

Approved February 24, 1988  
Date

MINUTES OF THE \_\_\_\_\_ COMMITTEE ON Select Committee on Corporate Farm Law

The meeting was called to order by Senator Allen at \_\_\_\_\_  
Chairperson

3:13 ~~a.m.~~/p.m. on February 15, 1988 in room 522-S of the Capitol.

All members were present except: Representative Roenbaugh (excused)  
Senator Frey (excused)

Committee staff present: Raney Gilliland, Legislative Research Department

Conferees appearing before the committee: Bill Haw, National Farms, Inc., Kansas City, MO.  
Melvin Stanford, hog producer, Admire, Kansas  
Henry Schirmer, hog producer, Holton, Kansas

Senator Allen called the committee to order and called attention to committee minutes for approval.

Senator Warren made a motion the committee minutes of February 9 be approved. Representative Bryant seconded the motion. Motion carried.

The Chairman gave copies of information from Kansas State which explained their work and involvement with the swine industry in the state (attachment 1). The Chairman then called on Bill Haw to discuss National Farms, Inc.'s view of the Kansas corporation farm law and the corporation involvement in other states.

Mr. Haw explained his corporation had cattle feedlots and corn and alfalfa farms in Kansas but no plans to place any swine business in Kansas. They have swine facilities in Nebraska. When considering a state to place a swine business a corporation wants crystal clear corporate farming laws, a corporation wants no legal problems after investing in a business. Mr. Haw stated that Kansas would be an ideal place to locate a swine business especially in the Western and Northwestern part of the state. The important factors in choosing a site are remoteness of the area because of the smell a swine lot creates, a close supply of corn which does not have a large hauling fee, and agricultural people for employment. A corporation would not want to locate in an area and then have any groups opposed to the corporation business, a problem in Kansas now is that there is no packing plant. Mr. Haw stated he believed for corporations to become involved in Kansas that Kansas needs to change its law so that corporations could own large amounts of land next to a swine business; the land is needed to serve as a buffer for the smell of such operation and to have a place to dispose of the swine waste in an environmentally safe manner. Mr. Haw stated that no tax incentives or revenue bonds should be granted to a corporation; a corporation should be able to finance itself; a corporation should have a pro-business attitude. Mr. Haw thinks with corporate involvement that a processing plant would be attracted to Kansas. Mr. Haw stated that hog production is on the increase in the South and Southeast part of the United States by the corporations of Tyson, Carroll, Murphy Foods, Continental and Cargill. Mr. Haw commented that the question is not whether there is going to be commercial hog industry, the question is whether there is going to be a commercial hog industry in Kansas. Mr. Haw emphasized that he was recommending no legislation as his corporation has no plans to locate in Kansas. Mr. Haw stated he felt Kansas would benefit from corporate involvement.

During committee discussion Mr. Haws stated that at present National Farms Corporation has a swine business only in the state of Nebraska and that when they started their business Nebraska had no corporation farm law. He said at present they could expand their business in Nebraska if they wanted

CONTINUATION SHEET

MINUTES OF THE \_\_\_\_\_ COMMITTEE ON Select Committee on Corporate Farm Law  
room 522-S, Statehouse, at 3:13 ~~xx~~ p.m. on February 15, 1988.

