

MINUTES OF THE Senate COMMITTEE ON Agriculture

The meeting was called to order by Senator Allen Chairperson

10:06 a.m./~~XXX~~ on January 21, 1988 in room 423-S of the Capitol.

All members were present except: Senator Montgomery (excused)

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

Conferees appearing before the committee: Paul Fleener, Kansas Farm Bureau  
Rich McKee, Kansas Livestock Association  
Alan Alderson, Western Retail Implement and  
Hardware Association  
Sam Brownback, Secretary, State Board of  
Agriculture

Senator Allen called the committee to order and called attention to committee minutes. Senator Doyen made a motion the minutes be approved; Senator Thiessen seconded the motion; motion carried.

The Chairman called on the following who requested bills to be introduced by the committee.

Paul Fleener requested bills concerning nuisance lawsuits with agricultural chemicals and concerning labeling of food products (attachment 1). Mr. Fleener also requested a Senate Resolution that would request the federal government make exemptions in pending trucking legislation regarding definitions of materials defined as hazardous materials.

The Chairman called for the committees action. Senator Gannon made a motion the committee introduce the legislation regarding nuisance lawsuits. Senator Thiessen seconded the motion. Motion carried. Senator Norvell made a motion the committee introduce the requested legislation regarding labeling of food products. Senator Arasmith seconded the motion Motion carried. Senator Arasmith made a motion the committee introduce the Resolution requested by Mr. Fleener. Senator Gordon seconded the motion. Motion carried.

Ms. Wolters gave copies to the committee of a bill draft that was recommended by the summer interim committee regarding production contracts (attachment 2).

Senator Warren made a motion the committee introduce the bill regarding production contracts. Senator Kerr seconded the motion. Motion carried.

Rich McKee presented a request for legislation pertaining to the issue of clear title (attachment 3).

Senator Karr made a motion the committee introduce the requested legislation pertaining to clear title. Senator Gannon seconded the motion; motion carried.

Alan Alderson requested introduction of a bill by the committee concerning contracts to maintain stocks of outdoor power equipment by retailers (attachment 4).

Senator Gannon made a motion the committee introduce the legislation concerning contracts to maintain stocks of outdoor power equipment by retailers. Senator Karr seconded the motion; motion carried.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Agriculture,  
room 423-S, Statehouse, at 10:06 a.m./~~p.m.~~<sup>XX</sup> on January 21, 1988.

Senators Karr and Warren requested the committee again introduce legislation concerning an interstate compact on agricultural grain marketing.

Senator Warren made a motion the committee introduce a bill concerning an interstate compact. Senator Karr seconded the motion. Motion carried.

The Chairman called on Sam Brownback to present information about the State Board of Agriculture.

Mr. Brownback gave copies (attachment 5) of his information to the committee. He expressed special pride in the expanded use of the "From the Land of Kansas" labels by makers of Kansas products.

The Chairman thanked Mr. Brownback and adjourned the committee at 10:59 a.m.





# PUBLIC POLICY STATEMENT

SENATE AGRICULTURE COMMITTEE

RE: Request for Introduction of Bills

January 21, 1988  
Topeka, Kansas

Presented by:  
Paul E. Fleener, Director  
Public Affairs Division  
Kansas Farm Bureau

**Mr. Chairman and Members of the Committee:**

My name is Paul Fleener. I am the Director of Public Affairs for Kansas Farm Bureau. We appreciate the opportunity to discuss two areas in which we believe legislation is necessary and would be beneficial to all Kansans.

We have a lengthy resolution on **Agriculture Chemicals**. The full resolution is attached. The portion speaking to legislation is as follows:

**To discourage the filing of nuisance lawsuits, we urge legislation be enacted to:**

1. **Require individuals or groups that file injunctions against the proper use of registered agricultural chemicals to reimburse farmers, ranchers, federal, state and county governments for all court costs, legal fees, losses and costs arising from such injunctions that are eventually shown to be unfounded or are overturned in a court of law;**
2. **Require those filing any complaints to provide a bond guaranteeing payment of attorney fees and court costs. The amount shall be set by the court and subject to review upon motion by defense counsel. After conducting a hearing, the court may increase the amount of the bond; and**
3. **Prohibit non-affected parties from bringing a suit or injunction against pesticide users for possible misuse of chemicals.**

*attachment 1*  
*1-21-88*

The second issue relates to labeling of food products. That resolution is short. The whole resolution is reproduced and we invite your attention to the third paragraph.

