

Approved

March 24, 1988  
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Representative Susan Roenbaugh at  
Vice-Chairperson

9:07 a.m. ~~pm~~ on March 18, 1988 in room 423-S of the Capitol.

All members were present except: Representatives Clifford Campbell, K. Campbell,  
and Dean who were excused.

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

Conferees appearing before the committee: CONTINUED HEARINGS ON SB 448 AND SB 637:

Chris Wilson, Director of Governmental Relations, Kansas Grain and Feed Association  
Bill Fuller, Assistant Director of the Public Affairs Division, Kansas Farm Bureau  
Bob Paris, President, Kansas Association of Wheat Growers  
Lloyd Polson  
Ivan Wyatt, President, Kansas Farmers Union

A balloon of possible changes and amendments to SB 637 was distributed by Wilbur Leonard, Committee of Kansas Farm Organizations. He testified in behalf of SB 637 on March 17, 1988, and at the request of some Committee members in the discussion period following his testimony he proffered his suggestions via the balloon. (ATTACHMENT I)

Continued hearings were proclaimed open on SB 448 and SB 637 by Vice-Chairperson Susan Roenbaugh.

The first conferee was Chris Wilson, Director of Governmental Relations, Kansas Grain and Feed Association. Generally, the Grain and Feed Association supports SB 637. She did, however, suggest an amendment on line 0118 to include, "Under the provisions of this act, no grain shall be subject to the assessment more than once." It is their feeling this would clarify the situation of a producer being assessed more than once. (ATTACHMENT II)

With regard to both SB 448 and SB 637, Bill Fuller, Assistant Director of Public Affairs Division of the Kansas Farm Bureau, addressed the Committee. He commented regarding SB 637 that they would ".....encourage the committee to closely scrutinize the effects of the Senate Committee amendment beginning on line 0150. This amendment is intended to prevent the assessment being taken more than once on any particular lot of grain.....However, it seems this amendment will significantly delay the collection of revenues by the grain commission.....we see the possibility that some grain may bypass any assessment." (ATTACHMENT III)

Bob Paris, President of Kansas Association of Wheat Growers, was the next conferee to speak on the bills. He commented that ".....The competition is getting keen. Marketing and development and research is one of the priorities in the State Wheat Commission" and that we need to keep in contact with the early assessments on these various grains. He opposed the Senate amendments and proposed stripping SB 637 of Section 2 (d) and Section 3 in order to meet these needs. (ATTACHMENT IV)

Lloyd Polson, who worked with the Senate Committee on these bills, spoke in favor of both bills as they are offered but suggested there could be compromise.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS,

room 423-S, Statehouse, at 9:07 a.m./~~P.M.~~ on March 18, 1988

Ivan Wyatt, President, Kansas Farmers Union, spoke with regard to both SB 448 and SB 637. He supported parts of each bill but was primarily in opposition to both. (ATTACHMENTS V, VI, AND VII)

Question and answer periods followed the testimony of each conferee. Several Committee members participated in each of these.

Hearings on these two bills---SB 448 and SB 637---were officially closed by Vice-Chairperson Roenbaugh.

The meeting was adjourned at 9:53 a.m. by the Vice-Chairperson.

The next meeting of the House Agriculture and Small Business Committee will be on Wednesday, March 23, 1988.



SENATE BILL No. 637

By Committee on Agriculture

2-11

AMENDMENTS SUGGESTED BY THE  
COMMITTEE OF KANSAS FARM  
ORGANIZATIONS

0017 AN ACT concerning the commodity commissions; ~~increasing the~~  
0018 ~~soybean assessment to 20 mills; amending relating to the~~  
0019 ~~terms of commission membership; concerning the first pur-~~  
0020 ~~chaser; amending K.S.A. 2-3002 and K.S.A. 1987 Supp. 2-3007~~  
0021 ~~and 2-2608 and repealing the existing section sections.~~

authorizing an increase in  
the soybean assessment;

0022 *Be it enacted by the Legislature of the State of Kansas:*  
0023 Section 1. ~~On and after September 1, 1988, K.S.A. 2-3002 is~~  
0024 *hereby amended to read as follows: 2-3002. (a) There are hereby*  
0025 *created three (3) separate and distinct commissions which shall*  
0026 *be known as the Kansas corn commission, the Kansas grain*  
0027 *sorghum commission and the Kansas soybean commission. Such*  
0028 *commissions shall be attached to and be a part of the division of*  
0029 *markets of the state board of agriculture. The membership of*  
0030 *each said such commission shall be appointed by the governor in*  
0031 *the manner prescribed by this section. One member shall be*  
0032 *appointed to the Kansas corn commission and the Kansas grain*  
0033 *sorghum commission from each district as denoted by subsection*  
0034 *(b). One member shall be appointed to the Kansas soybean*  
0035 *commission from each district as denoted by subsection (c). For*  
0036 *each commission the members shall serve for a term of four (4)*  
0037 *years, except that the members first appointed to the Kansas*  
0038 *corn commission and the Kansas grain sorghum commission*  
0039 *from districts I, II and III shall serve for four (4) years, the*  
0040 *members first appointed from districts IV, V and VI shall serve*  
0041 *for three (3) years and the members first appointed from districts*  
0042 *VII, VIII and IX shall serve for two (2) years, and except that the*  
0043 *members first appointed to the Kansas soybean commission from*  
0044 *districts I, II and III shall serve for four (4) years, the members*  
0045 *first appointed from districts IV, V and VI shall serve for three*

0046 (3) years and members first appointed from district VII shall  
0047 serve for two (2) years. Vacancies which may occur shall be filled  
0048 for unexpired terms in the same manner. Upon the expiration of  
0049 a term of a member of a commission, such member shall con-  
0050 tinue to serve as a member until a successor to such member is  
0051 appointed and qualified. The vice president for agriculture of  
0052 Kansas state university shall be an ex officio member, without  
0053 the right to vote, of each said such commission.

