

MINUTES OF THE Senate COMMITTEE ON Agriculture

The meeting was called to order by Senator Alle at
Chairperson

10:09 a.m./~~pm~~ on March 9, 1987 in room 423-S of the Capitol.

All members were present ~~except~~:

Committee staff present: Raney Gilliland, Legislative Research Department
Jill Wolters, Revisor of Statutes Department

Conferees appearing before the committee: John Conard, Governor's Office

Senator Allen called the Committee to order and called attention to SB 152 to continue Committee action. The Chairman called on John Conard.

Mr. Conard gave the Committee copies of a statement from the Governor (attachment 1) and explained the Governor would be giving a proposed amendment to the budget to add legal services to the FACTS Program.

Staff read the statement to the Committee. Discussion followed that, with the information from the Governor, the bill as amended during the last Committee meeting was agreeable with Committee concerns about allowing the Secretary of Agriculture to give legal assistance either through staff or through contract and that the service may be provided or provided on a co-pay plan. When asked, Don Jacka explained that the Secretary of the Board of Agriculture has the authority to stop providing legal assistance at a point that it would be extended litigation thus the services are available to a greater number of farmers.

The Chairman called for a vote on the substitute amendment motion that lines 62 and 63 be reinstated but that the word 'shall' in line 62 be changed to 'may'. Motion carried.

Senator Montgomery made a motion the Committee recommend SB 152 favorable for passage as amended. Senator Warren seconded the motion. Motion carried.

The Chairman turned Committee attention to SB 209 and asked Senator Gannon to comment on the bill.

Senator Gannon stated the thrust of SB 209 is to keep international marketing in the Board of Agriculture rather than being relocated in the Department of Commerce. He explained that the House Appropriations Committee has approved \$168,000 for the Marketing Division solely for program enhancement for domestic marketing. He stressed again SB 209 is thrust toward international marketing. He expressed appreciation for the concern of the grain commissions that such a large percentage of their fees is kept for the General Fund but with the problems of the State's budget it seems, at this time, there is no way to lower the commissions' contributions to the General Fund. Then Senator Gannon made a motion the Committee recommend SB 209 favorably for passage. Senator Karr seconded the motion. Motion carried.

Senator Arasmith made a motion the Committee report SB 143 adversely. Senator Gordon seconded the motion. Motion carried.

The Chairman next called for action on SB 282.

Discussion included that the Governor had approved the proposed fee increase in SB 282 so as to make up for funds the Plant Health Division lost with the Governor's budget cuts. It was also stated that if the department were to receive no more funds from the General Budget that fee increases is

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Agriculture

room 423-S, Statehouse, at 423-S a.m./~~XXX~~ on March 9, 1987

the only way for the department to continue the program it is supposed to administer. It was also expressed that that department had no fat to trim from its budget and that the fee increase must be approved.

Senator Gannon made a motion the Committee recommend SB 282 favorably for passage. Senator Warren seconded the motion. Motion carried.

After the motion passed for SB 282, frustration was expressed because by its passage it appears to the general public that the Legislature wanted to increase the fees rather than the Legislature fulfilling the request from the agency.

The Chairman called attention to SB 303 for action.

Discussion included that three inspections every two years were necessary to offer the best protection for farmers as well as the businesses. The feeling was expressed that with the passage of SB 303 the Grain Inspection Department would have time to keep better check on the problem warehouses; that the 90% no problem businesses would not need more than one inspection per year. A concern was expressed on raising the net worth from \$25,000 to \$50,000. The staff of the Grain Inspection Department explained that the federal requirement now is to have \$50,000 net worth so this regulation would only affect 38 or 39 elevators; that is 93% of the businesses are required already to have the \$50,000 net worth.

Senator Kerr made a motion the Committee recommend SB 303 favorably for passage. Senator Warren seconded the motion. Motion carried.

The Chairman called on action for SB 344.

Staff gave the Committee copies of a balloon draft for the bill with amendments (attachment 2). After Committee discussion including questions and dissatisfactions and the staff of the Grain Inspection Department stating they knew of no business that would go under without this legislation, the Committee agreed to no action for SB 344 at this time.

Senator Allen called for Committee action on SB 345.

Committee discussion centered around what the compromise report said that was to be worked out between the Kansas Cooperative Council, the Grain Inspection Department and the Kansas Grain and Feed Dealers Association. The Chairman reported he had not received any report. Sam Reda reported to the Committee that the report had been mailed to the Chairman, but since it was still enroute he had copies the Committee could see (attachment 3). Chris Wilson explained that all are not really happy with the solution, but all agree that the bill must be passed because fees must be raised. She stated it was agreed to raise license fee from \$50 to \$100 per functional unit; this plan would be used for one year. She stated that all had agreed to meet during the summer to work out a proposal for restructuring fees to raise the money that is needed. Staff explained that this bill will set up a functional unit and that fees can be increased by Rules and Regulations.

Senator Gannon made a motion the Committee recommend SB 345 favorably for passage. Senator Montgomery seconded the motion. Motion carried.

