

Approved April 6, 1992  
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE

The meeting was called to order by Sen. Don Montgomery at  
Chairperson

10:00 a.m. on March 31, 1992 in room 423-S of the Capitol.

All members were present except:

Committee staff present:

Raney Gilliland, Legislative Research  
Lynne Holt, Legislative Research  
Jill Wolters, Revisor of Statutes  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: None.

Continued discussion of Substitute for HB 3046, creating the Dairy Stabilization Fund.

Staff had prepared a balloon of the bill and explained the amendments. (Attachment 1).

The chairman explained the reason the M & W series was stricken on the floor of the House. It has been said that the M & W may be eliminated in the near future, therefore, it was thought that language should be inserted in the bill to allow some other method if the M & W is dropped. Staff felt that it would be better to change the statute at the time the M & W is actually dropped. The chairman asked how it would be handled should the M & W be dropped before next session. Staff felt that this was not likely to happen, however, if it should happen, the last M & W figures would have to be used as the base for figuring the price of milk until such time the legislature could adopt the new pricing method used at the federal level.

Upon the completion of the explanation of amendments in the balloon, the chairman asked the committee if there were further amendments. Sen. Brady made a motion to amend the bill on page 1, lines 22-24, by striking 4% and inserting 2.5%, Sen. Frahm seconded for the purpose of discussion.

Sen. Brady explained that his amendment would make him more comfortable about the bill. The intent was 2.5%, therefore, this is the percentage that should be in the bill as it makes what the rate should be more of a legislative decision. Upon a call for a vote on Sen. Brady's motion, the motion carried.

Sen. Brady made a motion to amend the bill on page 3, line 12, to reduce the producer price from 115% to 110% and on line 33 reduce the 5% assessment to 3%, Sen. Lee seconded, and the motion carried.

Sen. Daniels had questions about new section 1 (a) with regard to the first amendment. She feels clarification is needed to indicate if it refers to a whole farming operation or just to the milk producing part. This is important because there are many milk producers who do other types of farming also. Staff indicated the 50% of gross income must come from the dairy part of the farm and must not be more than \$32,000 net income from the herd as the bill is now written. Sen. Daniels felt the intent is not clear as the bill is written at present. Brief discussion continued, and staff concluded that the language as is in the balloon is clear. However, staff indicated that "previous year" should be used rather than "annual".

Sen. Daniels questioned the use of "net farm income" after "\$32,000" as to if it is clear that it refers to the dairy farm portion only. Sen. McClure suggested that "net dairy farm income" be used. Staff will add this language.

Sen. Webb indicated that after yesterday's meeting where he had made a motion

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE

room 423-S, Statehouse, at 10:00 a.m./~~p.m.~~<sup>xxx</sup> on March 31, 1992.

to stike "milk products or dairy products" and insert "raw milk", it was pointed out to him that substituting "raw milk" would eliminate taxing of other dairy products coming into Kansas, therefore, Sen. Webb made a motion to return the original language, "milk products or dairy products", Sen. Sallee seconded, and the motion carried.

Attention was turned to page 3 as to which amendment is preferred by the committe on line 7. Sen. Brady made a motion to adopt the second suggested amendment, Sen. Webb seconded, and the motion carried.

Staff will make a technical amendment in the amended language on page 3, line 22, by adding "per year" after "production".

Sen. Webb made a motion to recommend Substitute for HB 3046 favorable for passage as amended, Sen. Sallee seconded the motion.

Sen. McClure made a substitute motion to refer the bill to an interim study because it is so complicated, Sen. Francisco seconded and added that he, too, feels there are too many unanswered questions and that if this is passed for dairy farmers, other producers will want the same. The chairman stated that each group is looking at what they want do do to help their industry. Also, he feels there will not be any interim studies for agriculture this summer, and the dairy farmers feel this is an emergency situation that needs to be addressed this year. Sen. Lee said that perhaps it could be put in the interim Tax Committee study.

Upon a call for a vote on Sen. McClure's substitute motion, the chairman ruled the motion failed.

A call for a division was requested, and the motion failed on a 5 to 5 vote.

On a call for a vote on the original motion made by Sen. Webb, the motion carried.

The minutes of March 30 were approved.

The meeting was adjourned at 10:54 a.m.