0054 (b) District I shall consist of the following counties:  
0055 Cheyenne, Decatur, Graham, Norton, Rawlins, Sheridan, Sher-  
0056 man and Thomas.

0057 District II shall consist of the following counties: Gove, Gree-  
0058 ley, Lane, Logan, Ness, Scott, Trego, Wallace and Wichita.

0059 District III shall consist of the following counties: Clark,  
0060 Finney, Ford, Grant, Gray, Hamilton, Haskell, Hodgeman,  
0061 Kearny, Meade, Morton, Seward, Stanton and Stevens.

0062 District IV shall consist of the following counties: Clay,  
0063 Cloud, Jewell, Mitchell, Osborne, Ottawa, Phillips, Republic,  
0064 Rooks, Smith and Washington.

0065 District V shall consist of the following counties: Barton,  
0066 Dickinson, Ellis, Ellsworth, Lincoln, McPherson, Marion, Rice,  
0067 Rush, Russell and Saline.

0068 District VI shall consist of the following counties: Barber,  
0069 Comanche, Edwards, Harper, Harvey, Kingman, Kiowa, Paw-  
0070 nee, Pratt, Reno, Sedgwick, Stafford and Sumner.

0071 District VII shall consist of the following counties: Atchison,  
0072 Brown, Doniphan, Jackson, Jefferson, Leavenworth, Marshall,  
0073 Nemaha, Pottawatomie, Riley and Wyandotte.

0074 District VIII shall consist of the following counties: Anderson,  
0075 Chase, Coffey, Douglas, Franklin, Geary, Johnson, Linn, Lyon,  
0076 Miami, Morris, Osage, Shawnee and Wabaunsee.

0077 District IX shall consist of the following counties: Allen,  
0078 Bourbon, Butler, Chautauqua, Cherokee, Cowley, Crawford,  
0079 Elk, Greenwood, Labette, Montgomery, Neosho, Wilson and  
0080 Woodson.

0081 (c) District I shall consist of the following counties: Nemaha,  
0082 Brown, Doniphan, Jackson, Atchison, Jefferson, Leavenworth



0083 and Wyandotte.

0084 District II shall consist of the following counties: Shawnee,

0085 Douglas, Johnson, Osage, Franklin and Miami.

0086 District III shall consist of the following counties: Coffey,

0087 Anderson, Linn, Woodson, Allen and Bourbon.

0088 District IV shall consist of the following counties: Wilson,

0089 Neosho, Crawford, Montgomery, Labette and Cherokee.

0090 District V shall consist of the following counties: Jewell,

0091 Republic, Washington, Marshall, Mitchell, Cloud, Clay, Riley,

0092 Pottawatomie, Lincoln, Ottawa, Dickinson, Geary, Wabaunsee,

0093 Ellsworth, Saline, Morris and Lyon.

0094 District VI shall consist of the following counties: Rice,

0095 McPherson, Marion, Chase, Stafford, Reno, Harvey, Butler,

0096 Greenwood, Pratt, Kingman, Sedgwick, Barber, Harper,

0097 Sumner, Cowley, Elk and Chautauqua.

0098 District VII shall consist of the following counties: Cheyenne,

0099 Rawlins, Decatur, Norton, Phillips, Smith, Sherman, Thomas,

0100 Sheridan, Graham, Rooks, Osborne, Wallace, Logan, Gove,

0101 Trego, Ellis, Russell, Greeley, Wichita, Scott, Lane, Ness, Rush,

0102 Barton, Hamilton, Kearney, Finney, Hodgeman, Pawnee, Ed-

0103 wards, Stanton, Grant, Haskell, Gray, Ford, Kiowa, Morton,

0104 Stevens, Seward, Meade, Clark and Commanche.

0105 Sec. 2. ~~On and after September 1, 1988,~~ K.S.A. 1987 Supp.

0106 2-3007 is hereby amended to read as follows: 2-3007. (a) There is

0107 hereby levied an assessment of three mills per bushel upon corn

0108 and grain sorghum marketed through commercial channels in

0109 the state of Kansas. There is hereby levied an assessment of ~~10~~ 20

0110 mills per bushel upon soybeans marketed through commercial

0111 channels in the state of Kansas. *The soybean commission shall set*

0112 *the assessment at a rate of not more than 20 mills per bushel. The*

0113 *soybean commission shall not change the assessment rate, either*

0114 *to increase or reduce, more than once a year. Except as provided*

0115 ~~in subsection (d), such~~ assessment shall be levied and assessed to

0116 the grower at the time of sale, and shall be shown as a deduction

0117 by the first purchaser from the price paid in settlement to the

0118 grower. ~~The division shall furnish to every first purchaser receipt~~

0119 forms which shall be issued by such first purchaser to the grower

Such

Under the provisions of this act, no corn, grain sorghum or soybeans shall be subject to the assessment more than once.

