

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

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

9:00 a.m./~~p.m.~~ on February 23, 1990 in room 423-S of the Capitol.

All members were present except: Representative Freeman, excused

Committee staff present: Raney Gilliland, Legislative Research
Norman Furse, Revisor of Statutes Office
Pat Brunton, Committee Secretary

Conferees appearing before the committee: Rich McKee, Kansas Livestock Association
Chris Wilson, Kansas Grain and Feed Association
Mark Mackey, Livestock Marketing Association
Warren Parker, Kansas Farm Bureau
Joe Lieber, Kansas Cooperative Council
Howard Tice, Kansas Association of Wheat Growers
Nancy Kantola, Committee of Kansas Farm Organizations

Chairman Roenbaugh announced that hearings on HB 2785 - Kansas act for filing of effective financing statements would continue.

Rich McKee, Kansas Livestock Association, testified in opposition to the bill for a number of reasons. KLA has not received one call from a member who has indicated he was denied credit because of clear title. He further stated that since the change occurred over three years ago not one member has indicated their interest rate went up due to the direct notice system. Mr. McKee summarized that the direct notice system has worked well for both buyers and debtors. (Attachment I).

Chris Wilson, Kansas Grain and Feed Association, testified in opposition to HB 2785 asking the committee to reject the central notice system proposed and allow direct notice to continue to work in Kansas. (Attachment II).

Mark Mackey, Kansas Livestock Marketing Association, testified in opposition to HB 2785 asking the committee to let us not scrap a system that is working well for a system that is very expensive and cumbersome. (Attachment III).

Warren Parker, Kansas Farm Bureau, testified in opposition to HB 2785 stating that given the present federal law and its allowances, pre-notification has served this state well. He further stated the Farm Bureau stands opposed to an unnecessary bureaucracy of central filing. (Attachment IV).

Joe Lieber, Kansas Cooperative Council, testified in opposition to HB 2785 stating the majority of Kansas Cooperative Council members feel that direct notification is working and would like it to continue. They realize there are some isolated problems with direct notification but feel none of these problems can be corrected by central notification. (Attachment V).

Howard Tice, Kansas Association of Wheat Growers, testified on behalf of his organization in opposition to HB 2785. (Attachment VI).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS,
room 423-S Statehouse, at 9:00 a.m./~~p.m.~~ on February 23, 1990

Nancy Kantola, Committee of Kansas Farm Organizations, testified in opposition to HB 2785 stating the direct notification system has been accepted and used by many lenders and buyers. She further stated that total acceptance by businesses could be achieved with a program of education and standardized procedures and forms. (Attachment VII).

A question and answer period followed the testimonies.

Chairman Roenbaugh closed hearings on HB 2785.

Chairman Roenbaugh approved minutes of February 13, 15 and 16 with no objections from the committee.

The meeting adjourned at 9:58 a.m. The next meeting of the House Agriculture and Small Business Committee is scheduled for February 27, 1990, at 9:00 a.m. in Room 423-S, State Capitol.

GUEST LIST

COMMITTEE: HOUSE AGRICULTURE AND SMALL BUSINESS

DATE: Feb. 23, 1990

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Joe Liebow	Topeka	HS Co of Council
Edward W. Tice	Hutchinson	KITAG
Harold Stone	Topeka	KBF
Jim Mays	"	"
Chuck Stones	"	"
Kathy Dwyer	"	"
Anita A. Duren	Leonardville KS	Leonardville State Bank
Quincy R. Sikes	Leonardville, KS	Leonardville State Bank
John Mearns	Haworth, KS	Citizens State Bank
Carol Beard	Topeka	Sec. of State
John Vinge	Topeka	Sec. of State
Sam Kida	Topeka	Ks Grain Assoc
Chris Wilson	Topeka	KGFA
Nancy Kantola	Topeka	CKFO
Diane Gruner	Topeka	Ks Coop Council
Paul E. Fleener	Manhattan	Kansas Farm Bureau
Warren Parker	Manhattan	Kansas Farm Bureau
Gail Wright	Topeka	KCUH
Howard Longmatt	Jancton City	Sale Barn operator
Ann Longmatt	Junison City	J.C. Livestock Sales
George Ackerman	Salzetta	Salzetta Livestock Auction
Mirna Ackerman	"	Salzetta Livestock Auction



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Owens and Publishes The Kansas STOCKMAN magazine and KLA News & Market Report newsletter.