GUEST LIST

COMMITTEE: Senate Agriculture

DATE: March 31, 1992

NAME	ADDRESS	ORGANIZATION
Alan Onliker	Molokan Mo.	Dairy Farmer
Richard Benoit	Dawson Mo.	Dairy Farmer
Wynell Haddock	Wichita, Kc	AMPT
Patrick Jeannin	Leavenworth, KS	Dairy Farmer
Clara Hancock	Lawrence Mo.	Dairy Farmer
Melvin R. Rose	Topeka, Kc	KSBA
Robert Thuesen	Hutchinson	Jackson
Ted Barlowe	Kansas City, Kc	AE Dairy
Clare Lewis	<del>Peru</del> S. field no.	P. Farm
Conny By	Wichita	P. Farm
Kenneth M. Wilke	Topeka	KSBA
Harold Ramsour	Alta Vista	Dairy Farmer
Tom Stines	Junction City	Dairy Farmer
Hubbard Gross	Genoa Kc	Dairy Farmer
Ron Jack	Lidley, KS	Dairy Farmer
Nancy Hitchcock	Joplin, Kc	Mo. Assoc. of Dairy Producers
Queloid Partz	Lawrence Kc	Dairy Farmer
Queloid Partz	Lawrence Kc	Dairy Farmer
Jim Taul	Ballwin Kc	Dairy Farmer
Bill Henry	Topeka	KSBA
Joe Burdick	Ellis Kc	Mid. America Dairyman
Alan E. Koppert	Ellis Kc	Dairy Farmer
Albert A. Blumfield	Clay Center Kc.	Mid. America Dairyman

GUEST LIST

COMMITTEE: Senate Agriculture

DATE: March 31, 1992

NAME	ADDRESS	ORGANIZATION
Gibert Ineff	Becker KS	Mid Am Dairy
Edwin Howe	Empire KS	"
Eugene H. Chapman	Berlin KS	"
Herward Howe	Brown KS	Mid Am Dairy
Melvin Korman	Seneca KS	Mid Am Dairy Fed.
Edwin Grossnickel	Esler KS	Mid Am Dairyman
Leann Richardson	Osman KS	Farmer
Walt B Van Horn	Ottawa KS	Mid Am Dairy Farmer
Rollie Math	Hartsville KS	Mid Am Dairy Farmer
Charles Hornberger	Baldwin KS	Mid Am Dairyman
Charles Fowler	Dortonville KS	Mid Am Dairyman
Ronald J. Ford	Volley Falls KS	Mid Am Dairyman
Bill Rhodes	One Death KS	Mid Am
Al LeDoux	Holtan	CKFO
Carl Nicol	Whitewater	Mid Am Dairyman
Tom Fischer	Beatrice KS	Mid Am
Richard Brossin	Atwell KS	Mid Am
Larry Cottreau	Lathrop KS	Mid Am Dairyman
Myra J. Weller	Clay Center KS	Dairyman
Don Adams, Jr.	RR#9 Yates Center KS	Dairyman
LARRY D. WOODSON	TOPEKA	KBDA
Harold Bales	Manhattan	Mid Am
Delia Juch	Dodge	Mid Am



Substitute for HOUSE BILL No. 3046

By Committee on Agriculture

3-6

12 AN ACT creating the dairy stabilization fund; relating to an assess-  
13 ment on milk products; amending K.S.A. 1991 Supp. 75-3170a  
14 and repealing the existing section.

15 [Be it enacted by the Legislature of the State of Kansas:]

16 New Section 1. (a) There is hereby levied an assessment of 2.25%  
17 upon the wholesale value of any ~~milk product or dairy product for~~  
18 ~~sale at retail~~ in the state of Kansas, except that any ~~milk products~~  
19 ~~or dairy products~~ bought using public moneys shall be exempt from  
20 such assessment. Annually, the secretary shall set the assessment at  
21 a rate of not more than <sup>2.25</sup>4%. The secretary shall not change the  
22 assessment rate, either to increase or reduce such rate, more than  
23 once a year. An increase shall not exceed .5% in any one year.

24 (b) Any dairy manufacturing plant, milk distributor, milk pro-  
25 cessor, or other person who ~~sells milk products or dairy products~~  
26 ~~at wholesale~~ shall pay such assessment to the dairy stabilization fund,  
27 established pursuant to subsection (c).

28 (c) Such entity or person shall calculate the wholesale value of  
29 the ~~milk products or dairy products~~ on a monthly basis and remit  
30 the assessment to the secretary of the state board of agriculture.  
31 The secretary shall remit all moneys received in payment of such  
32 assessment to the state treasurer at least monthly. Upon receipt of  
33 each such remittance, the state treasurer shall deposit the entire  
34 amount thereof in the state treasury. Twenty percent of that portion  
35 of each deposit shall be credited to the state general fund pursuant  
36 to K.S.A. 75-3170a, and amendments thereto, and the amount of  
37 the balance of each deposit which is derived from the assessment  
38 shall be credited to the dairy stabilization fund which is hereby  
39 created in the state treasury.