0120 upon the payment of such assessment. The form shall indicate  
0121 thereon the procedure by which the grower may obtain a refund  
0122 of any such assessment, *except a refund shall not be issued unless*  
0123 *the amount of the refund is \$5 or more.* Within one year after any  
0124 and all sales during such period the grower may upon submis-  
0125 sion of a request therefor to the division, obtain a refund in the  
0126 amount of the assessments deducted by the first purchaser. Such  
0127 request shall be accompanied by evidence of the payment of the  
0128 assessments which need not be verified.

0129 (b) The division shall keep complete records of all refunds  
0130 made under the provisions of this section. Records of refunds  
0131 may be destroyed two years after the refund is made. All funds  
0132 expended in the administration of this act and for the payment of  
0133 all claims whatsoever growing out of the performance of any  
0134 duties or activities pursuant to this act shall be paid from the  
0135 proceeds derived from such assessment. ~~In the case of Except as~~  
0136 ~~provided in subsection (d), when~~ a lien holder who is a first  
0137 purchaser as defined herein, the assessment shall be deducted  
0138 by the lien holder from the proceeds of the claim secured by  
0139 such lien at the time the corn, grain sorghum or soybeans are  
0140 pledged or mortgaged. The assessment shall constitute a prefer-  
0141 red lien and shall have priority over all other liens and encum-  
0142 brances upon such corn, grain sorghum or soybeans. The assess-  
0143 ment shall be deducted and paid as herein provided whether  
0144 such corn, grain sorghum or soybeans are stored in this or any  
0145 other state.

In the case of

0146 (c) Any corn or grain sorghum acquired by a grower as de-  
0147 fined in K.S.A. 2-3001, and amendments thereto, under the  
0148 provisions of any federal payment-in-kind (PIK) program shall be  
0149 subject to the provisions of this section.

0150 ~~(d) If the lien holder who is a first purchaser is the commod-~~  
0151 ~~ity credit corporation, the assessment will be levied when such~~  
0152 ~~service takes actual possession of the corn, grain sorghum or~~  
0153 ~~soybeans which is pledged to secure the lien of that service.~~

0154 ~~See 3. K.S.A. 1987 Supp. 2-2608 is hereby amended to read~~  
0155 ~~as follows: 2-2608. (a) There is hereby levied an exise tax of four~~  
0156 ~~mills per bushel assessment upon wheat marketed through~~

0159 ~~commercial channels in the state of Kansas. Except as provided~~  
0158 ~~in subsection (d), on and after June 1, 1988, the commission shall~~  
0159 ~~set the assessment at a rate of not more than 10 mills per bushel.~~  
0160 ~~The commission shall not change the assessment rate, either to~~  
0161 ~~increase or reduce, more than once a year. The tax assessment~~  
0162 ~~shall be levied and assessed to the grower at the time of sale, and~~  
0163 ~~shall be shown as a deduction by the first purchaser from the~~  
0164 ~~price paid in settlement to the grower. Under the provisions of~~  
0165 ~~this act, no wheat shall be subject to the assessment more than~~  
0166 ~~once. The administrator shall furnish to every first purchaser~~  
0167 ~~receipt forms which shall be issued by such first purchaser to the~~  
0168 ~~grower upon payment of such excise tax assessment. The form~~  
0169 ~~shall indicate thereon the procedure by which the grower may~~  
0170 ~~obtain a refund of any such tax assessment, except a refund shall~~  
0171 ~~not be issued unless the amount of the refund is \$5 or more.~~  
0172 ~~Within one year after any and all sales during such period the~~  
0173 ~~grower may upon submission of a request therefor to the ad-~~  
0174 ~~ministrator, obtain a refund in the amount of the tax or taxes~~  
0175 ~~assessment deducted by the first purchaser. Such request shall~~  
0176 ~~be accompanied by evidence of the payment of the tax or taxes~~  
0177 ~~assessment which need not be verified.~~

0178 ~~(b) The commission shall keep complete records of all re-~~  
0179 ~~funds made under the provisions of this section. Records of~~  
0180 ~~refunds may be destroyed two years after the refund is made. All~~  
0181 ~~funds expended in the administration of this act and for the~~  
0182 ~~payment of all claims whatsoever growing out of the perform-~~  
0183 ~~ance of any duties or activities pursuant to this act shall be paid~~  
0184 ~~from the proceeds derived from such act. In the case of Except as~~  
0185 ~~provided in subsection (d), when a lien holder who is a first~~  
0186 ~~purchaser as defined herein, the tax assessment shall be de-~~  
0187 ~~ducted by the lien holder from the proceeds of the claim secured~~  
0188 ~~by such lien at the time the wheat is pledged or mortgaged. The~~  
0189 ~~tax assessment shall constitute a preferred lien and shall have~~  
0190 ~~priority over all other liens and encumbrances upon such wheat.~~  
0191 ~~The tax assessment shall be deducted and paid as herein pro-~~  
0192 ~~vided whether such wheat is stored in this or any other state.~~