to expand. Mr. Haw explained that they had twenty quarters of land in Nebraska with 17,000 sows; they produce about 320,000 finished pigs per year, that they harvested 150 bushels of corn per acre from their land which had the swine waste as fertilizer. He said two other corporations had swine in Nebraska. He stated they average 9 piglets per litter and a sow averages 20 piglets per year. Their employees feed all their pigs; they do no contract feeding. He said they feed no milo because they believe corn to be the best feed for pigs. Mr. Haw stated a swine production business requires about a \$50 million investment. A slaughter house needs about 5,000 swine per day to remain in operation. National Farms finishes approximately 1,000 per day. National Farms sells no breeding stock. There are a number of small hog producers in the area close to the National Farm swine business in Nebraska. Mr. Haws stated he susposed that corporate farm law was passed in Nebraska because some thought corporations caused bad times for agriculture. He stated that the American way is to become more efficient and that is what has happened in the business world and also the poultry business. Mr. Haw stated that National Farms buys corn from within about a one hundred mile radius of their swine business and that farmers sell to them because they are the best market for the corn of the area. Mr. Haw stated their corporation would not have to own the land but they must have control of the land so as to be able to dispose of the swine waste in a way that is safe for the environment. Mr. Haw answered that they sell their swine to the packer that offers the best price and that they ship their pigs between 80 to 110 miles. Mr. Haw stated that the red meat industry needs to look at the demand side of the meat supply and like the poultry industry go to a more packaged product to create more demand. This will be done as more efficiency is accomplished by the larger businesses which will mean some smaller ones will stop operation. Mr. Haw stated at their plant the wage scale is about \$4.75 per hour with health, insurance and retirement benefits. He answered that National Farms is a family corporation. He stated that most of their employees have a high school education and are from an agricultural background. Their corporation has a big personal property tax bill and they ask for no tax exemptions. Mr. Haw answered the most important consideration for a swine business is remoteness of area and second is reasonably priced corn and then a slaughter house so that the finished swine does not have to be hauled too far. Mr. Haw stated he felt that Kansas or Colorado were an ideal place for a swine packer to fill some of the West Coast market. He answered that a plant needs to butcher 5,000 per day to be economical. Mr. Haw explained that South Dakota had invited National Farms to start a swine business there but details with water did not work out satisfactorily and that they would not choose to come to Kansas because they feel the law would not allow them to do farrow to finish business in Kansas. Mr. Haw stated their plant in Nebraska has about 170 employees.

Next the Chairman called on Melvin Stanford a proponent for corporate farm law change.

Mr. Stanford furnished copies of his testimony for the committee (attachment 2). Mr. Stanford expressed support for change in the corporate farm law in Kansas.

When asked why he does not expand his business Mr. Stanford stated he did not want to and that money would probably prohibit expansion. It was stated that maybe Kansas should put some of its economic development money to work by making money loans available for small hog producers. Mr. Stanford stated he felt Kansas needed to make changes so corporations would come to Kansas rather than a nearby state which would be competition for Kansas hog business with no Kansas control over them. Mr. Stanford stated that if Kansas small hog producers were to enlarge that they need technical assistance. Mr. Stanford stated that if corporations come to Kansas with swine businesses that small hog producers will need technical assistance even more. He stated he felt information could be available from a Center of Excellence through County Agents. Mr. Stanford answered that he felt small hog producers had gone under because of the price for hogs.

The Chairman next called on Henry Schimer.

CONTINUATION SHEET

MINUTES OF THE \_\_\_\_\_ COMMITTEE ON Select Committee on Corporate Farm Law  
room 522-S, Statehouse, at 3:13 ~~xxx~~/p.m. on February 15, 1988

Mr. Schimer gave copies of his testimony to the committee (attachment 3) and expressed support for change in the corporate farm law in Kansas.

Mr. Schimer answered that the plant in Holton received hogs from nearby and some are shipped in so as to have enough to keep in operation. He stated a Center of Excellence would be a help as the swine industry becomes more competitive. Mr. Schimer stated he wanted corporate swine businesses in Kansas rather than in Oklahoma or Colorado because Kansas would have no control over such in another state. Mr. Schimer stated, if he were writing a bill, he would require no tax abatements, no revenue bonds, allow plenty of ground for swine operation, allow for farrow to finish businesses and any needed provisions needed for packing plants. Mr. Schirmer stated one problem that corporate farm businesses have that small hog producers do not have and that is with diseases. He explained that a small producer ~~prohibt~~erto spread his hogs around and get control of disease where a corporation cannot spread theirs around. Mr. Schimer stated he feels that hogs are an important part of the future of Kansas.

The Chairman adjourned the committee at 4:43 p.m.