### Labeling

We oppose the use of names of natural farm products on substitutes for such natural foods.

Advertising containing undocumented claims that organically-grown food is more nutritious or healthier than traditionally-grown food should be prohibited.

We support legislation to require full and complete labeling of food products to identify type and percentage of oils and other ingredients.

We respectfully urge this Committee to introduce two bills to carry out these two items. We would hope that these two bills would be referred back to **this Committee** for consideration.

## **Agricultural Chemicals**

We support reasonable regulation of the use of agricultural chemicals to assure adequate standards of public health. We will oppose regulations which are proposed as a result of mass hysteria and are not based on sound judgment and scientific knowledge.

No governmental agency should have the authority to ban, or continue the ban on, the manufacture or use of any agricultural chemical unless there is conclusive scientific proof that such use is detrimental to society.

We believe procedures should be developed so that some chemicals now banned from regular use can, in an emergency, be used by registered, certified applicators to control agricultural pest infestations.

We urge continued funding for research programs which could lead to eradication of those insects and pests that are particularly damaging to agricultural production.

We oppose the State of Kansas becoming involved in registration, certification, or determining the specific restrictions for agricultural chemicals. We believe such activity would be duplication and create confusion with existing federal regulations.

To discourage the filing of nuisance lawsuits, we urge legislation be enacted to:

1. Require individuals or groups that file injunctions against the proper use of registered agricultural chemicals to reimburse farmers, ranchers, federal, state and county governments for all court costs, legal fees, losses and costs arising from such injunctions that are eventually shown to be unfounded or are overturned in a court of law;
2. Require those filing any complaints to provide a bond guaranteeing payment of attorney fees and court costs. The amount shall be set by the court and subject to review upon motion by defense counsel. After conducting a hearing, the court may increase the amount of the bond; and
3. Prohibit non-affected parties from bringing a suit or injunction against pesticide users for possible misuse of chemicals.

PROPOSED BILL NO. \_\_\_\_\_

By

AN ACT concerning agriculture; relating to production contracts; amending K.S.A. 1987 Supp. 17-5904 and repealing the existing section.

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

Section 1. K.S.A. 1987 Supp. 17-5904 is hereby amended to read as follows: 17-5904. (a) No corporation, trust, limited partnership or corporate partnership, other than a family farm corporation, authorized farm corporation, limited agricultural partnership, family trust, authorized trust or testamentary trust shall, either directly or indirectly, own, acquire or otherwise obtain or lease any agricultural land in this state. The restrictions provided in this section do not apply to the following:

(1) A bona fide encumbrance taken for purposes of security.

(2) Agricultural land when acquired as a gift, either by grant or devise, by a bona fide educational, religious or charitable nonprofit corporation.

(3) Agricultural land acquired by a corporation in such acreage as is necessary for the operation of a nonfarming business. Such land may not be used for farming except under lease to one or more natural persons, a family farm corporation, authorized farm corporation, family trust, authorized trust or testamentary trust. The corporation shall not engage, either directly or indirectly, in the farming operation and shall not receive any financial benefit, other than rent, from the farming operation.

(4) Agricultural land acquired by a corporation by process of law in the collection of debts, or pursuant to a contract for deed executed prior to the effective date of this act, or by any

*attachment 2*  
*1-22-88*



procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise, if such corporation divests itself of any such agricultural land within 10 years after such process of law, contract or procedure, except that provisions of K.S.A. 9-1102 and amendments thereto shall apply to any bank which acquires agricultural land.

(5) A municipal corporation.

(6) Agricultural land which is acquired by a trust company or bank in a fiduciary capacity or as a trustee for a nonprofit corporation.

