Approved January 24, 1991
Date

MINUTES OF THE Senate COMMITTEE ON Agriculture.

The meeting was called to order by Senator Jim Allen at
Chairperson

10:07 a.m./~~p.m.~~ on January 23, 1991 in room 423-S of the Capitol.

All members were present except: Senator Montgomery (excused)

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

Conferees appearing before the committee: Joe Lieber, Kansas Cooperative Council
Howard Tice, Kansas Association of Wheat Growers

Senator Allen called the Committee to order and introduced the two new members of the Committee, Senator Brady and Senator Kenneth Francisco. The Chairman called on the following to request bill introduction.

Joe Lieber requested the Committee request legislation that would amend and update the Kansas Cooperative Marketing Act which has not been updated since in the 1940's. Copies of his request (attachment 1) were given to the Committee.

Senator Harder made a motion that the Committee request legislation to update the Kansas Cooperative Marketing Act as requested. Senator Lee seconded the motion. Motion carried.

Howard Tice explained that several sessions ago legislation was passed concerning nursing scholarships for rural students and at the same time a bill to give preferential admission scholarships for rural students for other areas in the medical field did not pass. Mr. Tice requested the Committee request legislation that would provide preferential admission scholarships for students from rural areas in the other allied medical areas. Mr. Tice suggested that the best way to accomplish such legislation might be by amending the legislation concerning nursing scholarships by amending that law to include the other allied medical areas. Mr. Tice suggested the formation of a network of collection points for the safe disposal of empty pesticide containers be considered. Mr. Tice requested any help the Committee can give to keep the plant science project at K-State on track.

The Chairman reminded Mr. Tice that the Committee can introduce legislation but that issues such as scholarships would probably not be heard in the Agriculture Committee.

Mr. Tice explained that the scholarship request included the same matching dollar requirements as the nursing scholarship legislation contained. He commented the intent of the request was to help get medical help for rural communities.

Senator Sallee made a motion the Committee request a bill be written to amend the nursing scholarship law to include allied medical areas. Senator McClure seconded the motion. Motion carried.

Senator Lee explained the legislation concerning inspections of scales and gas pumps was not being applied as intended which was causing concerns and problems in the area she represents. Senator Lee explained that private scale testers are inspecting scales and gas pumps but that the state inspectors are still coming to businesses and checking on what the private testers have done. A program that was to have saved the state money has not evolved. The Senator requested the matter be studied.

MINUTES OF THE Senate COMMITTEE ON Agriculture,

room 423-S, Statehouse, at 10:07 a.m./~~p.m.~~ on January 23, 19 91

The Chairman called on Ken Wilke of the State Board of Agriculture and Mr. Wilke requested that he be allowed to check into the issue before making any comments.

Senator Doyen stated that he had been approached with the request that the Legislature create a Sheep Commission to be similar to the other commissions. Senator Doyen made a motion the Committee request legislation that would create a Sheep Commission. The motion was seconded by Senator Frahm. Motion carried.

Senator Allen adjourned the Committee at 10:19 a.m.

GUEST LIST

COMMITTEE: Senate Agriculture DATE: January 23, 1991

NAME	ADDRESS	ORGANIZATION
Howard W. Tice	Hutchinson	KAWG
Kenneth M. Wilke	Topeka	KSBA
Diane Bowers	Topeka	Ks Co op Council
Nancy E. Kantola	Topeka	Comm. of Ks Farm Orgs.
Chris Wilson	Topeka	KGFA
Eileen T. Witwicki	Topeka	Intern for Sen. Lee
Joe Lieber	"	KS Corp Council
Wiener Fisher	Manhattan	Ks Farm Bureau
Frances Kastner	Topeka	Ks Food Dealers Assn.

Testimony Before the
Senate Agriculture Committee
January 23, 1991
Prepared by Joe Lieber
Kansas Cooperative Council

Mr. Chairman and members of the Committee, for the record, I'm Joe Lieber, Executive Vice President of the Kansas Cooperative Council.

The Council would like the Senate Agriculture Committee to consider introducing a bill that would amend and update the Kansas Cooperative Marketing Act.

As most of us know, agriculture is changing and will continue to change. If producers are doing business the same way they did 20 to 25 years ago, they probably are behind or out of business.

Cooperatives are the same; they must adjust to change. If they are going to be there for their farmer/owners, they must diversify and become flexible.

The Kansas Cooperative Marketing Act governs Kansas cooperatives. It was enacted in 1921, with only modest changes made since that time, the last being in the 1940's.

To help position cooperatives and their member/owners for the 90's and beyond, the Kansas Cooperative Council is supporting several changes to the Kansas Cooperative Marketing Act. Some of these changes are in the brochure we're passing out to the Committee.

Senate agriculture committee
1-23-91
attachment 1

Since cooperatives are owned by the producers and ranchers of Kansas, the Council felt it was important that we have their input and support.

We sent a copy of the proposed changes with explanations of those changes to most of the Ag organizations in the state last August.

I've personally made presentations to several of the organization's boards of directors, as well as the State Board of Agriculture.

We're happy to say that most of the responses have been positive. Attached are position statements approved by the Farm Bureau, Kansas Wheat Growers Association and the Kansas Grange.

Cooperatives have been one of the best off-farm tools the American producer has had for nearly a century. Cooperatives have enabled the individual producer to control his/her own destiny and, have enabled the family farm to survive.

We would appreciate your support.

Thank you.