GUEST LIST

COMMITTEE: Select Committee on Corporate Farm Law

DATE: February 15, 1988

NAME	ADDRESS	ORGANIZATION
Rich McKee	Topeka	KLA
Bob King	Seneca	National Farmer
Andy Jacobs	Manhattan	KSU
Bill Skow	K.C.	National Farmer
Melvin Stanford	Admire, Ks.	Producers -
Henry Schum	Horton Ks	Producers
Tim Strode	Manhattan	KPPC
Mike Jensen	Manhattan	KPPC
Jerry Jost	Whiting	KRC
Don W. Wyatt	MPhuson	Ks Farmer Union
Wilho Linnant	Topeka	Comm Ks Farm Org
Laura Harris	Hepler, KS	NFO
Don Harris	Hepler, Ks	Kansas NFO
Chris Walker	Mayetta	Kans NFO
Dave R. Moffit	Topeka	KPPC -
Loren Krause	Des Moines IA	Successful Farming
Greg Schuch	Manassah Ks	Manassah & FCU
Ruth Weikin	Topeka	H.W.V.
Mervin E. Smith	Topeka	Representative



Dean of Agriculture

Waters Hall  
Manhattan, Kansas 66506  
913-532-6147

February 11, 1988

Senator James Allen  
State Capitol  
Topeka, KS

Dear Senator Allen:

In accord with Raney Gilliland's request we are providing the attached statement concerning swine research and extension efforts at Kansas State University.

If there is legislative interest in expanding those efforts we would be happy to confer with interested individuals or provide recommendations.

Should additional information be required, please do not hesitate to ask.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hyde S. Jacobs', written over a horizontal line.

Hyde S. Jacobs  
Assistant to the Dean

jf

cc: Jon Wefald  
Walter R. Woods  
John Noordsy  
Raney Gilliland

*attachment 1*

*2-15-88*

Swine Research and Extension  
Kansas State University

I. Facilities - Swine Herd and Farm

An average of 35 sows are farrowed every 35 days for a total of 350 litters per year. The average monthly inventory of all hogs on the KSU swine farm is approximately 1300 head.

The KSU swine research facilities consist of a controlled environment farrowing unit with 29 farrowing crates; a two room nursery for pigs weaned at 3 weeks till 8-10 wks. of age; a multi purpose unit with 12 more farrowing crates and a few pens for overflow pigs; a finishing barn with 2 wings for feeding out finishing pigs (100 lbs. to market wt.); breeding unit with 80 gestations stalls and facilities for housing boars for artificial insemination. The pasture lots consist of 8 sows gestation lots (20 head/lot) eleven growing-finishing pens, 8 boar pens, and 2 gilt developing pens.

Ninety to ninety-five percent of the pigs farrowed are utilized in at least one experimental trial and over 75% are used in two or more trials. The sow herd is continually utilized in nutritional and reproductive physiology studies.

II. Laboratories:

New nutritional laboratory in Weber Hall will be utilized for analytical work concerning amino acids, minerals, vitamins. Proximate analysis of feedstuffs and various blood assays will also be conducted.

Physiology lab will permit continued work with swine embryo survival studies by Dr. Davis. In addition, new facilities in Weber will enhance basic reproductive physiology studies.

III. Research Capabilities:

A. Sow herd studies involving nutrition management and reproductive physiology will be conducted. Current studies in progress are: (1) evaluating effect of post-breeding feeding on embryo survival (2) value of folic acid supplementation for the gestating & lactating sow (3) effect of group penned or individually penned post-weaned sows on subsequent reproduction efficiency.

B. Nursery pig studies are being directed toward development of high nutrient density diets for the early weaned pig (2 or 3 wk of age).

C. Finishing pigs studies have evaluated the feeding value of sprouted milo, space allowance for pigs feed to heavier weights, utilization of raw (uncooked) soybeans for finishing hogs as an energy source.

Major thrust in the finishing pig experiments involve nutrient requirements (lysine and energy) for pigs injected with porcine somathropin.

#### IV. Research Limitations

Facilities at the KSU Swine farm permit work with the early weaned pig (10 lbs. to 50 lbs.) and the finishing pigs (125 lbs. to market). However, a facility is needed to permit studies with growing pigs (50 lbs. to 125 lbs.).

Swine facilities that meet the standard of the American Association for Accreditation of Laboratory Animal Care (AAALC) are needed.