February 23, 1990

**STATEMENT OF THE
KANSAS LIVESTOCK ASSOCIATION
TO THE COMMITTEE ON
AGRICULTURE AND SMALL BUSINESS
REPRESENTATIVE SUSAN ROENBAUGH, CHAIRMAN
REPRESENTATIVE BILL BRYANT, VICE-CHAIRMAN**

WITH RESPECT TO HB 2785

CLEAR TITLE

Presented by

Rich McKee

Executive Secretary, Feedlot Division

Mr. Chairman and members of the committee, I am Rich McKee, representing the Kansas Livestock Association. KLA speaks for a broad range of over 10,300 livestock and crop producers. Their operations can be found in virtually every geographic corner of the state. The majority of KLA members would be both purchasers of ag products (calves, grain, hay, feeder pigs, etc.) and debtors.

KLA strongly opposes House Bill 2785 for a number of reasons.

*Ag. 5B
2-23-90
ATTACHMENT I*

Kansas has been operating under the current direct notice system since December of 1986. Thankfully for all involved, this system has worked much smother than some predicted. Let's address the issue from two different angles: A debtor and a purchaser of ag products. First, from the few point of the debtor.

There was some speculation that credit availability would decrease for livestock producers operating in states with direct notice. KLA has not received one call from a member who has indicated he was denied credit because of clear title. According to a survey conducted by the Federal Reserve Bank of Kansas City, 22.45 % of the Kansas banks responding said they were making more funds available for non-real estate farm loans in 1987 than in 1986. Only 6.12% of Kansas banks said less capital was available and 71.43% said they had the same amount of funds available for non-real estate loans.

Another concern was that interest rates would increase due to the direct notice system. Again, since the change occurred over three years ago not one member has indicated their interest rate went up due to the direct notice system. In fact, according to the Federal Reserve Bank of Kansas City interest rates on cattle loans in Kansas actually decreased the first year following implementation of the direct notice system. Granted, there are many factors more important in determining interest rate levels than clear title.