0193 ~~(c) Any wheat acquired by a grower as defined in K.S.A.~~  
0194 ~~2-2602, and amendments thereto, under the provisions of any~~



0195 ~~federal payment-in-kind (PIK) program, shall be subject to the~~  
0196 ~~provisions of this section.~~

0197 ~~(d) If the lien holder who is a first purchaser is the com-~~  
0198 ~~modity credit corporation, the assessment will be levied when~~  
0199 ~~such service takes actual possession of the wheat which is~~  
0200 ~~pledged to secure the lien of that service.~~

0201 ~~Sec. 2-4. K.S.A. 1987 Supp. 2-3007 2-2608 is hereby re-~~  
0202 ~~pealed.~~

0203 ~~Sec. 3. This act shall take effect and be in force from and~~  
0204 ~~after its publication in the statute book.~~

0205 ~~Sec. 5. On and after September 1, 1988, K.S.A. 2-3002 and~~  
0206 ~~K.S.A. 1987 Supp. 2-3007 are hereby repealed.~~

0207 ~~Sec. 6. This act shall take effect and be in force from and~~  
0208 ~~after June 1, 1988, and its publication in the Kansas register.~~

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September 1, 1988, and its publication in the statute book.



KANSAS GRAIN & FEED DEALERS

*Association*

816 S.W. TYLER ST., P.O. BOX 2429

A/C 913-234-0461

TOPEKA, KANSAS 66601-2429

STATEMENT OF THE  
KANSAS GRAIN AND FEED ASSOCIATION  
TO THE  
HOUSE AGRICULTURE & SMALL BUSINESS COMMITTEE  
REP. CLIFFORD CAMPBELL, CHAIRMAN  
REGARDING S.B. 637  
MARCH 17, 1988

Mr. Chairman and Members of the Committee, I am Chris Wilson, Director of Governmental Relations, for the Kansas Grain and Feed Association (KGFA). Our more than 1300 members comprise the state's grain handling, storage, merchandising and processing industry. Since the members of our Association who store and purchase grain collect assessments for the grain commissions, I would like to address the change S.B. 637 would make regarding the collection of commission funds.

Section 2 (d), lines 0150 through 0153 and Section 3 (d), lines 0197 through 200 of the bill would require the Commodity Credit Corporation (CCC) to collect the assessment only when the grain is forfeited to C.C.C. These amendments were added in the Senate Committee to address the problem of the same bushel being assessed twice. We believe that there are some instances when this occurs, but that it happens infrequently.

If these amendments become law, the commissions would experience a delay in receipt of funds which could pose substantial difficulties. It is important that grain purchasers such as our members and producers keep in mind that



grain which has been under CCC loan has already been assessed. Grain buyers and producers should be sure that once the grain has been assessed, that it is not assessed again.

To clarify this situation, we suggest:

(1) Section two should be amended on line 0118, to include, "Under the provisions of this act, no grain shall be subject to the assessment more than once."

This would make the corn, grain sorghum and soybean commissions language consistent with the proposed wheat language.

(2) Grain producers and buyers both need to be well-informed that grain should be subject to assessment only once and that redeemed grain has already been assessed by CCC. The commissions administrators provide this information on an ongoing bases. Our Association pledges to do all we can as well to assure that our members do not assess bushels which have already been collected on by CCC.

If there are any questions, I'll be happy to respond.

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# PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

S.B. 448 - Authorizing the Wheat Commission to set  
excise tax at not more than 10 mills per bushel

S.B. 637 - Authorizing the Soybean Commission to increase  
the soybean assessment to 20 mills

March 17, 1988  
Topeka, Kansas

Presented by:  
Bill R. Fuller, Assistant Director  
Public Affairs Division  
Kansas Farm Bureau

Mr. Chairman and Members of the Committee:

My name is Bill Fuller. I am the Assistant Director of the Public Affairs Division for Kansas Farm Bureau. We appreciate this opportunity to testify on the grain commodity commission bills you are considering today.

Farmers and ranchers who were delegates representing the 105 County Farm Bureaus at the 69th Annual Meeting of Kansas Farm Bureau on December 1, 1987 adopted this policy:

### Commodity Commissions

The corn, grain sorghum and soybean commissions and the Kansas Wheat Commission promote utilization and market development for our grains. We urge our members to continue financial support for the commissions through the check-off procedure, thereby assisting in the important research, utilization and market development efforts of the commissions.

Kansas Farm Bureau worked a number of years ago to support the creation of the Kansas Wheat Commission and later the Corn, Grain Sorghum, and Soybean Commissions. Our members recognize the importance of research, promotion and marketing activities and make an investment through their contributions to the funds.

S.B. 448 authorizes the Kansas Wheat Commission to set the assessment rate at not more than 10 mills per bushel. We understand the need to increase the mill levy in order to offset the declining revenues resulting from reduced production. However, to assure continued producer acceptance, we suggest consideration be given to a "phase in" of any mill levy increase.

S.B. 637 authorizes the Soybean Commission to increase the assessment rate to 20 mills per bushel. We support the desire to increase promotion and research activities. To assure continued producer acceptance, we suggest consideration of setting a statutory limit similar to that established for the Kansas Wheat Commission in S.B. 448 then a "phase in" of any mill levy increase.