40 (d) All money so credited to the dairy stabilization fund shall be  
41 expended pursuant to section 2.

42 (e) All expenditures from such fund shall be made in accordance  
43

New Section 1. (a) As used in this act, "milk producer" means a person, including a partnership or corporation, who receives at least 50% of such producers annual gross income and no more than \$32,000 net farm income, as set forth on Schedule F of such producers 1991 Internal Revenue Service tax return, if available, or the equivalent part of such producers 1992 tax return from managing and operating a farm or farms which produce milk from cows located entirely within the state of Kansas, except that a corporation of other business entity which holds record title to the eligible property shall be considered a farmer only if at least 50% of its stock or other ownership interest is owned or controlled by individual persons who are producers or members of the immediate family of a producer.

(b) The assessment levied pursuant to this act shall not be in effect until one state contiguous to this state has passed a bill and the governor of such state has signed such bill similar to the assessments levied herein. The state board of agriculture shall publish a notice that the assessments are in effect.

Senate Agriculture, 3-31-92  
Attachment 1

raw

raw milk sold

raw

buys such raw milk

1-2

1 with appropriation acts upon warrants of the director of accounts and  
2 reports issued pursuant to vouchers approved by the secretary of  
3 the state board of agriculture or by a person or persons designated  
4 by the secretary.

5 (f) For any month, for which on the first day of the month, the  
6 balance of the dairy stabilization fund is \$10,000,000, the secretary  
7 shall not impose or collect any [the] assessment [levied pursuant to  
8 section 1] during such month. [The cap on the fund imposed in this  
9 subsection shall not apply to the assessment collected pursuant to  
10 section 3 [2].]

11 (g) On the 10th day of each month, the director of accounts and  
12 reports shall transfer from the state general fund to the dairy sta-  
13 bilization fee fund, the amount of money certified by the pooled  
14 money investment board in accordance with this subsection. Prior  
15 to the 10th of each month, the pooled money investment board shall  
16 certify to the director of accounts and reports the amount of money  
17 equal to the proportionate amount of all the interest credited to the  
18 state general fund for the preceding period of time specified under  
19 this subsection, pursuant to K.S.A. 75-4210a, and amendments  
20 thereto, that is attributable to money in the dairy stabilization fee  
21 fund. Such amount of money shall be determined by the pooled  
22 money investment board based on:

23 (1) The average daily balance of moneys in the dairy stabilization  
24 fee fund during the period of time specified under this subsection  
25 as certified to the board by the director of accounts and reports;  
26 and

27 (2) the average interest rate on repurchase agreements of less  
28 than 30 days duration entered into by the pooled money investment  
29 board for that period of time. On or before the fifth day of the  
30 month for the preceding month, the director of accounts and reports  
31 shall certify to the pooled money investment board the average daily  
32 balance of moneys in the dairy stabilization fee fund for the period  
33 of time specified under this subsection.

34 (h) The secretary or the secretary's designee is hereby authorized  
35 and empowered to:

36 (1) Examine any books and records which are kept by any person  
37 who is subject to this act and which pertain to any ~~milk, milk-~~  
38 ~~products or dairy products~~ for any fees required to be paid pursuant raw  
39 to this act;

40 (2) examine under oath or otherwise, any person whom the sec-  
41 retary may believe has knowledge concerning the unlawful operation  
42 of any business under this act; and

43 (3) issue subpoenas requiring the appearance of witnesses and

1 the production of books, papers, reports and records, and to ad-  
2 minister oaths under this act.

3 (i) This section shall be part of and supplemental to article 7 of  
4 chapter 65 of the Kansas Statutes Annotated, and amendments  
5 thereto.

6 New Sec. 2. (a) Annually, the secretary shall request of Kansas  
7 state university the cost of production study for milk. ~~On July 1,~~  
8 the secretary shall use such study to determine a:

9 (1) Target price established at an amount of 85% of the actual  
10 price [cost] of production. This figure shall be the target price for  
11 the year; and

12 (2) producer price established at an amount of 115% of the actual  
13 price [cost] of production. This figure shall be the producer price  
14 for the year.