(7) Agricultural land owned or leased or held under a lease purchase agreement as described in K.S.A. 12-1741 and amendments thereto by a corporation, corporate partnership, limited corporate partnership or trust on the effective date of this act if (A) any such entity owned or leased such agricultural land prior to July 1, 1965, provided such entity shall not own or lease any greater acreage of agricultural land than it owned or leased prior to the effective date of this act unless it is in compliance with the provisions of this act, or (B) any such entity was in compliance with the provisions of K.S.A. 17-5901 prior to its repeal by this act, provided such entity shall not own or lease any greater acreage of agricultural land than it owned or leased prior to the effective date of this act unless it is in compliance with the provisions of this act, and absence of evidence in the records of the county where such land is located of a judicial determination that such entity violated the provisions of K.S.A. 17-5901 shall constitute proof that the provisions of this act do not apply to such agricultural land, and that such entity was in compliance with the provisions of K.S.A. 17-5901 prior to its repeal, or (C) any such entity was not in compliance with the provisions of K.S.A. 17-5901 prior to its repeal by this act, but is in compliance with the provisions of this act by July 1, 1991.

(8) Agricultural land held or leased by a corporation for use as a feedlot, a poultry confinement facility or rabbit



confinement facility.

(9) Agricultural land held or leased by a corporation for the purpose of the production of timber, forest products, nursery products or sod.

(10) Agricultural land used for bona fide educational research or scientific or experimental farming.

(11) Agricultural land used for the commercial production and conditioning of seed for sale or resale as seed or for the growing of alfalfa by an alfalfa processing entity if such land is located within 30 miles of such entity's plant site.

(12) Agricultural land owned or leased by a corporate partnership or limited corporate partnership in which the partners associated therein are either natural persons, family farm corporations, authorized farm corporations, family trusts, authorized trusts or testamentary trusts.

(13) Any corporation, either domestic or foreign, organized for coal mining purposes which engages in farming on any tract of land owned by it which has been strip mined for coal.

(14) Agricultural land owned or leased by a limited partnership prior to the effective date of this act.

(b) Production contracts entered into by a corporation, trust, limited partnership or corporate partnership and a person engaged in farming for the production of agricultural products shall not be construed to mean the ownership, acquisition, obtainment or lease, either directly or indirectly, of any agricultural land in this state.

~~(b)~~ (c) Any corporation, trust, limited partnership or corporate partnership, other than a family farm corporation, authorized farm corporation, family trust, authorized trust or testamentary trust, violating the provisions of this section shall be subject to a civil penalty of not more than \$50,000 and shall divest itself of any land acquired in violation of this section within one year after judgment is entered in the action. The district courts of this state may prevent and restrain violations of this section through the issuance of an injunction.

The attorney general or district or county attorney shall institute suits on behalf of the state to enforce the provisions of this section.

~~(e)~~ (d) Civil penalties sued for and recovered by the attorney general shall be paid into the state general fund. Civil penalties sued for and recovered by the county attorney or district attorney shall be paid into the general fund of the county where the proceedings were instigated.

Sec. 2. K.S.A. 1987 Supp. 17-5904 is hereby repealed.

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

Rich McGee  
KLA  
1/21/88

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

Section 1. K.S.A. 21-3734 is hereby amended to read as follows:

21-3734. (1) Impairing a security interest is:

(a) Damaging, destroying or concealing any personal property subject to a security interest with intent to defraud the secured party; or

(b) Selling, exchanging or otherwise disposing of any personal property subject to a security interest without the written consent of the secured party where such sale, exchange or other disposition is not authorized by the secured party under the terms of the security agreement; or

(c) Failure to account to the secured party for the proceeds of the sale, exchange or other disposition of any personal property subject to a security interest where such sale, exchange or other disposition is authorized and such accounting for proceeds is required by the secured party under the terms of the security agreement or otherwise.

(2) Impairing a security interest is a class C felony when the personal property subject to the security interest includes farm products of the value of fifty dollars (\$50) or more and is subject to a security interest of fifty dollars (\$50) or more. Impairing a security interest is a class E felony when the personal property subject to the security interest is of the value of fifty dollars (\$50) or more, but does not include farm products of a value of fifty dollars (\$50) or more, and is subject to a security interest of fifty dollars (\$50) or more. Impairment of a security interest is a class A misdemeanor when the personal property subject to the security interest is of the value of less than fifty dollars (\$50), or of the value of fifty dollars (\$50) or more but subject to a security interest of less than fifty dollars (\$50).

