

Approved: Eugene Shore 2-15-93
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Eugene Shore at 9:05 a.m. on February 3, 1993 in Room 313-S of the Capitol.

All members were present except: Representative Lawrence - Excused

Committee staff present: Raney Gilliland, Legislative Research Department
Jill Wolters, Revisor of Statutes
Kay Johnson, Committee Secretary

Conferees appearing before the committee: Kirk Thompson, CMS Electric Cooperative
Sharon Schwartz, Kansas Pork Producers Council
Ken Stielow, Kansas Livestock Association
Roy Henry, Kansas Pork Producers Council
Raymond C. Neu, Plains, KS
Roger Wolfe, Hiawatha, KS
Mike Richard, Miltonvale, KS
Gregory Roberts, Leota, KS
C. J. Wettstein, Seward County Commissioner
Rhonda Eichman, Seward County Commissioner
James Feldkamp, Centralia, KS
Dennis Keough, Liberal, KS
Wayne Walter, Sublette, KS
Chuck Stones, Kansas Bankers Association
Mike Jensen, Kansas Pork Producers Council
Warren Parker, Kansas Farm Bureau
Michael Torrey, Kansas Grain And Feed Association
Marty Vanier, Committee of Kansas Farm Organizations

Chairman Shore called the meeting to order and explained that he has a copy of a bill that Representative Dawson and Representative Brown have requested as a committee bill. It pertains to the Kansas equine liability act. Representative Reinhardt made a motion to introduce it as a committee bill. Representative Correll seconded the motion. The motion carried.

Hearings for proponents continued on **HB 2069: Allows corporate swine production facilities to operate in Kansas.**

Kirk Thompson, General Manager, CMS Electric Cooperative, Meade, KS, attachment #1, discussed current corporate farm restrictions which resulted in lost investments to other states by DeKalb Swine Breeders Corporation, Seaboard Corporation and Pauls & White International. He also discussed CMS' lost annual electrical sales that could have helped stabilize rural rates.

Sharon Schwartz, President, Kansas Pork Producers Council (KPPC), attachment #2, explained the KPPC's change of policy to support corporate farming because it will allow producers growth opportunities, marketing advantages and access to the technical support needed in the rapidly changing pork industry.

Ken Stielow, President, Kansas Livestock Association, attachment #3, stated his confidence in the ability of the marketplace and free enterprise system to act as the best regulator of participants in the pork industry. He doesn't believe Kansas would have such a strong and viable beef industry if there were corporate restrictions.

Roy Henry, President-Elect, Kansas Pork Producers Council, attachment #4, discussed hog prices and labor costs. He believes specialization - advantages in genetics and nutrition - is the key to growth in the swine industry and corporate farming can provide this in Kansas.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE, Room 313-S Statehouse, at 9:05 a.m. on February 3, 1993.

Raymond C. Neu, President, Plains State Bank and Mayor of Plains, attachment #5, described the benefits provided by DeKalb Swine Breeders Corporation to his community and, specifically, to producers through contractual arrangements.

Roger Wolfe, Chairman and CEO, White Cloud Grain Co., Inc, Hiawatha, KS, attachment #6, discussed the detrimental effects of Kansas trying to stem the nationwide trend of corporate farming.

Mike Richard, farmer, Miltonvale, KS, attachment #7, explained that although Kansas swine farmers are small individually, they are large collectively and can compete. Corporate farming will open up that opportunity.

Greg Roberts, farmer, Leota, KS, attachment #8, said there are no secrets to raising pigs. The information is out there if you utilize it. Corporate farming should increase marketing opportunities and offer a contracting option for producers who want that option.

C. J. Wettstein, Seward County Commissioner, Liberal, KS, attachment #9, discussed the difficulty for farmers to diversify and offer alternative products. Small farmers can't borrow money to get into the hog raising business if there is not somewhere to go to process the hogs. Corporate farming will open up that market.

Rhonda Eichman, Seward County Commissioner, Liberal, KS, attachment #10, discussed the positive economic impact corporate farming could have on the southwest corner of Kansas. Corporate involvement was used to expand cattle operations and the same opportunity should be available to hog operations.

James Feldkamp, farmer, Centralia, KS, attachment #11, described the economic growth opportunities provided by corporate farming, the jobs created by larger operations, the added value of Kansas grains and the strong commitment of K-State for technological support.

Dennis Keough, Liberal, outlined his background in economic development and stated that protectionism in the current law is out of date and puts up obstacles for economic development in the swine industry.

Wayne Walter, farmer, Sublette, KS, attachment #12, stated his opinion that present law has built a fence around Kansas, keeping new production out. Reversing the current corporate farming law will give pork producers a level playing field to compete in the hog market.

Discussion continued concerning contractual arrangements with out-of-state packers, who will raise those hogs, and tax abatements for corporations.

Chuck Stones, Director of Research, Kansas Bankers Association (KBA), attachment #13, supports this bill because of the KBA's Governing Council mandate "to pursue the concept of working toward a more positive economic climate for the state of Kansas."

Mike Jensen, Executive Vice-President, Kansas Pork Producers Council, attachment #14, addressed previous concerns that were raised about the KPPC's activities, membership and funding.

