

Approved March 5, 1991  
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE

The meeting was called to order by Representative Lee Hamm at  
Chairperson

9:07 a.m./~~p.m.~~ on Wednesday, February 27, 1991 in room 423-S of the Capitol.

All members were present except: Representative Heinemann  
Representative Wisdom, excused  
Representative Bryant, excused  
Representative Freeman, excused

Committee staff present: Raney Gilliland, Legislative Research  
Lynne Holt, Legislative Research  
Jill Wolters, Revisor of Statutes Office  
Pat Brunton, Committee Secretary

Conferees appearing before the committee: Dwight Haddock, Division Manager, Associated Milk Producers Inc., Wichita  
Larry Woodson, Director, Division of Inspections, Kansas State Board of Agriculture  
Nancy E. Kantola, Legislative Agent, Committee of Kansas Farm Organizations

Chairman Hamm opened hearings on HB 2359 - concerning dairy products; unfair trade practices.

Raney Gilliland, Staff, briefed the committee on HB 2359.

Dwight Haddock, Associated Milk Producers, Inc., Wichita, testified in support of HB 2359. He informed the committee that with the changes in this bill, the dairy processing in the State of Kansas will be put on an equal competitive base with processing plants in the surrounding states. (Attachment 1).

Larry Woodson, State Board of Agriculture, testified that the Board does not oppose this legislation. He further stated the Board feels this bill creates a more equitable marketing situation that allows Kansas Dairy Processors to compete equally with out-of-state businesses regarding the use of coupons. (Attachment 2).

Questions and answers followed Mr. Woodson's testimony.

Chairman Hamm informed the committee of a telephone message from Harold Bailey, Mid America Dairymen. He wanted the committee to know of their support of HB 2359.

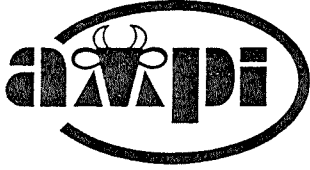
Nancy Kantola, Legislative Agent for Committee of Kansas Farm Organizations, testified in support of HB 2359 urging it's passage. (Attachment 3).

Chairman Hamm closed hearings on HB 2359.

Representative Reinhardt made a motion to pass the bill out of committee favorably and to put on Consent Calendar. Representative Neufeld seconded the motion. Motion carried.

Chairman Hamm announced there will be no meeting tomorrow.

The meeting adjourned at 9:40 a.m. The next meeting of the House Agriculture Committee will be Monday, March 4, 1991 at 9:00 a.m. in room 423-S, State Capitol.



**ASSOCIATED MILK PRODUCERS Inc.**

1601 SOUTH SHERIDAN, WICHITA, KANSAS 67213-1339, PHONE (316) 942-2251

FEBRUARY 26, 1991

TO MEMBERS OF THE HOUSE AGRICULTURE COMMITTEE

I WOULD LIKE TO INTRODUCE MYSELF TO YOU. I AM DWIGHT HADDOCK, DIVISION MANAGER FOR ASSOCIATED MILK PRODUCERS, INC. WE SERVE AS A MARKETING CO-OP FOR THE DAIRY FARMERS OF THE STATE OF KANSAS.

I AM HERE TO SPEAK IN FAVOR OF THE CHANGES PROPOSED IN THE ACT CONCERNING DAIRY PRODUCTS WHICH RELATE TO UNFAIR TRADE PRACTICES IN HOUSE BILL NO. 2395.

WE FEEL THE REMOVAL OF THE WORDS "OR CONSUMER", ON LINE 18, WILL PUT THE DAIRY PROCESSING IN THE STATE OF KANSAS ON AN EQUAL COMPETITIVE BASE WITH PROCESSING PLANTS IN THE STATES AROUND US. THE PRESENT PRACTICES HAVE ALLOWED PLANTS FROM THE SURROUNDING STATES TO OFFER SALES INCENTIVES TO CONSUMERS ON THEIR PACKAGES. AT THE PRESENT TIME THIS IS NOT POSSIBLE ON DAIRY PRODUCTS PROCESSED WITHIN THE STATE OF KANSAS. IF THIS PRACTICE IS TO CONTINUE WE FEEL THAT WE COULD LOSE THE MARKETS WE HAVE AT THE PRESENT TIME FOR OUR RAW MILK. THIS WOULD REQUIRE US TO SHIP OUR PRODUCTS TO OUT OF STATE PROCESSING PLANTS TO BE PROCESSED AND SHIPPED BACK TO KANSAS FORCING THE CONSUMER TO PAY A HIGHER PRICE FOR THE DAIRY PRODUCTS IN THE STORE.

