

Approved Feb. 14, 1989
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

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

9:12 a.m./~~p.m.~~ on February 9, 1989 in room 423-S of the Capitol.

All members were present except: Representatives Freeman and Gross.

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

Conferees appearing before the committee: Bill Fuller, Assistant Director, Public
Affairs Division, Kansas Farm Bureau
Tom Tunnel for the Kansas Grain and Feed
Association
Joe Lieber, Executive Vice President of the
Kansas Cooperative Council

The hearings for HB 2170 were pronounced open.

Mr. Bill Fuller representing Kansas Farm Bureau spoke first to the Committee Members. They are in favor of the bill but recommended that it be amended on line 22 by striking the proposed new language and inserting "within 30 days of the end of the fiscal year for each warehouse." (ATTACHMENT 1)

Mr. Tom Tunnel addressed the member of the Committee with a presentation prepared by Chris Wilson, Director of Governmental Relations of the Kansas Grain and Feed Association. They are in opposition to the language which would confine the reporting to a specific time, suggesting that it would complicate a system that is already working well. They recommended that HB 2170 not be passed. (ATTACHMENT 2) Mr. Tunnel supplied members of the Committee with a copy of the "STORAGE RECORD" which is typical of those used by warehousemen. (ATTACHMENT 2-3)

The last conferee to testify was Joe Lieber of the Kansas Cooperative Council. (ATTACHMENT 3) They opposed the establishment of a set time period in which this information must be sent.

After a brief discussion between conferees and the Committee, Representative Roenbaugh announced the closing of hearings on HB 2170.

On call of the Chair, the meeting was adjourned at 9:44 a.m.

The next meeting of the House Committee on Agriculture and Small Business will be on February 14, 1989.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.



PUBLIC POLICY STATEMENT

House Agriculture and Small Business Committee

**RE: H.B. 2170 - Establishing a time for public warehousemen
to submit annual statements of depositor's grain**

February 9, 1989
Topeka, Kansas

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

Chairman Roenbaugh and Members of the Committee:

My name is Bill Fuller. I am the Assistant Director of Public Affairs Division for Kansas Farm Bureau. We are speaking on behalf of the farmers and ranchers who are members of the 105 county Farm Bureaus in Kansas.

Grain warehouses are as important to farmers as banks are to all citizens. Not only are grain warehouses the marketplace for our grain, they are the depository of farmers grain for future sales. For that reason, our members have continually been active in the development of public policy in the regulation of grain warehouses.

We commend this Committee and the entire Legislature for your efforts on public grain warehouse issues over the years. We also appreciate the cooperation from the industry and the Kansas Grain Inspection Department. A major achievement was accomplished in 1983 with the passage of a package of Interim Committee recommendations ... S.B. 1, S.B. 2, S.B. 3, S.B. 4, S.B. 5 and S.B. 6.

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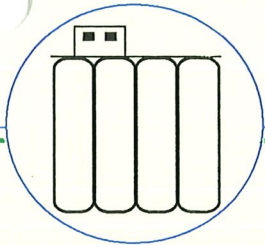
ATTACHMENT 1

S.B. 2 required every public warehousemen to submit annually a statement of grain stored in the warehouse to grain depositors. The statement includes the type of grain deposited, the total bushels or pounds stored, the year storage began, and the storage rate. That 1983 legislation required an "annual" statement, but did not establish a specific date or time period.

H.B. 2170 would require this annual statement be made "within 30 days prior to or subsequent to January 1". We believe establishing a specific reporting period will assist grain depositors in managing and marketing their grain.

It is our understanding the fiscal year does not end on the same date for all warehouses. We are not asking for changes in current accounting practices and wish to avoid adding substantial new cost to grain warehousemen. **For these reasons, we asked H.B. 2170 be amended on line 22 by striking the proposed new language and inserting "within 30 days of the end of the fiscal year for each warehouse".**

Chairman Roenbaugh and Members of the Committee ... we respectfully asked for favorable consideration of H.B. 2170 including the concept of our proposed amendment. We will attempt to respond to any questions you may have. Thank you!