Warren Parker, Assistant Director, Public Affairs Division, Kansas Farm Bureau, attachment #15, expressed concern over tax advantages or economic incentives included in the bill that are not available to a family farmer and asked that stricken language on page 7, Section 3, lines 28, 31 and 32 be reinstated.

Michael Torrey, Director of Legislative and Regulatory Affairs, Kansas Grain and Feed Association, attachment #16, stated adoption of this bill would increase swine production in Kansas which would translate into increased feed grain production.

Marty Vanier, Committee of Kansas Farm Organizations, attachment #17, asked the committee to help secure the future of the family farm by providing it with every possible opportunity to market pork in a thriving local market.

The meeting adjourned at 10:29am. The next meeting is scheduled for February 4, 1993.



CMS Electric Cooperative, Inc.

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Telephone: (316) 873-2184

February 2, 1993

House of Representatives
Agriculture Committee

Mr. Chairman and Members of the Committee:

My name is Kirk Thompson and I am the General Manager of the CMS Electric Cooperative, Inc., headquartered in Meade, Kansas. CMS is a not for profit electric cooperative formed in 1945 which serves the rural areas of Seward, Meade, Clark and Comanche counties. We currently maintain 2,500 miles of distribution lines and serve over 4,200 meters.

The issue of permitting corporate hog operations to expand their acreages was first brought to the Legislature in 1984, by former State Senator Charlie Angell, of Plains. He requested that legislation be introduced that would permit DeKalb Swine Breeders to expand its operation in the Plains area in partnership with the Seaboard Corporation and Pauls & White International. The legislation passed the Senate Committee of the whole but eventually died in the House Agriculture and Livestock Committee. In 1987, an Agriculture Task Force recommended change to allow corporate ownership or lease of agriculture land for the purpose of operating a swine confinement facility. The legislation passed in 1987 allowed poultry and rabbit confinement facilities yet swine confinement was deleted in Conference Committee. In 1989, efforts to allow DeKalb to expand were again defeated as legislation died in the House Economic Development Committee.

Over the past several years, the restrictions in the corporate farming laws, specifically the corporate ownership and vertical integration restrictions pertaining to swine, have had a negative impact on our area as well as the state. In 1984, we saw interest from DeKalb, Seaboard and Pauls & White International to invest in our state. In 1989, DeKalb came to the legislature and said "DeKalb is going to build more hog farms whether Kansas

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ATTACHMENT #1

changes the corporate farming law or not. If we can't build in Kansas, we will have no other choice, but to build somewhere else." The investment was again denied. In 1992, Seaboard again considered Kansas for possible investment and once again was turned away.

Please consider what we turned away. DeKalb Swine Breeders each year spends 12 to 15 million dollars in the state of Kansas. After being turned away by Kansas, DeKalb invested 3.6 million in the Oklahoma Panhandle in a large-scale hog farm just 10 miles south of Liberal, Kansas. The 12 to 15 million dollars spent to support this new investment now goes to Oklahoma. In 1992, Seaboard Corporation, a Kansas based corporation, again went south to Oklahoma. The investment going to Guymon, just 40 miles southwest of Liberal, Kansas, is a 50 million dollar state-of-the-art pork processing facility which could employ in excess of 1400 people and have an annual sales revenue of exceeding 800 million dollars at capacity.

After Seaboard announced its plans to locate in Guymon, people became excited about the economic impact to the rural areas so desperately needing help. Seaboard is expected to process 16,000 head per day or \$650 million dollars per year at capacity. Kansas has more hogs right now than does Oklahoma, Texas and Colorado put together in the 350 mile radius that Seaboard feels they will pull from. Current hog numbers would meet only 30% of their requirements with 70% still to be met. Seaboard is expected to begin construction on its farrowing units as well as contract with interested people to finish hogs. Yet Kansas law will not allow our citizens to be a part of this economic boost in our area.

As we in Kansas sit still, the state of Oklahoma is reaping the benefits. Legislation passed in the 1980's allowed DeKalb to expand into Oklahoma. Legislation passed in 1991 provided incentives for poultry and pork processing in the state. Recently, Governor David Walters announced a pork feeder facility in Logan County and a processing plant in Hadenville. During the recent Seaboard announcement, Governor Walters stressed the importance of value added manufacturing for the state of Oklahoma, telling about food

processing plants locating recently in Hughes County, Heavener and Altus, due to recent changes in the corporate farming laws. The mayor of Guymon emphasized cooperation in bringing the Seaboard project in, as he stated, "I have never seen so much cooperation between the city, county, private industry and our state government". While Oklahoma is on the offense in its efforts at rural development, Kansas' defensive position is not saving our family farms and continues to push economic growth away from our state.

With just the two projects of DeKalb and Seaboard, which located just south of Kansas, we have lost almost 54 million dollars in capital investments, 1600 jobs, and 15 million dollars in expenditures in our state. These are the numbers quantified, and we do not have the expected expenditures to support the Seaboard plant. The electricity purchased by these two projects would have been around 3 million dollars annually. Commercial loads of this type have a positive impact on rates for all of our consumers. The margins we make are allocated back to our consumers and thus we have no profit motivation. We are striving to provide the best electrical service we can at the most affordable price.