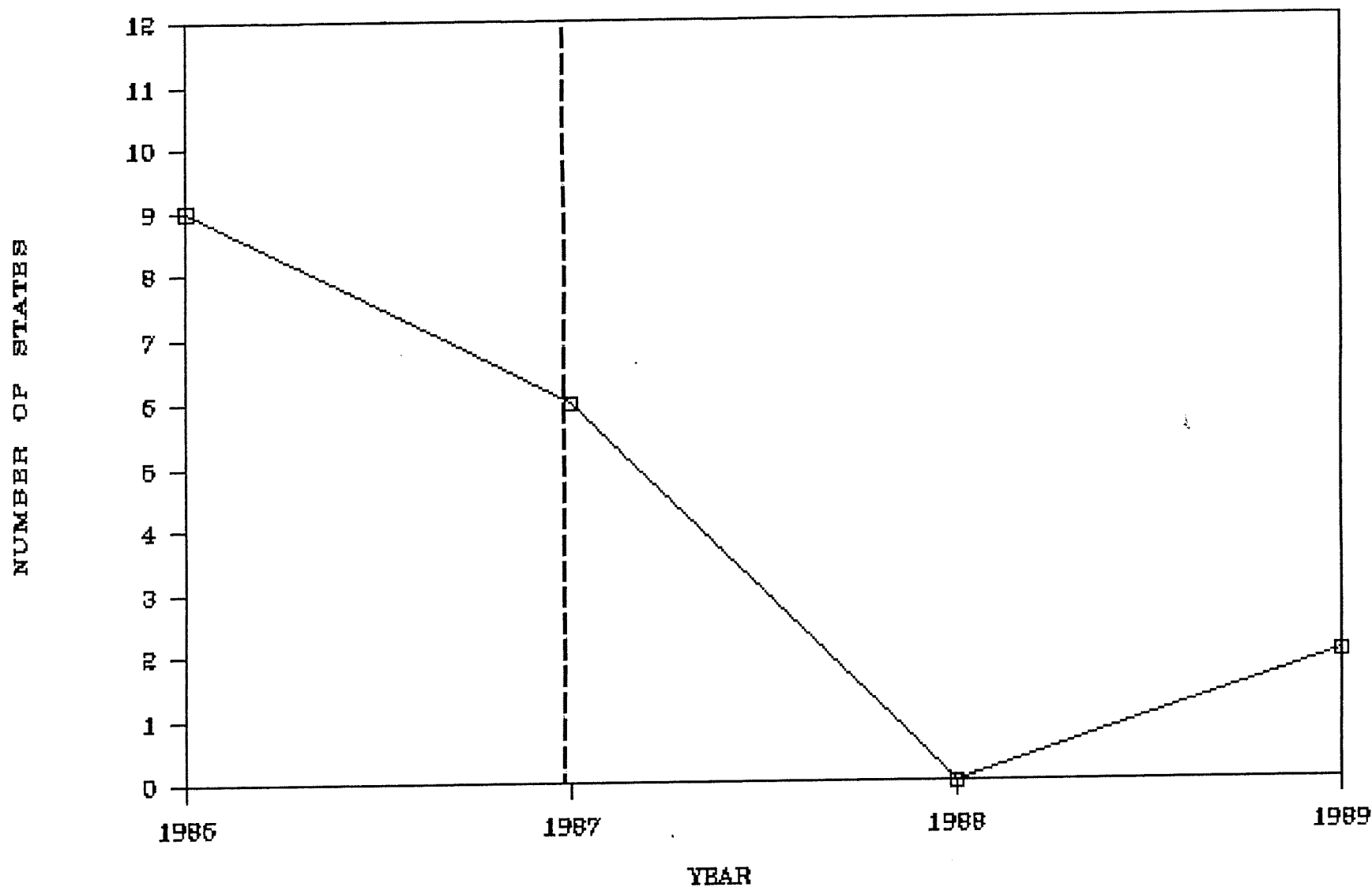
From a buyers perspective the direct notice system has worked very well. Keep in mind, most livestock producers and farmers are both buyers and sellers of ag products. Before the clear title provisions of 1985 farm bill took affect some feared buyers would be covered with paper

from bankers sending direct notices. There was concern bank regulators would classify ag production loans as unsecured, unless lenders sent prenotifications on every ag loan. Thus banks would have no alternative but to send prenotifications on every ag loan. Fortunately, for lenders and buyers, this has not been the case. The Office of the Comptroller of Currency, the State Banking Department, FDIC and the Federal Reserve System have all maintained prenotification of ag loans is not mandatory. Rather, the decision to pre-notify has been left up to individual lenders as part of their overall management decisions.

Currently two-thirds of the states operate under the direct notice system like Kansas. This list includes the largest agricultural states in the nation. There are 17 states which have a central notice system in place. What's interesting is to see when most of these states changed. Over half (nine) of the 17 states changed to central notice before the clear title implementation date of December 24, 1986. Another six states enacted central notice laws before the direct notice system was given a chance to work for 12 months. I suggest this was largely due to the fears outlined above. Since those fears have proven false and the direct notice system has been given a chance to work, fewer states have considered changing to a central notice system. In fact, one state (Arkansas) has reversed it's decision and dropped central notice less than three years after enactment. The attached chart shows how the number of states opting for central notice has dropped off significantly. This chart illustrates most states acted before the true effects of the direct notice system were known.