15 (b) The secretary, on a monthly basis, shall compare the Min-  
16 nesota and Wisconsin series price, published monthly by the  
17 United States department of agriculture, ~~[blend price] for the~~  
18 ~~previous month] to the target price. If the Minnesota and Wis-~~  
19 ~~consin series [blend] price is less than the target price, the secretary~~  
20 ~~shall pay to milk producers the difference between the prices, based~~  
21 ~~on the actual milk production of such milk producers, from the dairy~~  
22 ~~stabilization fund. If the Minnesota and Wisconsin series [blend]~~  
23 ~~price is greater than the target price, the secretary shall not disburse~~  
24 ~~any funds for that month.~~

25 (c) This section shall be part of and supplemental to article  
26 7 of chapter 65 of the Kansas Statutes Annotated, and amend-  
27 ments thereto.

28 New Sec. 3. (a) [(c)] The secretary, on a monthly basis, shall  
29 compare [the ~~[blend price] for the previous month to] the producer~~  
30 ~~price to the average price paid to milk producers for blended~~  
31 ~~milk for the previous month. If the average [blend] price on~~  
32 ~~blended milk is greater than the producer price, there is hereby~~  
33 ~~levied an assessment of 5% on the difference between the two prices.~~  
34 ~~The secretary shall collect such assessment from milk producers~~  
35 ~~based on the actual milk production of such milk producers and shall~~  
36 ~~remit such assessment to the state treasurer pursuant to section 1~~  
37 ~~to the credit of the dairy stabilization fund.~~

38 ~~[(d) As used in this section, "blend price" means the average~~  
39 ~~price paid to milk producers for blended milk as established by the~~  
40 ~~United States department of agriculture through a federal market~~  
41 ~~order.]~~

42 (b) [(e)] This section shall be part of and supplemental to article  
43 7 of chapter 65 of the Kansas Statutes Annotated, and amendments

The cost of production study for milk shall consider all variable costs, including but not limited to, hired labor, repairs, interest paid, feed purchased, farm organization, veterinary bills, livestock marketing and breeding, fuel, oil, utilities, automobile expenses, general farm insurance, depreciation, personal property tax and real estate tax.

OR

The cost of production study shall be based on the dairy herd improvement association records.

Minnesota and Wisconsin series price, published monthly by the United States department of agriculture

Minnesota and Wisconsin series  
However, no milk producer shall yield payment for more than 1,000,000 pounds of production.

Minnesota and Wisconsin series

Minnesota and Wisconsin series :

(d)



4-1

1 thereto.

2 Sec. 4 [3]. K.S.A. 1991 Supp. 75-3170a is hereby amended to  
3 read as follows: 75-3170a. (a) The 20% credit to the state general  
4 fund required by K.S.A. 1-204, 2-2609, 2-3008, 9-1703, 16-609, 16a-  
5 2-302, 17-1271, 17-2236, 17-5609, 17-5610, 17-5612, 17-5701, 20-  
6 1a02, 20-1a03, 34-102b, 44-324, 44-926, 47-820, 49-420, 55-155, 55-  
7 609, 55-711, 55-901, 58-2011, 58-3074, 65-6b10, 65-1718, 65-1817a,  
8 65-2011, 65-2855, 65-2911, 65-4610, 66-1,155, 66-1503, 74-715, 74-  
9 1108, 74-1405, 74-1503, 74-1609, 74-2704, 74-3903, 74-5805, 74-7009,  
10 74-7506, 75-1119b and 75-1308 and K.S.A. 1990 Supp. 55-176, 58-  
11 4107, 65-5413, 65-5513, 84-9-411, 84-9-413 and section 5 of 1991  
12 Senate Bill No. 77 1 and K.S.A. 1991 Supp. 2-3013, and acts  
13 amendatory of any of the foregoing including amendments by other  
14 sections of this act is to reimburse the state general fund for ac-  
15 counting, auditing, budgeting, legal, payroll, personnel and pur-  
16 chasing services, and any and all other state governmental services,  
17 which are performed on behalf of the state agency involved by other  
18 state agencies which receive appropriations from the state general  
19 fund to provide such services.

20 (b) Nothing in this act or in the sections amended by this act  
21 or referred to in subsection (a), shall be deemed to authorize re-  
22 mittances to be made less frequently than is authorized under K.S.A.  
23 75-4215 and amendments thereto.

24 (c) Notwithstanding any provision of any statute referred to in  
25 or amended by this act or referred to in subsection (a), whenever  
26 in any fiscal year such 20% credit to the state general fund in relation  
27 to any particular fee fund is \$200,000, in that fiscal year the 20%  
28 credit no longer shall apply to moneys received from sources ap-  
29 plicable to such fee fund and for the remainder of such year the  
30 full 100% so received shall be credited to such fee fund, except as  
31 otherwise provided in subsection (d) or (f).