As you consider the changes recommended, please think of the tax base we have sent out of our state. The property valuations, the spending generated from 1600 jobs, the supporting expenditures for over 800 million dollars in sales. These could have helped with the tax burden each resident of Kansas feels yet they are not helping Kansans, they are helping Oklahomans.

The cattle industry does not have corporate restrictions like the hog industry does. Our family farms benefit from the increased grain and cattle markets. We just want the same opportunities for the hog industry in Kansas.

We believe that the proposed changes are critical for the prosperity of Kansas agriculture and would urge your adoption.

The applicable statutes concerning the "corporate swine" issue with the proposed changes include, specifically:

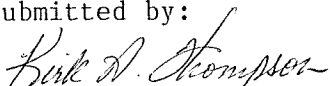
In 17-5903 (s) delete the word "confinement" and replace with "production" and delete the words "an enclosed environment". There are some units which the words "enclosed environment" could preclude and the word "confinement" has a negative connotation to some.

In 17-5904 (8) add the words "a swine production facility".

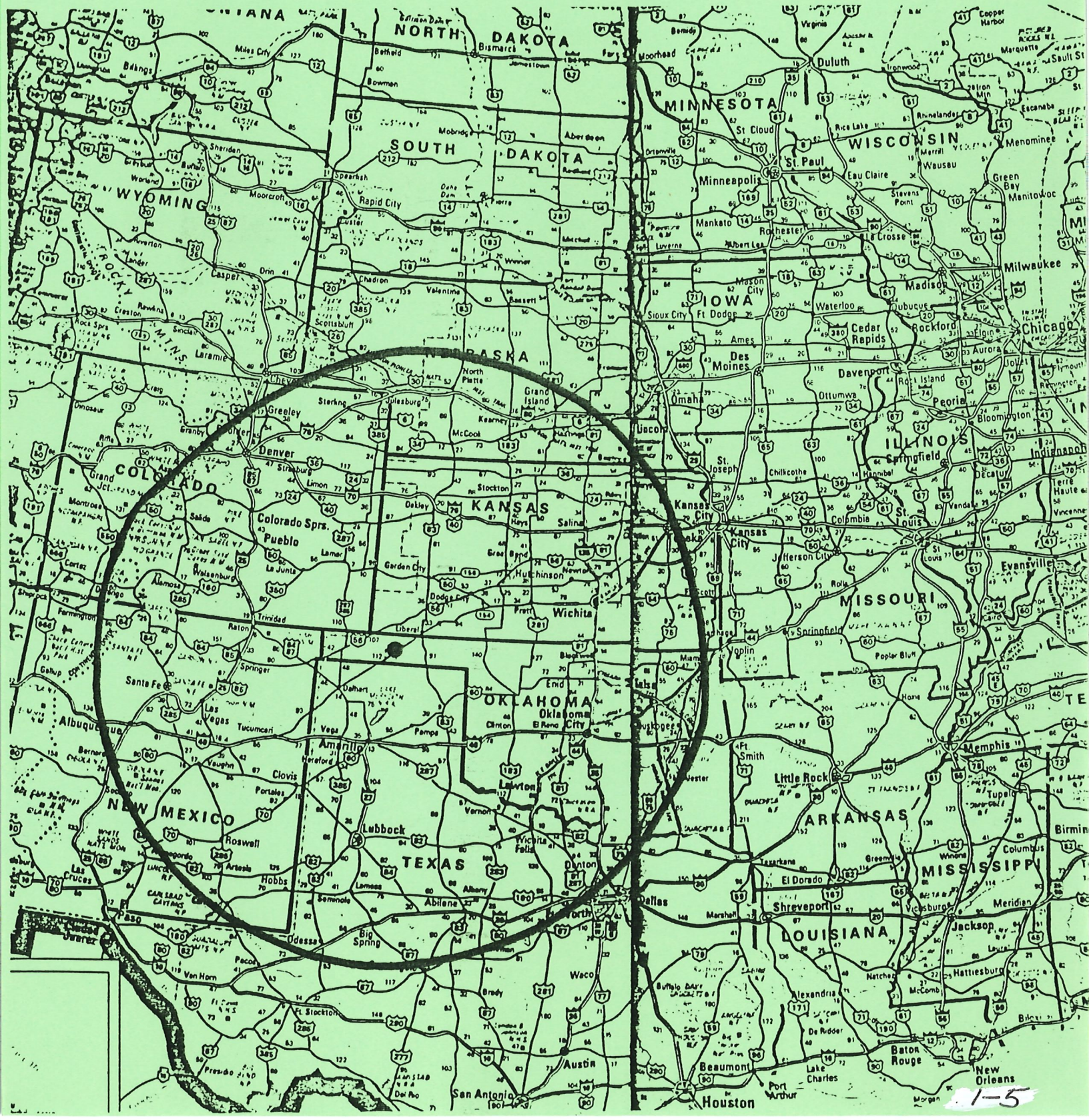
In 17-5905 and 17-5906, delete both entire sections. These statutes are unique to only Kansas and Iowa and will negatively impact Kansas producers ability to contract with whomever they choose. Specifically, these would preclude Seaboard Corp. from contracting in Kansas.