(3) In the event the trial court determines that probation should be granted to any person convicted of impairing a security interest in personal property which includes farm products of a value of fifty dollars (\$50) or more, the court, as a condition of such probation, shall require said person to make restitution of the total value of the security interest which has been impaired.

attachment 3  
1-21-88

(4) For the purposes of this act, the term "farm product" means an agricultural commodity such as wheat, corn, soybeans, or a species of livestock such as cattle, hogs, sheep, horses, or poultry used or produced in farming operations, or a product of such crop or livestock in its unmanufactured state (such as ginned cotton, wool-clip, maple syrup, milk and eggs), that is in the possession of a person engaged in farming operations.

Section 2. K.S.A. 21-3734 is hereby repealed.

Section 3. This act shall take effect and be in force from and after its publication in the statute book.

SENATE BILL NO. \_\_\_\_\_

BY COMMITTEE ON AGRICULTURE

AN ACT concerning contracts to maintain stocks of outdoor power equipment by retailers.

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

Section 1. As used in this act:

(a) "Outdoor power equipment" means and includes equipment used for lawn, garden, golf course, landscaping or grounds maintenance.

(b) "Retailer" means any person, firm or corporation engaged in the business of (1) selling outdoor power equipment to the ultimate consumer thereof, and (2) repairing or servicing outdoor power equipment.

(c) "Contract" means either a written or parol agreement between a retailer and a wholesaler, manufacturer or distributor.

(d) "Net cost" means the amount of money actually paid by a retailer.

(e) "Current net price" means the price listed in a manufacturer's, wholesaler's or distributor's price list or catalogue in effect on the date of termination of a contract, less any applicable trade-in or discount.

(f) "Good cause" means failure by the retailer to substantially comply with essential and reasonable requirements imposed upon the retailer by the contract. Any such requirement shall be deemed unreasonable if it differs from those requirements imposed on other similarly-situated retailers, either by its terms or in the manner of its enforcement.

*attachment 4*  
*1-21-88*

Sec. 2. Whenever any retailer enters into a contract whereby such retailer agrees to maintain a stock of parts or machines or equipment or attachments with any wholesaler, manufacturer, or distributor of outdoor power equipment, and either such wholesaler, manufacturer, or distributor or the retailer desires to cancel or discontinue the contract, such wholesaler, manufacturer, or distributor shall pay to such retailer, unless the retailer should desire to keep such merchandise, a sum equal to one hundred percent of the net cost of all new and unused outdoor power equipment, including transportation charges which have been paid by such retailer, and ninety-five percent of the current net price on repair parts, including superceded parts, at the price listed in the current price lists or catalogs, which parts had previously been purchased from such wholesaler, manufacturer, or distributor, and held by such retailer on the date of the cancellation or discontinuance of such contract. The wholesaler, manufacturer, or distributor shall also pay such retailer a sum equal to five percent of the current net price of all parts returned for the handling, packaging, and loading of such parts back to the wholesaler, manufacturer, or distributor. Upon the payment of the sum due hereunder, the title to such machinery and repair parts shall pass to the manufacturer, wholesaler or distributor making such payment, and such manufacturer, wholesaler, or distributor shall be entitled to the possession of such equipment and repair parts. To secure payment of amounts due the retailer, the manufacturer, wholesaler or distributor shall execute a security agreement and financing statement granting to the retailer a purchase money security interest in the equipment and repair parts returned. All payments required to be made under this section must

be made within sixty days after the return of the machinery or repair parts. After sixty days, all payments or allowances shall include interest at the rate prescribed by K.S.A. 1987 Supp. 16-204, and amendments thereto.

Sec. 3. The provisions of section 2 shall be supplemental to any agreement between the retailer and the manufacturer, wholesaler or distributor governing the return of equipment and repair parts. The retailer may elect to pursue either his contract remedy or the remedy provided herein, and an election by the retailer to pursue his contract remedy shall not bar his right to any remedy provided herein as to those equipment and repair parts not affected by the contract remedy.

Sec. 4. In the event that any manufacturer, wholesaler, or distributor of machinery and repair parts for outdoor power equipment, upon cancellation of a contract by either a retailer or a manufacturer, wholesaler, or distributor, fails or refuses to make payment to such dealer as is required by section 2, such manufacturer, wholesaler, or distributor shall be liable in a civil action to the retailer for costs of litigation and attorneys fees and for one hundred percent of the net cost of such machinery, plus transportation charges which have been paid by the retailer and one hundred percent of the current net price of the repair parts.