In summary, the direct notice system has worked well for both buyers and debtors. Thank you for considering the position of the Kansas Livestock Association.

WHEN STATES OPTED FOR CENTRAL NOTICE



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

REGARDING H.B. 2785

FEBRUARY 23, 1990

Chairperson Roenbaugh and Members of the Committee, I am Chris Wilson, Director of Governmental Relations of the Kansas Grain and Feed Association (KGFA). Our Association members include the 1100 grain buying stations throughout the state. Our total membership of over 1500 constitutes the state's grain handling, storage, merchandising and processing industry.

As buyers of agricultural products, our members are subject to the farm products exception to the Uniform Commercial Code. That is, they are subject to so-called "double jeopardy", having to pay twice for the same product, once to the seller and once to the seller's lender if the seller fails to pay his debt. Because of the risk involved and the difficulty, time and expense of searching lien filings, a coalition of 28 of the major national farm, commodity and agribusiness organizations asked Congress to grant clear title to purchasers of farm products. The compromise response to this request, which Congress passed as part of the 1985 Farm Bill, grants clear title to buyers only unless they are notified in writing about the existence of liens. The direct notice system now in place in Kansas is the compromise. Buyers are still legally obligated to assist lenders in policing their loans and helping them preserve their security interest in

collateral.

As you know, Congress gave the states the option of adding a central notice system to the direct notice system, as proposed by H.B. 2785. Our Association opposes instituting a central notice system for many reasons. Central notice would be in addition to, not in lieu of, direct notice. In other states with central notice systems, lenders have continued to use direct notice to be sure local buyers are notified and when central notice listing updates will not be published for some time and they want to be sure buyers are notified. Buyers therefore have to check both the central filing listings and their direct notices.

Central notice would be no better than the system which prompted us to seek a change at the federal level. It is difficult if not impossible to be sure that the person you are buying from is not on a central notice list, because of the many different business relationships and farm, partnership or corporate names any one individual may do business under. This problem is compounded by a central notice system. Under central notice, a buyer would register for his geographic area and types of commodities purchased, and would additionally have to telephone the Secretary of State's office regarding any seller from out of the area. Telephone identification of a specific individual is even more difficult than searching the printouts. And office hours for the central notice system would be more restrictive than hours for buying grain. Under direct notice, buyers know at the time of the sale if they are required to issue a joint check. With central notice, payment must be delayed

while lien filings are checked.

Central notice would provide buyers with financial information on hundreds or thousands of producers with whom they do not do business. There is no need for buyers to have that information, and anyone may register as a buyer. So that information is available to virtually any person.

Since buyers would be notified on everyone under central notice, buyers will be forced to issue joint checks to all sellers on the list unless they first call the lender and get written permission not to do so. This is an unnecessary hassle for all involved.

The experience of other state grain and feed associations with central notice in effect is not good. Many feel that central notice systems in other states may fail, because they are so cumbersome that buyers simply are not registering or using the systems. Also, some states have found central notice systems to be much more expensive than anticipated. Buyers have had to pay high registration fees and often need to purchase microfiche equipment, increasing their cost of helping lenders police their loans.

Moreover, our members believe that direct notice is working well! They have established systems for handling direct notices, whether by computer, in an indexed book, or in a manila folder. Many report that they have good communication with local lenders and no problems with direct notice. As an example, Collingwood Grain, with 28 buying stations in Southwest Kansas, reported that for their base of 8,500 customers they have 1,682 current notices.

We do believe that our members have a good understanding of

direct notice and their responsibilities. Our educational efforts have included numerous newsletter articles, periodic reminders, seminars, and a brochure. Those efforts will continue. We would be happy to work with lenders on educational efforts and any other steps, such as a standardized notice form, which would be helpful.

All grain buyers should be well aware of the law. If a buyer is notified by a lender of the existence of a lien and fails to issue a joint check or abide by the specifics set forth by the lender, the buyer is liable if the seller does not repay his loan.