CMS Electric Cooperative, Inc., appreciates the opportunity to present constructive changes. CMS is an electric supplier in Southwest Kansas reliably supplying all the electrical requirements of its rural customers for over 40 years. CMS serves an area from west of Liberal to east of Coldwater and we are dedicated to providing a superior quality of life to rural, agriculture based, Kansas.

Submitted by:


Kirk A. Thompson
CMS General Manager

350 mile radius Seaboard would pull hogs from.



Sharon Schwartz
President of the Kansas Pork Producers Council

Mr. Chairman and Members of the committee, as president of the Kansas Pork Producers Council, I'm here to represent the interests of our producer members and the policy changes which they have endorsed at their 1990 annual meeting. Each area group was represented by elected delegates.

Why the change of policy? It had become very apparent, as we watched the rapidly changing pork industry, that the restrictions we had supported were not allowing the hog industry in Kansas to thrive and grow as it was in many other states. It actually continues to decline as rapidly as it is growing in adjacent states.

The fact is, that we as Kansas producers are already facing the reality of competing with size advantage and market share whether it is two miles or 2,000 miles from our business at this time. The KPPC Delegate Body realized that for Kansas pork producers to be a part of this industry in the future, they would have to adapt to changes and look for all opportunities for our existing independent producers.

I'm sure you will hear testimony that will compare the Kansas pork industry to the Nebraska pork industry. Because of the drastic differences of the structure of the existing pork industries, it is unrealistic to compare statistics. Many of you are probably unaware of the fact that Nebraska's pork industry includes some very large hog units owned by corporations. These corporations were grandfathered at the time of Initiative 300 and continue to have the opportunity to expand. Nebraska pork producers are competing for market share as we are, but they have the advantages of several packing plants located in Nebraska as well as access to pork plants that are located right along the Nebraska-Iowa border.

I'm proud to represent producers who are willing to take control of their destiny and support the changes that H.B. 2069 represents.

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ATTACHMENT #2

Morning program

- 9:15 COFFEE AND DONUTS
- 9:30 *Surviving in the Swine Industry
Outside the Major Swine States*
Jim Lerwick, Porktech Swine,
Albin, Wyoming
- 10:15 *Using Producer Groups
to Reduce Input Costs*
Bob Johnson, Manager,
Mid-West Co-ops, Inc.,
DeKalb, Illinois
- 11:15 *Ten Keys to Competiveness
in a Global Marketplace*
John Gadd, Swine Consultant,
England
- 12:00 LUNCH

Afternoon Program

- 1:15 *How the Independent Producer
Can Compete with the Ultra-
Large Producer*
Dr. Terry Coffey, Murphy Farms,
North Carolina
- 2:15 *Keeping the Family Business
Competitive in Kansas*
Sharon Schwartz, President-elect,
KPPC, Washington, Kansas
- 3:00 ADJOURN



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

STATEMENT
OF THE
KANSAS LIVESTOCK ASSOCIATION
TO THE
HOUSE COMMITTEE ON AGRICULTURE
REPRESENTATIVE GENE SHORE, CHAIRMAN
WITH RESPECT TO
CORPORATE FARMING LAW
RE: SWINE PRODUCTION

HB 2069

Presented by
KEN STIELOW
PRESIDENT

Wednesday, February 3, 1993

Mr. Chairman and members of the committee, I am Ken Stielow, President of the Kansas Livestock Association. I am from Paradise, Kansas in Russell County. Our business is a diversified beef cattle and farming operation which is organized as a family farm corporation. We formed our corporation in 1975 when I returned to the family farm. The corporate business structure allowed for me to become the third generation to be involved on our farm, with a minimum of problems associated with ownership change.

One of the reasons I have taken an active part in the Kansas Livestock Association is because I believe in our historic philosophy and confidence in the ability of the marketplace and free enterprise system to act as the best regulator of participants in our industry. I'm certain a good many of our members are uncomfortable about new and larger entrants into the livestock industry. However, we've traditionally resisted legislative attempts to dictate who may and who may not be involved in the livestock business.

I think it's important to remember a corporation is merely a business structure involving a group of individuals. Our law does not restrict the size of an agricultural operation. It does, however, disallow an organization of individuals operating as a corporation from producing swine. Furthermore it prohibits a group of individuals, in a corporation, from contracting swine if they own a pork processing facility. We believe it's appropriate to amend the law and allow corporations to operate swine facilities in this state.

I could point to the many examples of cattle and farming operations over the state of Kansas which have survived the trials of hard times and have become successful additions to the Kansas economy while using the corporate form of business. These range from larger entities where necessary capital formation was enhanced by the corporate business

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structure to operations such as my own where generational transfer is made easier.

After watching the Kansas Pork Producers Council struggle to make these changes in the law I'm reminded how fortunate we are that such corporate restrictions have not included the beef sector. We have a strong and viable beef industry in Kansas. It's benefited our farm and ranch families, stimulated economic development in many rural areas, and grown to be a major business for this state. I'm certain this growth would not have occurred if our law prohibited corporate involvement in the beef business.