Sec. 5. Any manufacturer, wholesaler or distributor of outdoor power equipment and repair parts therefor, who enters into a contract with any retailer, whereby such retailer agrees to maintain a stock of parts or complete or whole machines or attachments, shall not terminate, cancel, or fail to renew any such contract or substantially change the competitive circumstances of such a retailer without good cause. The determination by the manufacturer, wholesaler or distributor of good cause for such



termination, cancellation, failure to renew or the change of competitive circumstances must be made in good faith. In any action against a manufacturer, wholesaler or distributor for violation of this section, the manufacturer, wholesaler or distributor must establish that the termination, cancellation or failure to renew or the change of competitive circumstances was made in good faith for good cause. If the manufacturer, wholesaler or distributor fails to establish good cause for its action, it shall be liable for all special and general damages sustained by the retailer, including, but not limited to, the costs of litigation and attorneys fees, and the retailer shall be entitled to injunctive relief.

Sec. 6. The obligations of any wholesaler, manufacturer or distributor created by sections 2 through 5 of this act, inclusive, shall apply to any successor in interest or assignee of that wholesaler, manufacturer, or distributor. A successor in interest includes any purchaser of substantially all of the assets or over fifty percent of the stock, any surviving corporation resulting from a merger or liquidation, any receiver, or any trustee of the original wholesaler, manufacturer or distributor.

Sec. 8. The provisions of sections 2 through 6 of this act, inclusive, shall apply to all contracts now in effect which have no expiration date and are continuing contracts, and all other contracts entered into, amended or renewed on or after the effective date of this act. Any contract in force and effect on the effective date of this act which, by its terms, will terminate on a date subsequent thereto is governed by the law as it existed before the effective date of this act.

Sec. 9. This act shall be known and may be cited as the Kansas outdoor power equipment franchise act.

Sec. 10. This act shall take effect and be in force from and after its publication in the statute book.

## Presentation to the Agriculture Committees

Sam Brownback  
Kansas Secretary of Agriculture

January 21, 1988

Thank you ladies and gentlemen for this opportunity to address this distinguished body. It is my honor and privilege to be able to give you some thoughts from the Board of Agriculture regarding the present condition of Kansas agriculture, what is happening at the Board of Agriculture and some issues we are concerned about.

In general terms 1987 was a good year for Kansas agriculture. Most often the weather was quite favorable, prices were frequently better than the previous year and a generally high level of government payments was maintained. The result was that farm income improved with a further reduction in farmer's outstanding debts and signs showing a stabilizing of land values with potential for some turn around. The United States Department of Agriculture projects a record net farm income for 1987 of 54 billion dollars. Farm exports are increasing in both dollar and volume amount. Livestock returns from which Kansas agriculture derives 60% of its cash receipts have been relatively good in 1987. Input costs for agriculture in total have declined each of the preceding three years and the value of the dollar is declining which assists us in being more competitive on world markets for grain sales.

In total I think we can say that the Kansas farm economy improved considerably in 1987 with many Kansas farmers using the increased farm income to pay off debts. Average debt per farm in Kansas at 72 thousand at the beginning of 1987 was 24% lower than the previous year. Debt to asset ratios improved from 33 to 28, meaning that Kansas farmers owed \$28 per hundred dollars of assets at the beginning of the year. However, those farmers with debt to asset ratios exceeding 40 made less progress in debt repayment. Their debt was reduced less rapidly than their assets with a result that their debt to asset ratio increased during 1986 and continued to increase during 1987. A number of them, particularly, those hurt by the bad weather episodes, the March blizzard, dry weather and hail may not have the cash flow to continue their farming operations beyond 1987. These situations are often hidden in the averages of a generally good year for agriculture but need to be kept in mind as we address the economic and people policies pertaining to our state's number one industry.