We encourage the committee to closely scrutinize the effects of the Senate Committee amendment beginning on line 0150. This amendment is intended to prevent the assessment being taken more than once on any particular lot of grain. No one quarrels with that goal. However, it seems this amendment will significantly delay the collection of revenues by the grain commissions. Also, we see the possibility that some grain may bypass any assessment. For example, how does the ASCS office collect the assessment when

the farmer forfeits his grain to satisfy his CCC loan and does not want to contribute or does not have the dollars available for the assessment at that time?

Farmers are astute businessmen and will not allow their grain to be double assessed. However, when it does happen, Kansas has a liberal and extended refund opportunity ... one full year. The intent of the amendment is commendable. However, the "cure" may cause more problems than the "disease."

We have heard no opposition from our membership concerning the proposal to deny refunds that are less than the \$5. Continuing to pay refunds that are less than the cost of processing the refund does not appear to be sound financial policy.

We believe keeping our grain commodity commissions strong and active is a farmer investment that pays good dividends. Thank you! We would attempt to respond to any questions the Committee may have.





**KANSAS ASSOCIATION OF WHEAT GROWERS**  
**"ONE STRONG VOICE FOR WHEAT"**

TESTIMONY

House Committee on Agriculture & Small Business  
Representative Clifford Campbell, Chairman

SB 448 & SB 637

Mr. Chairman, members of the committee, I am Howard W. Tice, Executive Director of the Kansas Association of Wheat Growers. I appreciate this opportunity to appear and present our views on Senate Bill 448 and Senate Bill 637.

Senate Bill 448 was the result of the interim study of the grain commissions. We asked the committee for an increase in the wheat mill levy to ten mills. The interim committee responded with this bill, which gives the commission the authority to raise the levy up to maximum of ten mills, over time, as the need arises. We accept that concept, and the charge to prove it is workable.

The bill which is now before you, in substitute form is the result of amendments we asked for. While the changes sought were relatively simple in nature, it was necessary to insert quite a bit of additional language to accomplish them. The Senate Agriculture Committee felt the bill would be much easier to read if it were passed as a substitute bill, rather than with lengthy amendments.

The first amendment simply removes the references to excise tax and replaces them with the term assessment. This was requested for three reasons. The word assessment is used in the language authorizing the corn, soybean and grain sorghum commissions, and this change is therefore in line with our desire for consistency among our groups. We have also learned of a legal decision in Nebraska that states a "tax" is not refundable. Since the refund provision is the way our producers can express disapproval of commission activities, we feel that provision should be protected. Finally, this word tax has created much controversy over the years as we define the voluntary nature of the grain checkoffs. Using the word assessment, should aid in defining the actual nature of the checkoff.

The language necessary to change "tax" to "assessment" throughout the Wheat Act included two sections of the law not addressed in the original bill. Since the question of lowering the mill levy had come up in the hearing, we felt it would be wise for the amended language to also contain specific language to that effect, so there would be no doubt that authority to lower the levy exists. The committee also felt it would be wise to make it clear that the mill levy could not be changed more than once in a year's time. We agreed, and included that wording in our suggested amendments.

Finally, we offered the language to deny refunds of less than \$5.00 as part of our suggested amendments, since the fate of SB 277, which addressed that issue last year, is still cloudy at best. This change has been sought due to the cost of handling such requests. It takes valuable staff time to process these small refunds, and in many cases, the postage is more than the refund. The commissions have also been asked by the state agency that oversees their budget, to seek such a rule, due to the cost of processing and mailing the small checks.

Speaking for the Kansas Association of Wheat Growers, we are well pleased with the substitute for Senate Bill 448, and urge you to reported it favorably for passage in its present form.

Since Senate Bill 637 now includes the language of Senate Bill 448, I would like to address it as well. In its original form, SB 637 merely raised the mill levy on soybeans to 20 mills. However, language was added by the Senate Committee, which we must strongly oppose.

First, I would direct your attention to line 150, on page 4. Subsection (d) removes the authority for the Kansas ASCS office to collect the mill levy when grain is placed under loan. The language of SB 448 was amended into this bill to allow the provision to apply to wheat as well as corn, grain sorghum and soybeans, with the addition of the same subsection (d) on line 197, page 6.

Currently, the grain commissions are operating under a memorandum of agreement with the ASCS that authorizes the ASCS to collect the mill levies for the four commissions when grain goes under loan. Under subsection (d) this would not be possible. This would severely hamper collection of the mill levies, as some grain is kept in the loan program for several years. Even worse, it is our understanding that the Commodity Credit Corporation will not pay the mill levies if grain is forfeited. In that case, the entire mill levy is lost. In 1985, 165,569,743 bushels of wheat went under government loan. Of that figure, 140,175,468 bushels were forfeited. If the ASCS had not collected the mill levy, the Kansas Wheat Commission would have lost \$560,701.87 from their budget.

The problem that spawned the amendments to SB 637 is not the fault of the law. On a few occasions, when a government loan is paid off, and the grain is sold, the personnel at the elevator handling the sale have failed to note that the grain had been under loan, and the levy, therefore, was already paid. As a result, on a few rare occasions, some people have paid their assessment twice. Due to the low loan rate for soybeans, the potential is greater for such an occurrence, than for wheat where the grain is most often forfeited.

Of course, the refund provision is in place to assist farmers if this should happen. However, we agree that it is still a great inconvenience for the farmer, and should be avoided.