I read Dr. Flinchbaugh's testimony he presented yesterday. He made several points which I feel are important to remember as you debate this issue:

1. In our opinion it's hard to successfully argue with the economic information presented by Dr. Flinchbaugh and his team of economists. We interpret those facts to conclude that Kansas' pork industry would benefit from the changes prepared in this bill (HB 2069).
2. The Kansas legislature can have little impact on the future structure of the swine industry which is national, in scope. You have heard about the trends for more integration, either contractual or complete ownership, in the swine industry.
3. You do have, however, the ability to stifle any substantial growth of this industry within the borders of Kansas. If you choose to deny this corporate involvement, Kansas will most likely continue to lose market share and other states will benefit.

It appears to us that the swine industry in Kansas has little or nothing to lose and much to gain by amending the law as proposed in HB 2069. If there is any hope of attracting pork packing and processing facilities to locate in Kansas, swine production must increase dramatically. The Kansas Livestock Association supports the efforts of the Kansas Pork Producers Council in this effort and encourage you to support this legislation. Thank you.

Corporate Hog Production in Kansas

Testimony by Roy Henry
President-Elect
Kansas Pork Producers Council

Corporate hog production in Kansas becomes either an emotional issue or a dollars and cents issue. Emotionally, I would have to oppose it because, superficially, the word corporation appears to endanger a concept more American than the bald eagle--namely, the family farm. For years, we have tried to define the family farm, but we only seem to come up with "any that is the size of mine or smaller."

Since I am here as a proponent of corporate hog production, I will not attempt to address the emotional issue. Instead, I wish to present some of the financial considerations. I speak as a "family farmer" (living, working on a farm producing crops and livestock) and as a "corporate farmer". Our family business, Henrys Limited, is incorporated, and while nobody calls me CEO, I guess that defines my job.

Hog production in the United States is one of the few agricultural commodities which have not been subsidized by the government. In the swine industry, the basic laws of supply and demand have been allowed to work--a factor which has made that industry one of the more profitable agricultural pursuits.

Henrys Limited was established in 1974. To show the steady growth it has experienced, a history of stock valuation follows:

1975 . .	\$100.00	1981 . .	464.61	1987 . .	923.00
1976 . .	226.30	1982 . .	558.09	1988 . .	1,354.30
1977 . .	264.84	1983 . .	714.51	1989 . .	1,547.67
1978 . .	335.13	1984 . .	833.50	1990 . .	1,676.87
1979 . .	510.35	1985 . .	903.44	1991 . .	1,940.26
1980 . .	434.93	1986 . .	730.00	1992 . .	1,204.00

Stock evaluations are made on the first of January each year. Hog prices and labor costs have varied throughout the period: labor costs have always increased, and hog prices have fluctuated. In 1975, labor costs were \$14.50/hog and hog prices averaged \$49.71/cwt. In 1992, labor was \$20.00/hog and prices averaged \$49.35/cwt. Similar prices and costs can be available to the self-employed, individual farmer dedicated to serious hog production. The same technological advances, including those in genetics and nutrition, are there for all to use.

In the past year, we have sold approximately 5,000 gilts to be used for reproduction. These gilts will generate about 100,000 animals for slaughter per year. Of these 5,000 gilts, only 500 stayed in Kansas, and these will generate about 10,000 pigs per year. Of all the gilts sold, only 750 were going into pre-existing facilities; the other 4,250 went to new farms.

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Corporate Hog Production in Kansas - Page 2

In other words, a high percentage of our gilts went to start new farms, none of which were in Kansas. Wherever they are raised, these pigs will affect the total meat supply. I realize that everyone doesn't sell breeding stock, and point out that we have been in this area of production for only one year (1992). However, all of our 1993 production is already sold, so, if you want to buy a gilt from us, your animal is not even conceived. This gilt demand is greater than normal throughout the seedstock industry, but we contemplate a continuation of the demand from our farm. Reasons get lengthy, but I'll explain further or answer questions, if you wish.

Another major trend in the hog industry is the packer/producer response to the very valid consumer demand for lean meat. Fat is no longer desirable in the diet, and the consumer is paying more for higher quality. For example, there is as much as \$25.00 difference in retail value between two pigs, each weighing 230 pounds at slaughter (the normal live weight). The packer, understandably, wants to buy only the high-quality pig.

Two principal factors determine pig quality: genetics and nutrition. We are particularly fortunate in Kansas in the nutrition expertise furnished by Kansas State University. However, without growth in the swine industry, we will suffer from KSU's inability to maintain this unbiased source of information which serves us so well. Data would be available, of course, from the feed companies and the seedstock companies, but we have experienced unreliability in these sources.

I sell slaughter hogs for 15 other producers in our area, basically controlling the marketing of 40,000 pigs/year. Packers have called to tell me of their specific desires in the areas of genetics and nutrition. This is an area where both large and small producers will have to adapt to technology to receive a higher value per carcass. We will see a time when the packers will discount the poor-quality pig enough to say, "If you don't adapt to modern technology, you will make no money."

As said before, advantages in genetics and nutrition are now generally available to all -- whatever the size of production. By group marketing, as we do, some producers claim as much as \$5.00/head more than by individual marketing. However, there are those who refuse to take even such a step, wanting to control all decisions at whatever expense. This is what I call the "family farm" syndrome.