Lender problems with policing loans will not be solved by central notice. Shifting more responsibility to the buyers cannot replace the need for lenders to personally audit their loans. There is no fail-safe protection under any system from the seller who intentionally sets out to break the law.

Direct notice is the best way for buyers to help lenders protect their security interest, serve our customers, and mitigate our risk as buyers. We ask you to reject the central notice system proposed in H.B. 2785 and allow direct notice to continue to work in Kansas. I would be happy to respond to any questions you may have.



KANSAS LIVESTOCK MARKETING ASSOCIATION

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STATEMENT
OF THE
KANSAS LIVESTOCK MARKETING ASSOCIATION
TO THE
HOUSE AGRICULTURE AND
SMALL BUSINESS COMMITTEE
REPRESENTATIVE ROENBAUGH, CHAIRPERSON
REPRESENTATIVE BRYANT, VICE CHAIRPERSON
WITH RESPECT TO HB 2785
CENTRAL NOTIFICATION SYSTEM
PRESENTED BY
MARK MACKEY
EXECUTIVE SECRETARY
FEBRUARY 22, 1990

Mr. Chairman, members of the committee, my name is Mark Mackey. I am here today to speak on behalf of the Kansas Livestock Marketing Association in opposition to HB 2785.

The issue is: What is the most efficient and effective way to notify buyers of farm products that the seller of those farm products has pledged such farm products as collateral for a loan?

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ATTACHMENT III

Section 1324 of the Food Security act entitled Protection For Purchasers of Farm Products provides us two options. 1) Direct notification from lender to buyer or 2) The creation of a central filing (notification) system. The central notification system requires that notices to buyers be first sent through a central processing office (Secretary of State's office) and then be sent to the buyer who has registered with the Secretary of State and paid a fee to receive all or a portion of the notices on file.

Please, for a moment, reflect upon why we are considering this notification issue. Let me draw your attention to the first paragraph of the federal law, section 1324, entitled Protection For Purchasers Of Farm Products.

"Congress finds that certain state laws permit a secured lender to enforce liens against a purchaser of farm products even if the purchaser does not know that the sale of the products violates the lenders security interest in the products, lacks any practical method of discovering the existence of the security interest, and has no reasonable means to insure that the seller uses the sale proceeds to repay the lender;..."

Part (a) of section 1324 goes on to state that these laws subject purchasers of farm products to double payment, that double payment inhibits free competition and creates a burden on interstate commerce.

In the case of the Kansas Livestock Markets, this risk of double payment is indeed a real risk. We would much prefer absolute clear title. However, under the federal law we realize we must assist the banking industry in policing its agricultural loans.

With that background we again turn to the question of which approach is best for the state of Kansas. Direct notice, which we have today? Or a new law setting up a new central notification system?

We believe very strongly that direct notification has worked very well for the past four years. The fundamental difference in these two systems from the Livestock Markets standpoint is that with direct notice, the market should only receive notices of security interests on those farm products where the lender with the security interest in those farm products believes there is more than a normal amount of risk association with the loan.

On the other hand, with a central notification system, assuming the banks will file an effective financing statement for each farm product they take as collateral, as they indicate they will, the buyer of those farm products will receive from the Secretary of State, a list of borrowers which will include all borrowers using farm products as collateral for their loans regardless of the condition of the loan. We believe this could mean the difference between searching through the names of 50,000 borrowers in place of searching through a list of 1,000 borrowers, in many cases. The thrust of a central notification system is to shift all of the burden back to the buyer to police agricultural loans.

We are convinced, based on our experience and the experience of our counterparts in other states, that direct notification from lender to buyer is the most effective and efficient means of notification for the following reasons:

- 1) The notice is inexpensive and immediate. (i.e. it goes directly to the targeted buyer.)