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ATTACHMENT 1

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THIS IS OF SPECIAL INTEREST TO THE DAIRY FARMERS WITHIN THE STATE OF KANSAS IN MAINTAINING THE PRESENT MARKETS WHICH ARE AVAILABLE FOR OUR PRODUCTS. THE COST OF MOVING THE MILK TO PLANTS IS A MAJOR EXPENSE TO THE DAIRY OPERATION. THE PRICE PAID FOR OUR PRODUCT HAS DROPPED BY ONE THIRD IN THE LAST FEW MONTHS, PUTTING OUR INDUSTRY IN ROUGH TIMES, WITHOUT ANY INCREASES IN THE COST OF TRANSPORTATION.

THE DELETION OF LINES 27 TO 42 WAS MADE BECAUSE THESE STATEMENTS WERE NECESSARY TO ALLOW DAIRIES TO COMPLY WITH THE LAW WHEN IT WAS FIRST INACTED. THESE STATEMENTS ARE NO LONGER NEEDED.

HOUSE AGRICULTURE COMMITTEE

February 27, 1991

Mr. Chairman, Members of the House Agriculture Committee, my name is Larry D. Woodson, Director of the Division of Inspections for the Kansas State Board of Agriculture. I am here today to testify on behalf of House Bill No. 2359.

House Bill 2359 which would amend K.S.A. 50-503 of the Dairy Unfair Trade Practices Act would allow dairy processors to promote dairy products by allowing coupons for dairy products to be offered to consumers. In a recent poll of other states, Nebraska, Oklahoma and Wisconsin allow coupons for dairy products without restrictions. Iowa and Missouri allow coupons with the condition that they apply to any brand of dairy product and Colorado allows coupons with the stipulation that the coupons be filed with the state prior to issuance.

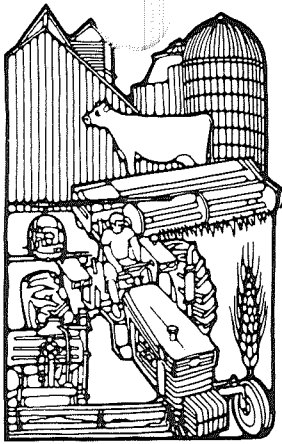
When K.S.A. 50-503 was originally enacted, there was a concern that small dairy processors could be forced out of business by larger companies providing incentives to those who purchase their product. The business climate in the dairy industry has changed since K.S.A. 50-503's original enactment and HB 2359 attempts to create a "level playing field" for Kansas Dairy Processors by allowing them to offer coupons for dairy products in advertisements and on the sides of milk cartons, the same as other states.

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ATTACHMENT 2

There would be no fiscal impact on this agency should HB 2359 be adopted as written. The Dairy Inspection program is not empowered with the enforcement of K.S.A. 50-501 et seq. and does not devote resources to it. The adoption of HB 2359 would not require any change in present policy.

In conclusion, the Kansas State Board of Agriculture has no opposition with this bill. We feel that it does create a more equitable marketing situation that allows Kansas Dairy Processors to compete equally with out-of-state businesses regarding the use of coupons.

That is the extent of our prepared text, I now stand for questions.



# Committee of Kansas Farm Organizations

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Nancy E. Kantola  
Legislative Agent  
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STATEMENT OF POSITION OF THE  
COMMITTEE OF KANSAS FARM ORGANIZATIONS

RE: H.B. 2359

House Agriculture Committee

February 27, 1991

Committee of Kansas  
Farm Organization Members

Associated Milk Producers, Inc.

Kansas Agri-Women Association

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 Pork Producers Council

Kansas Rural Water  
Districts Association

Kansas Seed Industry Association

Kansas Soybean Association

Kansas State Grange

Kansas Veterinary Medical  
Association

Kansas Water Well Association

Mid America Dairymen, Inc.

Mister Chairman, Members of the Committee: I am Nancy Kantola, Legislative Agent for the Committee of Kansas Farm Organizations. Our group is comprised of twenty-one member organizations. We require a unanimous vote to take a position on an issue.

Our dairy co-op members brought the problem addressed in this bill to our attention early in the session. Basically, our law does not allow promotions to be advertised on milk cartons. Out of state dairies use cents off or bonus coupons to promote the sale of their product. This small change, removing the words "or consumer" will let our Kansas products compete with those from neighboring states.

We thank this committee for introducing this bill, and urge it's passage.

Respectfully submitted,

  
Nancy E. Kantola

H3. AG.  
2-27-91  
ATTACHMENT 3