Protectionism by legislation would probably hurt the very farmers it set out to help. In such an event, packers will distance themselves from Kansas, technology won't be as available as now, expert help will be further away, and yes, jobs and markets (grain, building materials, equipment, etc.) will diminish.

Corporate Hog Production in Kansas - Page 3

I fail to see that this situation is much different from ones faced in the past: school unification led to the closing of one-room and other small schools, the demise of Mom and Pop groceries followed large food chains (with local ownership or franchise) and Wal-Mart's -- the list goes on and on.

Our times are changing, as they always do. This doesn't mean we have to like the change, but we should at least understand the facts backing up our choice of paths. To an extent, we can control our future. Only history will tell accurately the wisdom of your decision in the matter of corporate farming. Good luck!

TESTIMONY OF RAYMOND C. NEU
PRESENTED TO THE HOUSE OF REPRESENTATIVES
AGRICULTURAL COMMITTEE

FEBRUARY 3, 1993

Re: Proponent concerning amending Kansas "Corporate Farming and Vertical Integration" Statutes

INTRODUCTION:

I am Raymond C. Neu, President of The Plains State Bank of Plains, Kansas, and Mayor of Plains. We are a rural community of approximately 1,000 population. Our bank has approximately \$32,000,000 in total assets and \$28,000,000 in total deposits. We employ 15 people. Our capital represents about 12.6% of our total assets, which is relatively high as bank capital ratios go today. I came to the Plains bank in July of 1977. During the 15 years following, our deposits have increased on an average of \$1,100,000 per year. There are three (3) banks in Meade County, all of which benefit from the Dekalb payroll. In February of 1989, I testified here in Topeka, requesting that consideration be given to allowing Dekalb to expand their corporate farming operations in our area.

As a young man, I was led to believe that large corporations were a threat to the small farmer. During my 34 years as an agricultural leader, I have found that philosophy to be a myth. Corporations are made up of people and in

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general, are created for the purpose of making profits. Farming enterprises, in many instances, are undercapitalized and therefore are not efficient. Also, many farming operations are not consistently profitable, therefore the ability to generate needed capital for hog producing operations, are not possible. Dekalb Swine Breeders, Inc. has shown a willingness to enter into a contractual arrangement, whereby the farmer will provide the land, building, labor, and other essential inputs of a hog finish feeding operation. Dekalb will in turn provide the feeder pigs, management training and so forth. Dekalb has spent considerable time and money in developing this plan. They desire to see the finishing operation be profitable, both for themselves and the feeder operator. I believe that this contractual arrangement with Dekalb provides a window of opportunity for area farmers. As an example, if a farmer has adequate equity in his real estate holdings, thereby he can obtain financing to construct and operate as mentioned above, this situation can justify a farmer arranging to have his sons and daughters stay on the farm and assist in the farming and hog finishing operation. The Kansas farmers who have shown an interest in this venture have experienced a "slow walk" reaction as far as obtaining necessary approval from the Environmental Protection Agency and the Kansas Water Resources Board. My investigation indicates that just a few miles south of us across the Oklahoma border, people who wanted to enter into this venture with Dekalb have been able

to obtain water permits and EPA authorizations in a very short period of time. In fact, some of those facilities are in operation at the present time.

In the last several years, our young farmer/borrower base, has increased rather than declined. This is contrary to the norm in other areas of Kansas. At least one of the reasons for this abnormality is that Dekalb provides competition for the purchase of locally produced small grains. Dekalb Swine Breeders, Inc. offers local farmers forward contracting of grain and direct purchase of grain upon delivery. In the past, they have provided approximately \$.20 cwt. bonus for grain delivered to their mill. Because the grain that Dekalb buys from local farmers is consumed locally, it does not enter the open grain market. Therefore, other grain producers, even outside our area, benefit as well. Another advantage is that Dekalb does not charge the producer that delivers grain for sale at a future date, any storage.

Dekalb Swine Breeders, Inc. is not a threat to the local farmland owner because Dekalb does not farm the land that they own in our area. As an example, if they purchase 160 acres of land, approximately 15% to 18% of that acreage, is used for the swine facilities, lagoons, and so forth. The remainder of the land is leased back to the local farmer, who in most cases gets the benefit of the sewage, which is

applied back to the crop land. If in fact, Dekalb is a threat to the smaller, individual swine producer, it would be nieve to believe that they would no longer be in competition with the producer, if Dekalb were located in a neighboring contiguous state such as Oklahoma or Colorado.

Recently, Dekalb has significantly expanded their operation just south of us in Oklahoma. Those improvements, of course, are now on the tax roll of Beaver County, Oklahoma, and increasing their tax base to help finance their local governments. It is not reasonable to assume that just because the corporation is no longer expanding in Kansas, is any reason to believe that they will be any less competition to individual Kansas pork producers.

I do believe that it is reasonable, however, that legislation favorable to corporate hog finishing enterprises as well as hog breeding operations, be allowed to legally operate in the State of Kansas. Therefore, I submit my testimony in hopes that consideration to changing the restrictive laws to allow corporations to become a viable part of the Kansas economic structure, will be possible.