- 2) Direct notice will substantially reduce the number of notices received by buyers of farm products and thereby reduce the risk associated with searching through sheer volumes of names.
- 3) Direct notice places more responsibility with the lender and borrower to police their loans and collateral in place of shifting this responsibility to innocent third party purchasers who have little or no access to information regarding the status of the lender/borrower relationship.
- 4) Direct notice is working very efficiently in many states in the U.S. and central notification, in those states which have adopted central notification systems is not working efficiently and effectively.
- 5) What is clear from those states which have adopted central notification systems is that many lenders continue to give direct notification without regard to the central notification system. This result has placed an extreme burden on buyers of farm products in that they are required to maintain and search two sets of lien lists. The same result will be obtained if Kansas adopts a central notification system in that many banks will continue to use direct notification.

We have used direct notification under the federal law for nearly four years and find it is working well. Therefore let us not scrap a system that is working well for a system that is very expensive and cumbersome. Thank you.



PUBLIC POLICY STATEMENT

HOUSE AGRICULTURE AND SMALL BUSINESS COMMITTEE

**RE: H.B. 2785 -- The Kansas Act for Filing of Effective
Financial Statements**

February 23, 1990
Topeka, Kansas

Warren A. Parker, Assistant Director
Public Affairs Division
Kansas Farm Bureau

Chairman Roenbaugh and Members of the Committee:

My name is Warren Parker. I am the Assistant Director of the Public Affairs Division for Kansas Farm Bureau. We appreciate the opportunity to make a brief statement to you concerning **H.B. 2785**, which establishes a system of effective filing statements, or as otherwise known, a central filing system.

Section 1324 of the Food Security Act of 1985 provides that farm product buyers shall take title free and clear, **provided** they have not received written notice of the security interest within a year prior to the sale of those farm products. Such a system is known as "pre-notification", the system we have now in place. Section 1324 also allows individual states to adopt a "central filing" system, such as in the bill you have before you today in lieu of employing the pre-notification approach. A question we have, is why would this state want to do that?

A central filing system places a number of requirements on the Secretary of State to collect, publish, and distribute lien

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information to all registrants who want to receive it. It in essence makes the Secretary of State act as a clearing house between secured lenders and buyers. This entails the establishment of an entirely new filing apparatus, which would be both complex and costly, and carry the potential of becoming a bureaucratic nightmare.

Also, our farm and ranch members, represented by delegates at the Farm Bureau Annual Meeting back in 1986, said they prefer pre-notification, and adopted the following policy:

Clear Title for Agricultural Commodities

Availability of credit and dependable agricultural financing is vitally important to Kansas agriculture. In an effort to make agricultural financing of farm products more efficient we recommend implementation of prenotification as provided for in the Food Security Act of 1985. We believe prenotification provides the greatest protection for farmers and ranchers from double jeopardy payments in the purchase of agricultural products.

This policy has stayed verbatim in our policy book each succeeding year and remains today.

Madame Chairman and Members of the Committee, given the present federal law and its allowances, pre-notification has served this state well. This bill, creating new and unnecessary steps in the process, we believe, is an exercise in fixing something that is not broken. If there were wholesale cases of problems created by pre-notification, or evidence that a central filing plan would fill some great need, maybe there would be some merit to the proposal, but we don't believe that to be the case.

If there is a problem, it is not at the state level, it rests in Section 1324 of the Food Security Act. Farm Bureau has been but one of 29 agricultural, general farm, commodity, and agri-business groups which have lobbied in support of clear title in the federal farm program legislation. We would be ready at any time to re-examine all of the language of Section 1324 to help clarify some of the complex and somewhat unclear language and to make it workable for all parties and retain the congressional intent of clear title for agricultural commodities. Until that time, however, we stand opposed to an unnecessary bureaucracy of central filing. Thank you for your time. I would attempt to answer any questions.

Testimony on HB 2785
House Committee on Agriculture and Small Business
February 23, 1990
Prepared by Joe Lieber
Kansas Cooperative Council

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

We have both buyers, the farm supply cooperatives, and lenders, the Farm Credit Banks, as our members.

Because the Council does have both lenders and buyers as members we need to be as objective as we can on the issue of direct notification.