In summary, concerning the Kansas farm economy, it improved substantially in 1987. However, the recovery which is slowly taking place is jagged and precarious. It is jagged in that not all farmers have participated in it. Particularly those in the highly leveraged category, above 40% debt to assets ratio, have actually had a deteriorating financial situation through 1987. Indeed 10% of our farmers are in the double trouble category of over 40% debt to asset ratios and a negative cash flow. This number is an improvement over a year or two ago. That is not to minimize the situation. That is still an unacceptably high number of farmers in financial difficulties. I further pointed that the recovery is precarious in that much of the Kansas recovery is based upon recently good weather, exceptionally high farm program payments and good income from livestock. Any one of these three legs could be pulled out and a substantial number of people involved in Kansas agriculture would be back in the soup. Another hidden difficulty that has not been addressed much is that we

*attachment 5*  
*1-21-88*

have done a great job of cutting our costs over the past three years in agriculture. However, that means as well we have not done much to replace our capital equipment in agriculture. There is much machinery across the state of Kansas that is in need of replacement. One farm management specialist told me that much of the equipment on the farms he works with is being held together by 900 pounds of welding rod. So, a major expense is looming.

I personally have had an exciting and rewarding year since last January. I have spent a great deal of time traveling, speaking and promoting agriculture and innovation. Since last January I have given 104 speeches and met with lots of people associated with the Kansas agricultural complex.

I believe you have been able to observe some expansion of activity at the Kansas State Board of Agriculture in the area of agricultural development. Regulation will always be our primary focus and where the majority of our employees will be involved, yet we do feel we have a mission in working for agricultural development in the state of Kansas. Some examples of this transition have been forums on agriculture issues that we have held such as the forums on the Farm Credit System, Latin America Debt Crisis, and an upcoming one on Agriculture and the Environment. Furthermore, the Board authorized the Commission on the Future of Kansas Agriculture and its report which we have put a great deal of time and effort into its development and now implementation.

The Board will continue to push agricultural and rural development. We are seeking processors of Kansas agricultural products, both small and large. We are seeking realistic alternatives for Kansas producers such as some poultry production meetings that we have held and contacts that we have made in the poultry industry. We attempted, in conjunction with the Kansas Chamber of Commerce and Industry and the Kansas Department of Commerce to hold a food processors recruitment tour from which we got some leads. We cosponsored a small-scale food processing seminar. The legislature funded and we raised the remaining funds to do a Blueprint on Kansas Agriculture which is available now and is giving all of us in Kansas good solid direction on areas that we can pursue for agricultural processing and we have been working with the community colleges about teaching agricultural diversification in some of their efforts.

I am proud of all of the activities of our various divisions within the Board of Agriculture. I would like to highlight for you the efforts of the Marketing Division and of the Farmer's Assistance, Counseling and Training Service, the FACTS program.

The Marketing Division has gone through some difficult times, however, we point with pride to several accomplishments. We are proud of our "FROM THE LAND OF KANSAS" program which now has 127 business entities associated with it, promoting Kansas agricultural products. (In total the division has worked with and assisted 390 companies, of which 127 are in the trademark program.) A number of these businesses have told us that the "Land of Kansas" program has made their operations go. For instance, quoting from an Associated Press article, Larry Wiens, President of Deutsch Treat, Inc., a Wichita company that makes bite-sized cookies, he stated that, "The Board (State Board of Agriculture) helped turn his company from one with about \$400,000 in annual sales statewide to one that anticipates selling \$6 million worth of cookies throughout the nation in the next year." This article that I am quoting from appeared September 27, 1987. We have had over 500 stores within the state of

Kansas participate in the "From the Land of Kansas" promotion. Our efforts for a major promotion at the Bloomingdale's department store in New York continue with many, many Kansas entrepreneurs seeking to enter that market with specialty food products. We cosponsored with the Department of Commerce, Small Business Administration and Kansas State University a small-scale food processing seminar which helped people who were considering getting into the food business learn how they could do it. We have worked to recruit the poultry industry back to Kansas. We feel we will see growth of this industry in Kansas over the next 3-5 years. Presently, the poultry industry is going through a down cycle where supply exceeds demand, so expansion will be limited short-term but looks good in the long-term. We have worked with the hay industry, the pork industry and other groups across the state of Kansas for promotion and expansion. In the area of overseas marketing we hosted a successful cattle marketing trip for cattlemen from the Sonora province in Mexico.