Thank You,

Raymond C. Neu

STATEMENT OF
ROGER WOLFE
BEFORE THE HOUSE AGRICULTURE COMMITTEE
REP. EUGENE SHORE, CHAIRMAN
REGARDING H.B. 2069
FEBRUARY 3, 1993

My name is Roger Wolfe and I reside at 1206 Wentley Drive, Hiawatha, Kansas. I am speaking today as Chairman and CEO of White Cloud Grain Co., Inc., Hiawatha, Kansas.

White Cloud Grain operates five grain elevators, eight retail fertilizer plants, and a 500 Sow farrow to finish Swine Production Unit in northeast Kansas. We are members of the Kansas Grain and Feed Association and endorse their position in support of corporate hog farming.

As swine producers, we do not feel anything beneficial will be accomplished by disallowing corporate hog farming in the state. We are surrounded by states that allow corporate swine production and the prevention by Kansas will do nothing to stem the nation-wide trend in this direction. It could have detrimental effects on our operation if the lack of large hog numbers in Kansas causes a loss of markets or a closing of nearby packing plants thereby increasing our shipping costs and shrink.

Corporate farms in Kansas would be required to meet the same environmental standards and other regulations to which we are ~~not~~ subject. These standards may be somewhat relaxed in other states and I would prefer to have the corporate people operating by the same rule as ourselves. It would make the playing field a little more level.

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ATTACHMENT #6

February 3, 1993
State of Kansas
House of Representatives
Committee on Agriculture

Good morning and thank you for this opportunity to address this committee on corporate farming and ranching in Kansas. My name is Mike Richard and this is my wife, Linda. We farm full time with one employee, marketing swine from 100 sows and calves from 80 cows. Wheat, milo, hay and processed pork complete our farming picture in the 107th District.

Addressing the swine corporation issue is difficult in some ways and simple in others. Swine farmers in Kansas are small individually compared to 10,000 and 30,000 sow units wanting to build here, but we are large collectively. I say we can compete. Some legislators and governing bodies see a need to bring in large corporate business at any cost. That cost being revenue lost from economic incentives, tax advantages and enticements to build in a particular location. Incentives and allowances that smaller, self-employed businesses, which are large collectively, aren't allowed.

Advantages the state may receive from large swine corporations could include new jobs, more tax revenue and swine production education. Advantages for me as a swine producer may be a re-opened buying station, ^{2 have closed in area} another processing plant, more competitive bids and better genetics.

In conclusion, the small swine producer and business people can and will compete when there is appropriate opportunity to do so. The Kansas Corporate Farm Law should allow large corporations to operate in Kansas for us and with us, not against us.

Thank you

Mike and Linda Richard
Oakland Pork
R.R. 2, Box 33
Miltonvale, KS 67466
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ATTACHMENT #7

GREGORY ROBERTS

I. Introduction

A. General Partnership (d.b.a. G & G Roberts)

1. Finish 700-1,000 feeder pigs per year
2. Raise about 900 acres of wheat

II. Competing with corporations

A. Management

1. Different production facilities
2. No secrets

III. Opportunities

A. Financial

B. Increased marketing opportunities

C. Contracting

TESTIMONY OF C.J. WETTSTEIN,
COUNTY COMMISSIONER FOR SEWARD COUNTY, KANSAS

I want to thank this committee for the opportunity to appear before you today to testify concerning legislation being proposed by Representative Eugene L. Shore concerning what is commonly being referred to as "The Corporate Hog Farming Law".

First of all, I want you to understand that I strongly endorse the legislation being proposed by Representative Shore and I want to do everything in my power to see that his bill is approved and passed by this committee, and indeed adopted by the entire legislature of the State of Kansas.

Liberal, Kansas is the County Seat of Seward County, and I've been a County Commissioner there since 1988, and I was re-elected in 1992. I grew up on a farm in rural Seward County, and I am presently a business man with a business called Sprinkler Systems Unlimited, located in the City of Liberal, Kansas. I own and operate my farm properties located in rural Seward County, and of course, I am a County Commissioner for Seward County. As such, I think I have a pretty good understanding of Western Kansas.

I believe that the Hog Farming Bill is going to be good for not only Seward County and Southwest Kansas, but all of Western Kansas, all of Central Kansas, and indeed, for the entire State of Kansas. That is why I think it is so important that this Bill be passed.

In my County, we have small farmers that are trying to borrow money to get into the hog raising business, and there is no way they are going to borrow that money to produce hogs if there is not somewhere to go to process them. For years, people have been preaching at Kansas farmers to get into alternative farming. We've been talked to about alternative crops, and farmers have been responding. We've been talked to about an alternative product, and we are responding. We've got people in our area of the country that are even raising ostriches. Now if you can raise ostriches, you ought to be able to raise hogs and make money on them.

You people on this committee well understand this problem. You know that if we are going to have hog processing plants, we need to have the ability for large corporations to produce hogs.

The Corporate Farmland Ownership Law of Kansas effectively prohibits pork production by corporations, and it prohibits vertical integration. That is, allowing packing plants to own and produce the hogs that those packing plants would slaughter.

In Seward County, we, in recent years, have had DeKalb Farms start swine breeding operations.

Now, DeKalb is moving into Oklahoma, near Liberal, and creating their hog producing properties there.

Now Oklahoma may be close to Liberal, Kansas, but it sure isn't Kansas. It is still Oklahoma, and we are never going to get DeKalb to come into

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Kansas to build the big commercial hog raising facilities they are capable of building unless we change Kansas law.