The majority of our members feel that direct notification is working and would like it to continue. They realize there are some isolated problems with direct notification but feel none of these problems can be corrected by central notification.

1. The first problem is that some buyers are not checking their lists and are not putting the lenders' names on the checks. I cannot imagine this happening more than once. We feel that the buyers should be educated by their industries so they realize the consequences if they don't put the lender's name on the check.

On the attached sheet is a sample of our farm supply cooperatives and the number of letters they received from lenders in 1989. As you can see the

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ATTACHMENT V

numbers are not great so it does not create a large amount of paper work.

2. The second problem is that some lenders are not sending out notifications to buyers. Here again, this is not the system's fault. There needs to be an educational process by the banking industry. Again, I can't imagine this happening more than once.

3. The third and major problem appears to be the dishonest borrowers. It doesn't matter if the borrowers are dishonest or unlucky and dug themselves a hole, they will sell "off the list" regardless of whether we have direct or central notification.

We suggested that education could solve the first two problems, but borrowers selling "off the list" will require stricter laws.

When central notification was discussed in 1987 in the Senate, most conferees and Senators felt that stricter punishment would deter some of the "selling off the list," but nothing has been done about it.

Madam Chairman and members of the Committee, we reorganized the problem and have offered some solutions to the issue.

The majority of our members feel that direct notification is working and that central notification would not solve the problems.

The Council opposes 2785.

Thank you, and I will attempt to answer questions.

TOWN	COOPERATIVE	LETTERS FROM LENDERS
Abilene	Abilene Cooperative Association	17
Cairo	Cairo Cooperative Equity Exchange	90
Columbus	Farmers Cooperative Association	10
Delphos	Delphos Cooperative Association	10
Dodge City	Dodge City Cooperative Exchange	75
Garden City	Garden City Co-op	100
Garfield	The Garfield Cooperative Company	26
Greenleaf	Farmers Cooperative Elevator	5
Holton	Jackson Farmers, Inc.	12
Kinsley	The Kinsley Cooperative Exchange	35
Lansing	Leavenworth County Cooperative	5
Lawrence	Farmers Cooperative Exchange	25
LeRoy	The LeRoy Cooperative Association	6
Lewis	Lewis Cooperative Company	80
Manhattan	Farmers Cooperative Association	8
Meriden	Meriden Cooperative Elevator	8
Ottawa	Ottawa Cooperative Association	32
Overbrook	Overbrook Farmers Union	19
Pauline	Pauline Farmers Cooperative	19
Spring Hill	Farmers Union Cooperative Co.	1
Walton	The Farmers Grain Cooperative	57
Yates Center	Woodson County Cooperative	30



Kansas Association Of Wheat Growers

"ONE STRONG VOICE FOR WHEAT"

TESTIMONY

House Committee on Agriculture and Small Business

Chairman: Representative Susan Roenbaugh

HB 2785

Submitted by Howard W. Tice - Executive Director

Madam Chairman, and members of the committee, I am **Howard W. Tice, Executive Director** of the **Kansas Association of Wheat Growers**. On behalf of our membership, I appreciate this opportunity to testify in opposition to **SB 2785**.

The policy resolution passed at our convention this past December, is quite simple. It reads as follows:

The KAWG opposes the proposal to change the present system of notifying buyers of mortgaged commodities, to a central filing system.

This issue was discussed by our **Executive Board**, prior to our county fall meetings, because one of our **District Directors** had been told that the **Kansas Bankers Association** would be seeking a change in the notification system. The consensus of that discussion was that it should not be the buyer's responsibility to determine if a commodity is under lien.

Much of the objection to changing the system to one of central filing and notification, was based on a lack of confidence in the bureaucracy to keep records current. There have been problems in the past, of paid mortgages being released from state records, in a timely manner. Many of our members were also concerned that buyers could, once again, become liable for double payment, if a lien is not shown and the seller fails to satisfy an outstanding loan.