I also wish to highlight the FACTS program. During the summer months the calls to the program were down from a similar period a year ago, however, this fall the calls have picked back up to a pace similar to a year ago. Even though the farm economy is improving, those in difficulty are actually getting in worse shape and needing more assistance. The FACTS program has received a number of suicide calls. They have been working with groups in urban areas locating job possibilities. They have been working extensively with the Federal Deposit Insurance Corporation to help in mediation and working out loan problems that the farmers have when the FDIC takes over a troubled bank. I couldn't be prouder of the eight dedicated people that work at the FACTS program helping those in difficulty. During the past year they have received over 7,000 incoming calls from distressed farmers and rural citizenry. The program is working and is very much still needed.

The FACTS enabling legislation needs a change if we are to provide mediation services as is required of the FmHA in recent federal legislation. We are requesting a law change to allow FACTS to provide federally funded mediation services.

The State Board of Agriculture is very interested in several issues facing the Legislature in 1988 which will have impact on the Kansas agricultural complex.

Two separate studies now have identified the need for some type of an agricultural processing center in the state of Kansas or done in conjunction with another state. We need to get serious about doing this. The best possibility for Kansas in the area of economic development is in processing of our agricultural products. We grow the stuff here, and we have a good work force to process it. This would be doing economic development by building on our strengths.

I hasten to add here that I am not simply talking about food processing but total agricultural processing. Many experts view the growth markets for agriculture to be based upon two potential markets; one being developing countries improving their per capita income and diets thus demanding more grains from the United States, and a second area is non-food uses for our agricultural output. Things such as plastics, fuels, ink, building materials and all other sorts of industrial products being made from agricultural outputs. This is an exciting area of development. The Board has appointed a task force on

industrial use of Kansas agricultural commodities to come forward with specific areas that need emphasis and that have realistic potential as commercial operations.

A second area of interest to the Board are the monies received by the state of Kansas on the oil overcharge litigation against several of the major oil companies. In previous years Kansas has received over 47 million dollars in the settlement of litigation against certain companies for oil overcharges in the state. Kansas agriculture contributed over 6 million dollars of these funds that are part of the oil overcharge. We feel agriculture should receive its share of these funds for agricultural energy conservation type of projects and other programs in agriculture that can assist us in energy conservation, water conservation, and protection of the environment.

A third area of interest that has developed considerably across Kansas over the past year has been fee hunting and fee access to land. This is seen by many in rural communities as a supplemental income source. It is an additional way to use the Conservation Reserve Program land in that the USDA does allow land owners to sell recreational use rights to their land for a fee. This is one of the very, very few other uses that the CRP land can be put to. We see this as a good potential for additional tourism in the state of Kansas and that if more land is available more people will come to the rural areas and hunt or otherwise enjoy the outdoors. However, there are a couple of key barriers to this happening and the most difficult one to landowners is the duty of care that they have when they charge a fee to someone for coming on to their land. We would like to see the legislature review the Recreational Use Statute and decrease the duty of care that the landowner owes to those who pay to come on his land for recreational purposes. We believe this will increase the availability of land for recreational use across the state of Kansas and additionally put more money in the pockets of farmers. That is certainly something that would be beneficial to the agricultural community.

Another area that is very difficult but we believe needs to be addressed is that of contract farming. Contract farming has increased substantially across the state of Kansas. I have no figures to substantiate that, only a "hood ornament" view, and reflection on the number of people who have told me they are growing crops under contract. A recent Attorney General's Opinion raises a question of whether this is legal in the state of Kansas given our Farm Corporation Law. In many cases people do grow under contract for corporations. Sunflowers in northwest Kansas are frequently grown under contract with a corporation, as are most specialty crops and some row crops. Many farmers sell their crop ahead of time under a contract with a local grain buyer. Is this legal or illegal now in the state of Kansas? It is our belief that this issue needs to be addressed and rectified. It is the recommendation of the Board of Agriculture that contract farming be allowed in the state as it presently is going on in a significant amount. To limit this activity would detrimentally affect Kansas agriculture. One must also be aware though that if the contracting party defaults, there presently is no safeguard to the farmer other than under the contract. This may be something that the legislature would choose to examine to see about enacting safeguards for producers operating under production contracts. It is our belief that this issue should be looked at in total and action taken before major problems begin occurring.

Agricultural practices and their impact on the environment has demanded much of our time and looks to us to be an area requiring increasing time and staff commitment.

Again, it has been my honor to address you. The Board of Agriculture stands ready and willing to work with the legislature in any capacity that we can. I would be happy to submit to questions. Thank you Mr. Chairman.