#### V. Extension Efforts

Two extension specialists in animal science devote most of their efforts toward swine production, management and marketing problems. They cooperate with extension specialists in veterinary medicine and agricultural engineering who devote a part of their efforts to swine health and swine facilities.

#### VI. KSU Personnel

Dr. Duane Davis - Reproductive Physiology - He is interested in factors that effect embryo survival in swine.

Dr. Robert Hines - Nutrition and Management - He is interested in evaluating various energy and protein feedstuffs for finishing pigs as well as feeding systems and management. Major emphases currently is evaluating lysine and energy requirements for porcine somatrophin injected pigs in cooperation with Dr. Nelssen.

Dr. James Nelssen - Extension Specialist and Nutrition - His main interest is the weaned pig and the development of high nutrient density diets. Trials will be conducted on effect of fat sources, lysine levels, dried whey, and nutrient interactions in rations for the weaned pig.

Dr. Dave Nichols - Environmental Physiology & Nutrition - He is interested in environmental adaptations to make gestation and lactating sows more comfortable and the effect of various cooling systems on finishing pig performance.

Dr. Joe Hancock - Nutrition - Joined swine staff in Jan. 1988.

Dr. David Schoneweis, DVM, Swine Medicine & Surgery. Research interests include anemia prevention, deworming agents and haemophilus pleuro-pneumonia.

Dr. David E. Schafer, Extention Specialists in Meats. He works with livestock producers, meat processors and youth.

I am Melvin Stanford, from near Admire, a small town in Lyon County. My son and I have a partnership farming operation that now includes a 250 sow farrow to finish swine operation. We are vitally interested in the future of the swine industry in Kansas.

I wish to thank you for giving me this opportunity to express my support of a change in the Kansas corporate law to include the production of swine.

In expressing my support for a change in the corporate farming law, I must qualify my support, by not extending to the corporations any economic incentives or tax advantages not available to family farmers. Family farmers must have a "level playing field".

When the question of changing the corporate farming law came up 2 or 3 years ago; I too was opposed to it. Not knowing the facts, it was easy to envision a threat of disaster. It becomes an emotional issue. We fear size. The truth is that a great change has taken place in our industry the last 20 years. In 1969 only 13% of hogs marketed were from producers of 1,000 head or more. Seventeen years later 70% of the hogs marketed were from producers of 1,000 head or more. Corporate swine operations did not account for all of this change. As in other phases of agriculture, to survive, we have had to become larger. We thought that corporations would crowd out the family hog producer with increased number of hogs; if we could control the number of hogs in Kansas we could control our destiny. Kansas

attachment 2  
2-15-88



is not the only state that can produce hogs. If a corporate entity wants a swine facility, and can not locate in Kansas; they will go elsewhere and their production will compete with our production. It is the total U.S. hog numbers that determine the price of hogs in Kansas. I can not verify it, but I have heard that DeKalb Swine Breeders if they can not soon locate in Kansas, will locate in eastern Colorado. Their production will bear just as heavily on Kansas hog prices as if located in Kansas. Today Kansas is not an island removed from the economic forces of other states.

Presently because of our small swine numbers, Kansas producers have limited markets. Today we have only one viable butcher hog slaughter plant in Kansas, Ark City Packing Company at Arkansas City. Twenty-five years ago we had at least a half a dozen. Approximately 15 years ago Oscar Mayer Packing Company was considering building a hog slaughter plant near Wamego. They took options on two tracts of land while doing a feasibility study. Their study concluded that there were not enough hogs in Kansas to build a plant. Today this results in 40% of the hogs produced in Kansas are shipped out of state to be slaughtered. This is a loss to the hog producers as well as Kansas economy. Quoting Kansas Statistical Service, U.S.D.A., in 1986 Kansas hog producer received \$1.50 cwt less for their slaughter hogs than U.S. average. In 1987 we received \$1.59 cwt less than the U.S. average. On a 225 lb. butcher hog this would ~~the~~ net Kansas producer \$3.50 less per hog sold, a total loss of 21 million dollars for the approximate 600,000 hogs raised in Kansas last year.