Rather than taking such drastic action as subsection (d) of SB 637, we would propose that the grain commissions and commodity organizations work with the Kansas Grain & Feed Association and the Kansas Coop Council to provide posters and other materials to remind grain elevator personnel to be sure they are not collecting double, and to remind farmers to check to make sure that such an error has not been made, and enable them to remedy it immediately if it has.

The state of Minnesota tried to stem a similar problem using the same approach as subsection (d) of SB 637. Such chaos was created with their grain commissions, the law was removed the very next year.

Senate Bill 448 will allow the Kansas Wheat Commission to raise the mill levy on wheat to replace income lost due to acreage reductions programs, the Conservation Reserve Program, and weather related problems. The Commission has stated they plan to raise the levy to no more than 7 or 7 1/2 mills. If SB 637 goes through as it now stands, even the maximum of ten mills may not be enough to offset the cash flow problems that would be created.

One approach that has been mentioned would be to amend SB 637 in such a way that only the soybean commission would be affected, since the lower loan rate for soybeans results in so few forfeitures that the commission would be largely unaffected. We cannot support that approach because we feel consistency is important among the grain commissions. The ASCS has enough problems now without having to treat soybeans in a manner different from other grains.

Consequently, we would urge the committee to strip subsection (d) from the bill. Since there would then be no need to include any reference to wheat, we feel that all of Section 3 should be deleted as well.

STATEMENT  
OF  
IVAN W. WYATT, PRESIDENT, KANSAS FARMERS UNION

ON

SB-448  
(INCREASED FUNDING OF GRAIN COMMISSIONS)

BEFORE

THE HOUSE AGRICULTURE COMMITTEE

MARCH 17, 1988

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION.

FIRST, I WANT TO QUOTE THE POSITION TAKEN BY THE MEMBERS OF THE KANSAS FARMERS UNION AT THEIR CONVENTION HELD IN JANUARY 1988 ON THE ISSUE OF THE FUNDING OF THE GRAIN COMMISSIONS.

COMMODITY CHECK-OFFS

THE MILL LEVY SHALL BE ESTABLISHED BY THE KANSAS LEGISLATURE.

THE COMMISSION SHALL HONOR ALL REFUND REQUESTS.

THE MAIN OBJECTIVE OF THE GRAIN COMMISSION SHOULD BE TO INCREASE FARMERS INCOME BY PROMOTING QUALITY GRAIN AND VALUE OF THE PRODUCT PER UNIT, AND VOLUME EXPORT SALES AT FAIR AND EQUITABLE PRICES.

TO ENCOURAGE MORE EFFICIENT OPERATION OF THE GRAIN COMMISSION, WE CALL FOR A COMPLETE PUBLIC ACCOUNTING OF ALL EXPENDITURES OF STATE COLLECTED CHECK-OFF TAX ON COMMODITY SALES, INCLUDING ANY PAYMENTS MADE TO ORGANIZATIONS RECEIVING FUNDS FROM THESE COMMODITY COMMISSIONS.

INTEREST EARNED ON GRAIN COMMISSION ACCOUNTS SHOULD BE CREDITED BACK TO EACH COMMISSION.

THE ADMINISTRATION FEE CHARGED TO THE VARIOUS GRAIN COMMISSIONS BY THE STATE OF KANSAS SHOULD NOT EXCEED THE TRUE COST OF ADMINISTERING EACH PROGRAM. COMMODITY CHECK-OFF SHOULD APPLY TO  
ATTACHMENT V

COMMODITY FUTURE CONTRACTS.

BASED ON THIS POLICY WE SUPPORT SB-447.

HOWEVER, THE MEMBERS DID NOT VOTE TO SUPPORT AN INCREASE AS SET FORTH IN SB-448. OVER THE PAST SIX YEARS FARMERS HAVE BEEN FORCED TO BECOME MORE EFFICIENT. MANY HAVE BEEN SOMEWHAT SUCCESSFUL IN THEIR EFFORTS. ALMOST EVERY BUSINESS, FARMER, ORGANIZATION, GOVERNMENT AGENCY HAS HAD TO RE-EVALUATE THEIR OPERATIONS, THEIR COSTS, AND THEIR BOTTOM LINE EFFECTIVENESS. WE ALL PROBABLY HAVE FOUND THERE WERE WAYS WE COULD BE ALMOST AS EFFECTIVE AND IN SOME CASES EVEN MORE SO ON LESS FUNDS WHEN WE HAVE TO. THEREFORE, THERE WAS NOT SUPPORT TO INCREASE THE TAX RATE OF THE COMMODITY CHECK-OFFS.

RELATING BACK TO THE FARMERS UNION POLICY, THE MEMBERS BELIEVE SINCE THE STATE OF KANSAS GRANTS THESE COMMISSIONS THE POWER TO TAX THROUGH LEGISLATIVE ACTION, THE LEGISLATURE WOULD BE AMISS IF IT DID NOT EXERCISE ITS DUTIES AND RESPONSIBILITIES AS REPRESENTATIVES OF THE PEOPLE TO PROVIDE, OVERSIGHT AND REVIEW OF THESE OPERATIONS, THEIR COSTS, AND EFFECTIVENESS, AND TO THEN DETERMINE FUNDING LEVELS AND ESTABLISH THE TAX RATE OF THESE CHECK-OFFS. EACH TIME THE LEGISLATURE SHOULD MAKE THESE REVIEWS AND DECISIONS IF THERE IS TO BE AN INCREASE IN THE TAX RATE.