Kansas Cooperative Marketing Act AG-18

We believe the Kansas Cooperative Marketing Act should be updated. The Cooperative Marketing Act was enacted in 1921 and has been amended or changed only slightly since that time.

We support changes in the Kansas Cooperative Marketing Act which will permit local cooperatives to be more competitive in today's business and economic environment. Statutes governing cooperatives should provide management and membership with flexibility and the opportunity for diversification.

We strongly believe the control, operation and management of a Cooperative must remain with the members and their elected directors.

Meat and Poultry Inspection Program AG-19

We support the state-administered Meat and Poultry Inspection Program. We will oppose any attempt to abandoned the state program and move to a federal meat inspection program.

We believe the inspection of meat is for the protection of all consumers. We strongly recommend a substantial increase in State General Fund appropriations to provide funding of additional inspectors and enhancement of the total program of State Meat and Poultry Inspection.

We believe state-inspected meat should be allowed to move in interstate commerce.

Noxious Weeds AG-20

Noxious weed eradication should have a high priority with state government and with each of our 105 counties. We believe the Board of Agriculture should provide more leadership and be given more authority to enforce noxious weed laws. We support setting minimum qualifications for applicants seeking employment as County Weed Directors. Expanding control methods to include herbicides, cultural and biological methods should be allowed. Enforcement should include increased penalties for violation of the law.

Herbicides for control of noxious weeds should continue to be available from County Weed Departments. Cost share incentives used for herbicides to control noxious weeds should be continued and limited to County Weed Departments.

Governmental agencies should be prohibited from sowing any cover crop on public rights-of-way that contains any noxious weed seed or any restricted weed seed in excess of tolerances allowed in the Kansas Seed Act. Mulching materials used on public rights-of-way should be free of noxious weeds and noxious weed seed.

Landowners and tenants should be authorized to conduct timely spraying and mowing to control noxious and other objectionable weeds and grasses on rights-of-way adjacent to their own land.

Organic Food Production AG-21

We support the production and marketing of pure, wholesome food. Modern agriculture cannot continue to provide sufficient quantities of high quality food, fiber and other agricultural products to meet the nation's needs without the judicious use of agricultural chemicals.

Some states have established standards for the production of "organically grown" food. Pesticide residue tolerance levels in food products labeled as "organic" vary considerably among those states. We encourage the federal government to establish uniform national standards for "organic" food production.

If Kansas is to enact its own "organically grown" food legislation, we believe state standards, pending development of uniform national standards, should be rigid and strictly enforced. Synthetic pesticides, fertilizers and hormones should not be allowed at any stage or level of production of food labeled as "organic." The cost of residue testing should be borne by the "organic" farmer.

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

Farm Bureau Resolution 1991

1-3

26. The Kansas Cooperative Marketing act was adopted in 1921, with revisions made in the 1940's. It has become apparent that updates in the Act would be appropriate.

The Kansas Cooperative Council proposes the following changes:

Changes in Section 17-1603 would reduce the number of persons necessary to form a cooperative, from ten to five.

In section 17-1604, the changes would allow a cooperative to engage in any legitimate activity as long as a majority of its business is done with or for its members.

Section 17-1608 changes the language so that a determination on the vote to amend the articles of incorporation is based on the number of voting members or voting stockholders attending and voting at a meeting.

Section 17-1609 (j) would allow an increase in the rate of dividends permitted on common or preferred stock from 8 percent to an amount not to exceed rates established by Kansas statutes. (In August, 1990 it was 15%.)

Section 17-1611 would specifically allow the election of some directors who are not members of the cooperative, as long as eighty percent of the directors were members.

In several sections -- including 1609, 1613 and 1642 -- there are changes in the Act to leave the redemption of stock solely to the discretion of the board of directors.

Section 1612 would allow the cooperative board to elect a chairman and vice chairman, instead of a president and vice president. They then could hire a president to run the cooperative.

Section 1613 permits voting based upon patronage, but no member shall have more than five percent of the total vote.

The changes in Sections 17-1637 to 1642 establish guidelines for mergers and consolidations of cooperatives. The current Act does not specifically address these matters. The Act does state that the General Corporation Code applies, except where its provisions are in conflict with or inconsistent with the Act. Most of these changes are parallel with current corporation statutes.

RESOLUTION: The KAWG supports changes in the Kansas Cooperative Marketing Act, as proposed by the Kansas Cooperative Council.

Kansas Association of Wheat Growers
Resolution

Kansas State Grange

"Patrons of Husbandry"

Lola Mae Farn
Secretary
Route 1, Box 543
Meriden, KS 66512

Ph. (913) 484-2378

January 2, 1991

Mr. Joe Liebers
Kansas Cooperative Council
700 Kansas Avenue, Suite 615
Topeka, Kansas 66603

Dear Mr. Liebers:

This is to inform you that on December 8, 1990, the Executive Committee of the Kansas State Grange met to study the recommendations of a task force appointed to study your proposed changes. The Executive Committee accepted unanimously the following recommendations.

A. The Kansas State Grange endorses the Kansas Cooperative Council's asking the 1991 Legislature to open the Kansas Marketing Act of 1921, as amended, for further amendments.

B. The Kansas State Grange endorses all of the proposed amendments put forth by the Cooperative Council except for Sections 17-1605e and 17-1611.

Fraternally,

Lola Mae Farmer
Secretary

(Council notes)

17-1605e Would allow a cooperative to invest in other corporations, regardless of business in which they are engaged

17-1611 Non-member Directors

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