer of farm machinery and/or parts.

Jack Selzer testified in behalf of SB 122 representing the Western Retail Implement and Hardware Association. He stated this statute, known as the "Kansas buy-back statute" is not unique as there is similar buy-back legislation in twenty-seven other states. Attachment I.

Ron Royer spoke briefly in behalf of SB 122 giving his personal reasons for favoring approval of passage of this bill.

A question and answer period followed the testimonies.

Hearings were closed on Senate Bill 122.

A motion was made by Representative Hamm to pass favorably SB 122.  
Representative Eckert seconded and the motion passed.

The meeting adjourned at 9:25 a.m.

The next meeting of the House Agriculture and Small Business Committee will be March 19, 1987, at 9:00 a.m. in Room 423-S.

GUEST LIST

COMMITTEE: HOUSE AGRICULTURE AND SMALL BUSINESS

DATE: March 18, 1987

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Darlene Rake	Rt.1, Horton	
Charlotte Jacobson	Box 352 Willis, Ks.	
JACK P. SELZER	KANSAS CITY	WESTERN RETAIL
Lon Royer	OTIS, KS	OCHS, INC.
Jeff Flora	Kansas City	Western Impl. Assn.
Raymond + Lois Vohs	Osborne, Kansas	Kansas Farm Bureau
Betty J. Denton	Minneola Ks	Kans Farm Bureau
Winfield Denton	minneola ks	Kan. Farm Bureau
Paul Bentley	Sh18 Ids	KAWG
Berna Mae Stegman	Spearville, Ks.	Kans Farm Bureau
Corrine Eaton	Dodge City, Ks.	Kans. Farm Bureau
ARLEN EATON	" " "	" " "
John R. Stegman	Spearville KS	" " "
Howard W. Tice	Hutchinson	KAWG
Bonnie Powers	Rt 2 Spearville Ks.	Ks. Farm Bureau
Grant Powers Jr	Rt 2 Spearville Ks	Farmer - Stockman Ks Farm Bureau
Charles Westerman	Rt Ellsworth	Farm Bureau
FRED VAN NAHMEN	RUSSELL Ks	Ks FARM BUREAU
Alma Kaiser	Manfield Ks	Ks Farm Bureau & Farmer
Diana Kaiser	" " "	" " " "
Julie Andsager	Topeka	Ks Co-op Council

TO: KANSAS HOUSE MEMBERS OF THE AGRICULTURE AND SMALL  
BUSINESS COMMITTEE

FROM: ATTORNEY JACK SELZER, COUNSEL FOR WESTERN RETAIL  
IMPLEMENT AND HARDWARE ASSOCIATION

DATE: MARCH 18, 1987

RE: SENATE BILL 122, AMENDMENT TO ARTICLE 10--CONTRACTS  
TO MAINTAIN STOCK OF FARM EQUIPMENT

On December 8, 1986, the farm equipment council of the Western Retail Implement and Hardware Association passed a resolution directing the association to sponsor legislation in Kansas which would make three changes to K.S.A. 16-1001 through 16-1006. The farm equipment council represents the interests of 608 farm equipment dealers in the states of Kansas and Missouri with 341 of these dealers located in the state of Kansas. Indeed, it is likely that every county in the state of Kansas has a farm equipment dealer who is a member of the association.

In general, this statute, known as the "Kansas buy-back statute", requires the purchase of new farm equipment, attachments and repair parts from the dealer by the manufacturer when the dealership agreement is terminated. Similar buy-back legislation exists in twenty-seven other states.

The first amendment to the buy-back statute would make the statute applicable to not only written dealership agreements but also to oral dealership agreements.

The second change to the statute would make the provisions of the buy-back statute applicable to a transferee of substantially all of the assets of the manufacturer who sold equipment to the dealer. An example of how this change to the statute would work is found in the White Farm Equipment/Allied situation. White Farm Equipment Company went into bankruptcy and sold substantially all of its assets to Allied. The Allied Company, even though it is using the White name, all of its facilities and its employees, refuses to abide by the terms of the buy-back statute. It raises the technical point that the old White Company and not the new White Company is obligated to follow the provisions of the buy-back statute. Specifically, the new White Company makes the technical point that it did not sell the equipment to the dealer and therefor is not obligated under the buy-back statute.

With mergers occurring in the farm equipment industry, this modification to the statute is required so that the original intent of the statute will be followed.

The third and final modification to the buy-back statute is a requirement that if payment or the allowance of credit is not paid or credited within sixty (60) days after the return of the equipment, then interest will accrue on the amount that is not paid or credited. The interest rate is the same interest rate allowed on judgments entered by a Kansas court.

I am now prepared to answer questions with respect to these three changes.