KANSAS GRAIN AND FEED ASSOCIATION

STATEMENT OF THE KANSAS GRAIN AND FEED ASSOCIATION
TO THE HOUSE AGRICULTURE AND SMALL BUSINESS COMMITTEE
REPRESENTATIVE SUSAN ROENBAUGH, CHAIRMAN

REGARDING H.B. 2170

FEBRUARY 9, 1989

Madam Chairman and Members of the Committee, I am Chris Wilson, Director of Governmental Relations of the Kansas Grain and Feed Association. KGFA is the professional and trade association of the Kansas grain handling, storage, processing and merchandising industry. Our 1300 member firms include those owning 99% of the state's warehouse capacity. We appreciate the opportunity to comment on H.B. 2170, which would require warehousemen to notify customers of their grain in storage during December or January of each year.

We oppose the bill because it would complicate a system that is already working well. The law presently requires that warehousemen send annual notices to all persons storing grain regarding each customer's amount of grain in storage. Attached to this statement is the form provided by our Association which warehousemen use to notify their depositors (customers).

The Kansas State Grain Inspection Department insures that warehousemen are notifying their customers in keeping with the law. Each state licensed warehouse must either 1) show the warehouse examiner the form letter they

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sent along with the composite list of all depositors and their amounts, or 2) provide the examiner with carbon copies of all notices mailed to depositors, or 3) have the auditors provide for the examiner a letter stating that the auditors have verified that notices were sent by the warehouse to all depositors. Most warehouses (about 60%) provide carbon copies of all their notices; 30% use the letter from the auditor; and about 10% provide the examiner with the form letter and list. Every Kansas licensed warehouse is examined at least once per year, a current average of 1 1/2 times per year, and examiners are making sure that warehousemen are complying with the law.

Specifying that notices must be sent during December and January would present a hardship for many warehouses. Usually, the notices are sent at the time of the firm's fiscal year end, when audits are done. Only about 25% of warehouses have year ends in December and January. For those firms, H.B. 2170 would present no problem, but for the other 75% of the warehouses, it would present a hardship. Also, with fall crops being brought into the elevator, many times the partnership and landlord/tenant splits have not yet been made by December or January and the warehouseman would not be sure in those cases how much of the grain belonged to the various individuals involved and would not be sure to whom to send the notice. Of course, at that time of the year, many warehouses are busy with calendar year end business and have employees on annual or holiday leave time.

H.B. 2170 would cause another troublesome requirement for many warehouses, which coupled with other factors, might persuade some warehousemen to

seek a federal rather than state license. We ask that you not recommend H.B. 2170 for passage.

I would attempt to answer any questions you may have.

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WAREHOUSEMAN

DEPOSITORY
CUSTOMER
OF COMMODITY

DEAR CUSTOMER: We are pleased to furnish you the following information concerning your stored grain. If you have any questions or our records do not agree, please contact us immediately. Kansas Law (K.S.A. Chapter 34) requires each licensed warehouseman to send notice annually to all persons storing grain in a Kansas licensed warehouse regarding each customers open storage (non-warehouse receipted) position. We sincerely hope this information is beneficial to you.

MONTH AND YEAR		STORAGE RECORD				STATE WAREHOUSE LICENSE NUMBER	
TOTAL OPEN STORED GRAIN						TOTAL GRAIN BANK GRAIN	
BUSHEL	CWT	BUSHEL	CWT	PER/BUSHEL	PER/CWT		
				CORN			
				WHEAT			
				GRAIN SORGHUM			
				BARLEY			
				MIL LET			
				RYE			
				OATS			
				SOYBEANS			
				POPCORN			
				OTHER			

FURNISHED BY: KANSAS GRAIN & FEED DEALERS *Association*

WAREHOUSEMAN'S SIGNATURE _____

Testimony on HB 2170
Committee on Agriculture and Small Business
February 9, 1989
Prepared by Joe Lieber
Kansas Cooperative Council

Madam Chairman and members of the Committee, for the record I'm Joe Lieber, Executive Vice President of the Kansas Cooperative Council. The Council has a membership of nearly 200 cooperatives who have as their members nearly 200,000 Kansas farmers and ranchers.

The Council is not opposed to the intent of HB 2170. We agree that depositors should receive this information from their warehousemen. As a matter of fact, if you are a state licensed warehouse you are required to give this information.

Our objection to HB 2170 is the establishment of a set time period in which this information must be sent. Some warehouses send this information near the end of their fiscal year. Others may send it out either before or after harvest.

A set time period would cause these warehouses an unnecessary duplication of procedures.

A lot of warehouses use the winter months for vacations. And there are the Holidays. The January 1st period may be a time when they are most understaffed.

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ATTACHMENT 3

Again, the Council is not opposed to the sending of the information but we are opposed to the specific time period.

Thank you.