32 (d) Notwithstanding any provision of K.S.A. 2-2609 and 2-3008  
33 and amendments thereto or any provision of any statute referred to  
34 in subsection (a), the 20% credit to the state general fund no longer  
35 shall apply to moneys received from sources applicable to the grain  
36 research and market development agencies funds, as specified for  
37 each such fund by this subsection, and for the remainder of a fiscal  
38 year the full 100% of the moneys so received shall be credited to  
39 the appropriate fund of such funds, whenever in any fiscal year:

40 (1) With respect to the Kansas wheat commission fund, such 20%  
41 credit to the state general fund in relation to such fund in that fiscal  
42 year is equal to that portion of \$100,000 that bears the same pro-  
43 portion to \$100,000 as the amount credited to the Kansas wheat

1 commission fund during the preceding fiscal year bears to the total  
2 of the amounts credited to the Kansas wheat commission fund, the  
3 Kansas corn commission fund, the Kansas grain sorghum commission  
4 fund and the Kansas soybean commission fund during the preceding  
5 fiscal year;

6 (2) with respect to the Kansas corn commission fund, such 20%  
7 credit to the state general fund in relation to such fund in that fiscal  
8 year is equal to that portion of \$100,000 that bears the same pro-  
9 portion to \$100,000 as the amount credited to the Kansas corn com-  
10 mission fund during the preceding fiscal year bears to the total of  
11 the amounts credited to the Kansas wheat commission fund, the  
12 Kansas corn commission fund, the Kansas grain sorghum commission  
13 fund and the Kansas soybean commission fund during the preceding  
14 year;

15 (3) with respect to the Kansas grain sorghum commission fund,  
16 such 20% credit to the state general fund in relation to such fund  
17 in that fiscal year is equal to that portion of \$100,000 that bears the  
18 same proportion to \$100,000 as the amount credited to the Kansas  
19 grain sorghum commission fund during the preceding fiscal year  
20 bears to the total of the amounts credited to the Kansas wheat  
21 commission fund, the Kansas corn commission fund, the Kansas grain  
22 sorghum commission fund and the Kansas soybean commission fund  
23 during the preceding fiscal year; and

24 (4) with respect to the Kansas soybean commission fund, such  
25 20% credit to the state general fund in relation to such fund in that  
26 fiscal year is equal to that portion of \$100,000 that bears the same  
27 proportion to \$100,000 as the amount credited to the Kansas soybean  
28 commission fund during the preceding fiscal year bears to the total  
29 of the amounts credited to the Kansas wheat commission fund, the  
30 Kansas corn commission fund, the Kansas grain sorghum commission  
31 fund and the Kansas soybean commission fund during the preceding  
32 fiscal year.

33 (e) As used in this section, "grain research and market devel-  
34 opment agencies" means the Kansas wheat commission, the Kansas  
35 corn commission, the Kansas grain sorghum commission and the  
36 Kansas soybean commission. Such agencies have been created to  
37 fund appropriate research projects; to conduct campaigns of devel-  
38 opment, education and publicity; and to find new markets or maintain  
39 existing markets for commodities and products made from those  
40 commodities, among their other duties. Such grain research and  
41 market development agencies shall be funded by an assessment col-  
42 lected from the grower at the time of the sale of such commodity  
43 by the first purchaser. The assessment shall be sent to the proper

5-1

9-1

1 grain research and market development agency.

2 (f) (1) Through June 30, 1993, notwithstanding any provision  
3 of any statute referred to in subsection (a), whenever in any  
4 fiscal year such 20% credit to the state general fund in relation  
5 to the Kansas sheep commission fund is \$8,000, in that fiscal  
6 year the 20% credit no longer shall apply to moneys received  
7 from sources applicable to such fund and for the remainder of  
8 such year the full 100% so received shall be credited to such  
9 fund.

10 (2) On and after July 1, 1993, the provision of subsection  
11 (e) shall apply to the Kansas sheep commission fund.

12 New Sec. 5 [4]. The provisions of sections 1, 2 and 3 shall expire  
13 on July 1, 1995.

14 Sec. 6 [5]. K.S.A. 1991 Supp. 75-3170a is hereby repealed.

15 Sec. 7 [6]. This act shall take effect and be in force from and  
16 after its publication in the Kansas register.