I AM SURE THAT YOU, THE MEMBERS OF THIS COMMITTEE WOULD NOT FEEL COMFORTABLE IF YOU THOUGHT THESE COMMISSIONS OR ANY OTHER STATE AGENCIES WERE DISPERSING TAX PAYERS DOLLARS, WITHOUT SIMILAR OVERSIGHT AND REVIEW: FOR EXAMPLE, WHAT IS THE WHEAT EXPORT TRADE EDUCATION COMMITTEE, HOW MUCH OF KANSAS DOLLARS GOES INTO IT DIRECTLY OR INDIRECTLY, WHAT IS THEIR FUNCTION, WHAT IS THEIR EDUCATIONAL FUNCTION, ETC.

THEREFORE, THE KANSAS FARMERS UNION BELIEVES NO GOVERNMENT AGENCY (SB-449 LINE 0062) SHOULD BE GRANTED A TAX BUFFET OF 150%

INCREASE TO SERVE THEMSELVES WHENEVER THEY WISH, WITHOUT LEGISLATIVE DIRECTIVE AND REVIEW.

WHEN THE SENATE AG COMMITTEE WAS CONSIDERING SENATE BILL 448, THE FARMERS UNION RAISED THIS SAME ISSUE OF LEGISLATIVE DIRECTIVES, REVIEW AND ITS RESPONSIBILITIES OF SETTING TAX RATES, RATHER THAN A PERMISSIVE TAX BUFFET. AT THAT TIME, THE SENATE AG COMMITTEE WAS ASSURED THAT THERE WAS AMPLE OPPORTUNITY FOR OVERSIGHT. ALSO, THE COMMITTEE WAS ASSURED THAT IF FARMERS WERE DISSATISFIED WITH THE COMMISSION'S ACTIONS, THEY COULD ALWAYS GO TO THE GOVERNOR WITH THEIR CONCERNS BECAUSE THE GOVERNOR HAS THE OPPORTUNITY TO DISAPPROVE OR REAPPOINT THE COMMITTEE MEMBERS EVERY TWO YEARS. THIS WAS SUPPOSED TO PROVIDE THE MINIMUM SAFEGUARD AND OVERSIGHT.

HOWEVER, SINCE THAT TIME THE COMMISSION HAS APPEARED BEFORE THIS COMMITTEE SUPPORTING 4 YEAR TERMS FOR COMMISSION MEMBERS. SUCH ACTION SHOWS A LACK OF CANDOR WITH THE SENATE AG COMMITTEE MEMBERS AND HEIGHTENS THE CLOUD OF DOUBT AND SUSPICION.

IN CLOSING, WE CONSTANTLY HEAR TALK OF ECONOMIC DEVELOPMENT. KANSANS ARE ALWAYS BEING ASKED FOR MORE FUNDS FOR RESEARCH AND DEVELOPMENT TO ENHANCE THE VOLUME OF COMMODITIES THAT BENEFITS EVERY PERSON AND MANY BUSINESSES FROM THE FARM GATE TO THE DINNER TABLE, BUT WE HEAR NOTHING ABOUT PRICE ENHANCEMENT. MANY STATES ARE MAKING SERIOUS ATTEMPTS TOWARDS PRICE ENHANCEMENTS FOR FARM COMMODITIES. YET THE KANSAS LEGISLATURE HAS YET TO FUND RESEARCH, DEVELOPMENT AND/OR COOPERATION FOR PRICE ENHANCEMENT TO THE LOWLY PRODUCER. WHY, WE ASK.

THANK YOU.

STATEMENT

OF

IVAN W. WYATT, PRESIDENT

BEFORE

THE HOUSE COMMITTEE ON AGRICULTURE

ON

SB-637

(DOUBLING OF THE SOYBEAN CHECK-OFF)

MARCH 17, 1988

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION.

THE KANSAS FARMERS UNION 1988 POLICY ON COMMODITY CHECK-OFFS RELATING TO SENATE BILL 637 IS AS FOLLOWS:

COMMODITY CHECK-OFFS

1. THE MILL LEVY SHALL BE ESTABLISHED BY THE KANSAS LEGISLATURE.
2. THE COMMISSION SHALL HONOR ALL REFUND REQUESTS.
3. THE MAIN OBJECTIVE OF THE GRAIN COMMISSION SHOULD BE TO INCREASE FARMERS INCOME BY PROMOTING QUALITY GRAIN AND VALUE OF THE PRODUCT PER UNIT, AND VOLUME EXPORT SALES AT FAIR AND EQUITABLE PRICES.
4. TO ENCOURAGE MORE EFFICIENT OPERATION OF THE GRAIN COMMISSION, WE CALL FOR A COMPLETE PUBLIC ACCOUNTING OF ALL EXPENDITURES OF STATE COLLECTED CHECK-OFF TAX ON COMMODITY SALES, INCLUDING ANY PAYMENTS MADE TO ORGANIZATIONS RECEIVING FUNDS FROM THESE COMMODITY COMMISSIONS.