Greater hog numbers in Kansas offers economic advantages not only to swine producers but also to economic development. It would provide an increased market for grain. A small feedlot northeast of Emporia paid 10-15¢ a cwt above local elevator price for grain.

I would like to express support for a Center of Excellence to enlarge technological and research efforts in swine production. I understand we now have only 8/10 of full-time Extension Swine Specialist; North Carolina with only twice Kansas Hog Production has 10 Phd. Swine Specialist. We are in a fast changing world, swine producer needs help to meet the challenge to produce pork efficiently.

In summary I support changing corporate farming law for swine; qualified by not extending to corporation economic or tax advantages not available to family farmers.

I believe if corporate swine operations are not permitted in Kansas, Kansas producers will be competing with corporate hogs produced elsewhere.

With increased hog numbers in Kansas; our producers should in time have more markets available to them, resulting in a better price for their product.

Increased hog numbers in Kansas would enhance economic development here.

With an increased research and technology staff, swine producers would have the help and know how to become more efficient.

I believe swine production has a future in Kansas.

Thank you.

A handwritten signature in cursive script that reads "Melvin Stanford". The signature is written in dark ink and is positioned to the left of the typed name.

Melvin Stanford  
Rural Route #1, Box 39  
Admire, KS 66830  
(316)-528-3298

My name is Henry Schirmer. I live in Holton, Kansas, which is located 30 miles North of Topeka with my wife Charlotte and six children. We operate a diversified operation, row crop, background cattle, and fat hogs.

I am here today to address an emotional issue.

As a small, diversified producer, I think I am able to take a more objective view of the corporate hog farm bill, than a producer who is totally dependent on hogs for his livelihood. This is not to say that my hog operation is not vital to the success of the rest of my operation.

First of all, lets take the emotion out of this issue and look at some facts.

The real issue here is not whether or not to let corporations into the state, the fact is they are all ready here. The issue is whether or not we as hog producers want to be able to help write legislation to put corporations on the same economic playing field with the rest of the hog producers in the state. If we, as hog producers, take a positive attitude instead of a negative attitude we will be able to insure that we have input into this bill. One way is to make sure no IRB or tax abatements are given to corporate hog farms.

My biggest fear about this issue is that pork producers will take a negative stand and fight the bill to the last straw. And we, as producers, will have absolutely no say in how the bill is written.

I have taken a poll of Jackson County pork producers on this issue. The producers are split right down the middle for and against. However, even those against the issue agree that corporations are here and that it would be better to have them in the state where we could derive economic benefits from them and regulate them, than have them sitting across some other state line and have no control or benefits from them.

When producers were asked if they thought they could compete economically against corporate farms, again a split vote, but they all agreed that if legislation insured no IRB or tax abatements they would be more successful in their own operation.

I would like to turn to the benefits made possible by increased hog numbers in the state.

One benefit would be that it would help stabilize the hog packing plants in Kansas. We only have three: Two plants at Ark City and Down's, Kansas. slaughter fat hogs in Holton, Kansas only sows are slaughtered.

Now, we know the corporate producers are not going to send all of their hogs to Kansas plants, but we would definitely get our share.

Depending on growth, our state could realize an additional hog packing plant. This would create new jobs and new revenue for Kansas. Being from Holton, I have seen first hand what a packing plant (even a small one) can do for a community. The plant at Holton employs 118 people and processes 25 to 30 million pounds of sausage per year.

*attachment 3*

*2-15-88*

The other benefit of increase hog numbers is for our grain farmers.

Again, I realize that all the grain will not be bought locally; but in one of the only tests of this we have (the DeKulb operation at Plains) it has added an estimated twenty cent premium to grain in the area.

Last, but not least, I feel I should address the importance of the center of technology bill. Although not tied directly to the corporate bill, the scientific benefits from this bill are as vital to small pork producers' survivability as checks and balances on corporate hog farms.

In conclusion, I urge you as law makers to put aside the fact that it is an election year and put aside the emotional aspects of this bill. I ask that you take a clear look at this bill and do what is not only best for the state of Kansas but also what will be in the best interests of small hog producers. I ask that you support this bill

Henry Schirmer