The Chairman called for a motion to refer SB 295 to Ways and Means.

Senator Gannon made a motion that SB 295 be referred to Ways and Means so that it can be re-referred to the Senate Agriculture Committee for later action. Senator Montgomery seconded the motion. Motion carried.

The Chairman adjourned the Committee at 11:05 a.m.

March 9, 1987

STATEMENT BY GOVERNOR HAYDEN

Governor Mike Hayden today agreed to propose a budget amendment providing funds to continue legal assistance to financially distressed farm families through the Farm Assistance, Counseling and Training referral program, commonly known as the FACTS program.

After discussions with Senator Jim Allen, Chairman of the Senate Agriculture Committee and other legislative leaders, Governor Hayden said he would recommend an appropriation for the program, with the understanding that Secretary of Agriculture Sam Brownback would have maximum flexibility in administration of the program. Under existing law the Secretary is obliged to contract with a private or corporate law firm to provide legal assistance. The Governor's proposal would allow Secretary Brownback to provide the assistance through staff counsel or through contract, according to needs as they arise in Fiscal Year 1988.

"I want the funds to serve the maximum number of farm families," Hayden said. "I also want the funds to go only to people who are unable to obtain counsel through other channels. The State cannot and should not fund extended litigation. It is our desire to provide preliminary counsel and assistance which can help farm families take the best course toward preservation of their farms and their way of life."

Governor Hayden said details of the legal assistance program probably would not be spelled out in statute but would be worked out through consultation with the Secretary of the Board of Agriculture and through the appropriation process.

*attachment 1
Senate agriculture
3-9-87*

SENATE BILL No. 344

By Committee on Agriculture

2-25

0017 AN ACT relating to agriculture; concerning the bonding of
0018 warehouses; accepting a certificate of deposit or letter of
'9 credit in lieu of a bond.

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

0021 Section 1. (a) The provisions of K.S.A. 34-201 *et seq.*, and
0022 amendments thereto, and all rules and regulations adopted
0023 thereunder that apply to bonds shall also apply to certificates of
0024 deposit. Any certificate of deposit submitted in lieu of a bond
0025 required by such provisions shall be filed with the director as
0026 trustee for the benefit of all persons selling grain to the public
0027 warehouseman. The certificate of deposit will be kept in the
0028 custody of the director.

0029 (b) A public warehouseman may, in lieu of the bond required
0030 under K.S.A. 34-201, *et seq.*, and amendments thereto, submit an
0031 irrevocable letter of credit, payable to the director for the benefit
0032 of all persons selling grain to such public warehouseman, and
0033 issued by a commercial bank insured by the federal deposit
0034 insurance corporation. ~~The director may refuse to accept a letter
0035 of credit in lieu of the bond required thereunder if the director
0036 finds that the issuing bank is or may become insolvent, or for any
0037 other reason may be unable to honor the terms of the letter of
0038 credit. The director may require an issuing bank to submit
0039 evidence of its financial condition.~~ The director shall adopt all
0040 necessary rules and regulations pertaining to certificates of de-
0041 posit, bonds and irrevocable letters of credit.

0042 Sec. 2. This act shall take effect and be in force from and
0043 after its publication in the statute book.

or a bank for cooperatives, as established in
12 U.S.C. 2121

as they pertain to the bonding of warehouses

Attachment 2
Senate agriculture

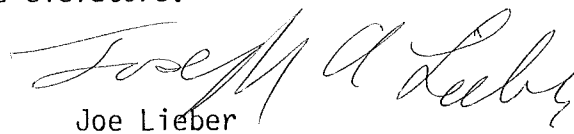
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Senator Allen:

Chris Wilson, Sam Reda, Gary Bothwell and myself met at the Grain Inspection Department on Thursday at 2:30 P.M.

1. We all agreed that the best way to get additional funds for the Department would be to allow the Department to collect interest from the Fee Fund. On the enclosed sheet, you can see that would bring in, on the average, \$115,905 a year.
2. The Council's position was to raise warehouse fees to their statute limits. This would raise all elevators' costs \$100-\$150 a year. The Grain Dealers were opposed to this.
3. The Grain Dealers and the Department want the provisions in SB 345 which had each "Functional Unit" paying a license fee. The Cooperative Council is opposed to this because it would double and triple some elevators' dues.
4. The Council was willing to accept a "Functional Unit" fee if it was eased in over a period of years. But a formula or method was not agreed upon.
5. A compromise was agreed upon by the Grain Dealers and the Council that would increase warehouse license fees \$50 and charge each Functional Unit \$100. The Department had some problems with this.
6. The Council would accept the Grain Inspection Department charging a mileage fee to and from the Functional Units and an hourly fee (\$20.00 per hour) for travel time between Functional Units and headquarters. We would not accept this proposal if it coincided with #3 or #5 above.

The Council is still opposed to SB 345 because of the exorbitant increase in fees it would create for some elevators.


Joe Lieber

attachment 3
Senate agriculture
3-9-87