Under the present direct notification system, which was a compromise intended to protect both buyers and lenders, the seller gives the lender a list of probable buyers, and it is the lender's responsibility to notify the potential buyers, of any lien. If the seller deals with someone who is not on the list, he has ten days to notify the lender, otherwise he is in violation of the law. The lender is not required to notify prospective buyers, but that is a protective measure for the lender who chooses to use it.

At our county meetings, it was first noted that banks charge a fee to the seller, for sending notices. It was later pointed out that some banks absorb notification costs. Where the fees are charged, our members had no objection unless the fees become excessive. They felt that it is appropriate for the seller to pay the cost of notifying prospective buyers.

There is also some concern that the potential for double payment will drive some buyers out of the Kansas market. With a smaller pool of buyers, competition is reduced, and that usually has an adverse affect on prices to the seller.

The bottom line on all of our discussions was the agreement that the present system is working well. None of our members were aware of any bank experiencing undue hardships either from cost, workload or an avalanche of red tape.

The most common statement on this issue at all of the discussions was, *"It ain't broke, so don't fix it."*

The vote to adopt a policy resolution opposing a change to central filing and notification was unanimous.

With that in mind, we would respectfully request that this committee report HB-2785 unfavorable for passage.

COMMITTEE OF ... KANSAS FARM ORGANIZATIONS

Nancy E. Kantola
Legislative Agent
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Topeka, KS 66614
(913) 273-5340

STATEMENT OF POSITION OF THE
COMMITTEE OF KANSAS FARM ORGANIZATIONS

RE: H.B. 2785

House Committee on Agriculture and Small Business

February 23, 1990

Madam Chairman, Members of the Committee: I am Nancy Kantola, Legislative Agent for the Committee of Kansas Farm Organizations.

The attached list of our members confirms that our Committee is composed of the majority of the agricultural organizations and associations of agribusinesses in our State. We are both buyers and sellers of the livestock and commodities that House Bill 2785 addresses.

While the cherished tradition of "Gentlemen doing business on a handshake" is not possible in today's world, the expediency of being able to negotiate a sale at a price the market has established at the particular time is still critical. Some businesses are conducted in a manner which allows them to assume responsibility to the lender or lien holder. Other businesses and individuals who buy are not able to do so.

The direct notification system has been accepted and used by many lenders and buyers. Total acceptance by businesses could be achieved with a program of education and standardized procedures and forms. We urge you to reject the change proposed by this bill for the many good reasons you have heard today.

Respectfully submitted,


Nancy Kantola

Ac. SB
2-23-90
ATTACHMENT VII

MEMBERSHIP LIST
COMMITTEE OF KANSAS FARM ORGANIZATIONS
1990

KANSAS AGRI-WOMEN
KANSAS ASSOCIATION OF SOIL CONSERVATION DISTRICTS
KANSAS ASSOCIATION OF WHEAT GROWERS
KANSAS COOPERATIVE COUNCIL
KANSAS CORN GROWERS ASSOCIATION
KANSAS ELECTRIC COOPERATIVES
KANSAS ETHANOL ASSOCIATION
KANSAS FARM BUREAU
KANSAS FERTILIZER AND CHEMICAL ASSOCIATION
KANSAS GRAIN AND FEED DEALERS ASSOCIATION
KANSAS LIVESTOCK ASSOCIATION
KANSAS MEAT PROCESSORS ASSOCIATION
KANSAS MILK PRODUCERS ASSOCIATION
KANSAS PORK PRODUCERS COUNCIL
KANSAS RURAL WATER DISTRICTS ASSOCIATION
KANSAS SEED DEALERS ASSOCIATION
KANSAS SOYBEAN ASSOCIATION
KANSAS STATE GRANGE
KANSAS VETERINARY MEDICAL ASSOCIATION
KANSAS WATER WELL ASSOCIATION
MID AMERICA DAIRYMEN, INC.
WESTERN RETAIL IMPLEMENT AND HARDWARE ASSOCIATION