HOWEVER, BECAUSE THE REQUEST FOR A DOUBLING OF THE TAX RATE AT THIS TIME SEEMS EXCESSIVE, WE CANNOT SUPPORT THIS INCREASE UNTIL THE OBJECTIVES OF PARAGRAPHS 3 AND 4 OF THE KANSAS FARMERS UNION POLICY HAVE BEEN ADEQUATELY MET.

THE THIRD PARAGRAPH CALLS FOR THE PROMOTING OF EXPORT SALES AT A "FAIR AND EQUITABLE PRICE".

PARAGRAPH FOUR CALLS FOR A "COMPLETE PUBLIC ACCOUNTING OF ALL  
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EXPENDITURES OF STATE COLLECTED CHECK-OFF TAX ON COMMODITY SALES, INCLUDING ANY PAYMENTS MADE TO ORGANIZATIONS RECEIVING FUNDS FROM THESE COMMODITY COMMISSIONS."

PUBLIC ACCOUNTING OF THESE FUNDS WOULD BE:

1. WHAT ORGANIZATIONS RECEIVE THESE CHECK-OFF FUNDS?
2. DO THESE ORGANIZATIONS HAVE A POLICY THAT SUPPORTS FAIR AND EQUITABLE PRICES TO THE PRODUCERS?

THEREFORE, THE QUESTION IS: DOES THE SOYBEAN COMMISSION PROVIDE TAXPAYER FUNDS TO THE AMERICAN SOYBEAN ASSOCIATION?

THE AMERICAN SOYBEAN ASSOCIATION AND THE NATIONAL SOYBEAN PROCESSORS ASSOCIATION (AS OF JANUARY 1, 1988) SUPPORT A "MARKETING LOAN" CONCEPT FOR SOYBEANS FOR THE STATED PURPOSE TO KEEP THE PRICE OF SOYBEANS FROM RISING.

AS OF DECEMBER 31, 1987, THE PARITY PRICE OF SOYBEANS STOOD AT 46%.

I BELIEVE IN 1985, THE AMERICAN SOYBEAN ASSOCIATION SUPPORTED A LOWER LOAN RATE IN EXCHANGE FOR A MARKETING LOAN, AND ENDED UP WITH ONLY A LOWERING OF THE LOAN RATE AND A LOWER PRICE FOR SOYBEAN PRODUCERS.

FOR A NATION THAT CONTROLS OVER 70% OF THE WORLD MARKET OF SOYBEANS, IT SEEMS RIDICULOUS WE WOULD WILLINGLY SUPPORT DRIVING DOWN THE WORLD MARKET. THIS MEANS THAT WE, THE AMERICAN FARMERS, WILL HAVE TO EAT 70% OF THE RESULTING WORLD PRICE DECLINE.

THEREFORE, WE OPPOSE ANY INCREASE IN THE SOYBEAN CHECK-OFF IF ANY OF THE FUNDS ARE FUNNELLED TO ANY ORGANIZATION FOR ANY PURPOSE, IF THAT ORGANIZATION ADVOCATES A POLICY OF LOW PRICES OF SOYBEANS TO THE PRODUCER.

THANK YOU.

IN THE SENATE AGRICULTURE COMMITTEE HEARINGS, WE WERE TOLD BY AN INDIVIDUAL FROM ILLINOIS ABOUT WHAT GREAT SUPPORT THERE WAS FOR THE SOYBEAN COMMISSION CHECK-OFFS BY SOYBEAN PRODUCERS IN THAT PART OF THE NATION.

SINCE THE STATES OF ILLINOIS, INDIANA AND OHIO PRODUCE A GREAT AMOUNT OF SOYBEANS, I DECIDED TO RUN A CHECK ON THESE THREE STATES.

IN ILLINOIS, I FOUND THAT THERE IS ONLY A 5 MIL CHECK-OFF ON SOYBEANS THAT HAS BEEN IN EFFECT SINCE 1974, AND THAT THERE IS STRONG OPPOSITION TO INCREASING IT.

IN INDIANA, THERE IS NO SOYBEAN CHECK-OFF AND A CORN CHECK-OFF HAS BEEN DEFEATED TWICE IN THE PAST 6 TO 7 YEARS BY AN APPROXIMATE 2 TO 1 MARGIN.

AND IN OHIO, SINCE 1974, THE SOYBEAN CHECK-OFF HAS BEEN DEFEATED 6 TO 7 TIMES.

THIS INFORMATION WAS NOT AVAILABLE TO THE SENATE BEFORE THEY VOTED ON THIS BILL. IT WOULD APPEAR THAT KANSAS HAS BEEN CONNED INTO BELIEVING THAT IT SHOULD FALL IN LINE WITH OTHER STATES. IN FACT, EVEN THOUGH KANSAS ISN'T CONSIDERED TO BE ONE OF THE MAJOR SOYBEAN PRODUCERS, WE ARE BEING ASKED TO PROVIDE A SUBSTANTIAL AMOUNT OF FUNDS FOR THE AMERICAN SOYBEAN ASSOCIATION, WHO HAS OPENLY LOBBIED IN WASHINGTON FOR LEGISLATION THAT WOULD DRIVE DOWN THE PRICE OF SOYBEANS PAID TO THE AMERICAN FAMILY FARMER.