In my County, DeKalb will build hog raising facilities, because near Liberal, Kansas we have the population to supply the labor to those facilities. Right now, the labor is leaving Liberal, driving into Oklahoma, working, paying State income taxes to Oklahoma, spending their money in Oklahoma, and Kansas is not getting the benefit of it, or at least, it is not getting all the benefit it should.

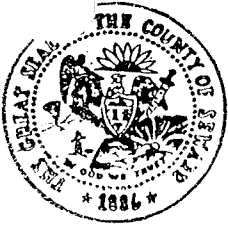
Last summer, I, as a County Commissioner, went to Kansas City and worked hard on trying to get Seaboard to come to Liberal, Kansas, and you all know the Seaboard Hog Processing Plant, which can employ up to 1500 people, is being built in Guymon, Oklahoma. Now that is 60 miles from Liberal, but is in Oklahoma, people, and it shouldn't be there. It would not be there if it were not for the present status of Kansas law.

I can tell you from the standpoint of an elected official in Western Kansas, and I know if you called on every County Commissioner all over the State of Kansas, they would say the same thing to you. We need a change in the law because if we get that, we can have the processing plants in Kansas, in Hutchinson, in Great Bend, in Salina, in Emporia, Winfield, Wichita, Russell, Hays, Goodland, Colby, Garden City, Dodge City, and Liberal.

This law being proposed by Representative Shore is being understood. I know it has been debated in the Kansas Legislature before in different forms, but people are finally waking up to what really needs to be done.

I urge you to support Representative Gene Shore and vote for his Bill.

Thank you very much.



BOARD OF COUNTY COMMISSIONERS
SEWARD COUNTY, KANSAS
415 N. WASHINGTON
LIBERAL, KANSAS 67901
316-626-3212

COMMISSIONERS MEETING
FIRST AND THIRD MONDAY
OF EACH MONTH

COMMISSIONERS

DISTRICT 1

C. J. WETTSTEIN

DISTRICT 2

RHONDA EICHMAN

DISTRICT 3

STAN BOLES

DISTRICT 4

ANNA FAY HARRISON

"ANN"

DISTRICT 5

JOE SEALEY

TESTIMONY
FOR HOUSE AGRICULTURAL COMMITTEE

FROM RHONDA EICHMAN
SEWARD COUNTY COMMISSIONER

As I address you this morning as a proponent for House Bill 2069, an Act Concerning Agricultural Corporations, I beg you to consider the positive economic impact that this corporate hog farming bill could have on the southwest corner of our state. We deserve the same opportunity to raise, transport, and sell hogs as the small hog farmers in Eastern Kansas have. With Seaboard, one of the largest hog processing plants in the United States, locating just across the state line in Guymon, Oklahoma, we still have a chance to bring economic growth to Kansas.

We in Southwest Kansas are comfortable with the concept of corporate involvement in our agricultural and cattle industries. We use that concept to expand our cattle operations--the cattle operations that supply our beef processing plants. Did you know that 60 percent of all the cattle slaughtered and processed in the United States today are slaughtered and processed within a 300 mile radius of Liberal, Kansas? We want the same opportunity to expand our hog operations. Our family farms benefit from the expanded agri-markets that corporate farming provide.

In 1981 Kansas had some 14,000 pork producers. In 1992 Kansas has 5600 left. Our national share of pork producers has fallen by 12 percent. By not lifting the restrictions on corporate hog farming now in place, we will continue to decline. By not lifting the restrictions on corporate hog farming now in place, we will not be able to compete. By not lifting the restrictions on corporate hog farming now in place, we will continue to sustain a \$3.85 disadvantage in freight alone and you will have succeeded in diminishing our economic base, your tax base.

If the economic base for Southwest Kansas is to expand, we must work with our natural resources of agricultural products and mineral wealth. In an agricultural area blessed with mineral wealth, the raw resources are cattle, swine, grain crops, oil, gas and helium. The types of industry compatible with our wealth of resources include packing houses, food products facilities, and oil related industries. Don't cut us off of a major avenue of expansion for economic growth.

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EICHMAN, PAGE 2

The State of Kansas as a whole benefits when any part of its economic base is expanded. We must initiate a positive growth atmosphere to court new industry to our state. If we do not court industries compatible with our natural resources, we will remain on dead center, or worse on the slide down, losing population and jobs to Missouri and Oklahoma. You well know what the hard working, innovative people of Southwest Kansas can do with their resources--you tax hell out the ones we've developed so far. Let us have a chance at developing our hog industry by passing HB 2069 and initiating the positive growth atmosphere that is so desperately needed in Kansas.

HOUSE BILL 2069
TESTIMONY GIVEN BY JAMES FELDKAMP

Good morning members of the House Ag Committee. My name is Jim Feldkamp and I would like to thank you for the opportunity to address you today.

My Wife and I live in Nemaha County near Centralia. I along with my three brothers own and operate Feldkamp Farms which is a family partnership. We farm approximately 3,000 acres, background cattle and have a 300 sow farrow to finish hog operation. My area of responsibility is the hog operation.

I am here in support of the changes in House Bill No. 2069.

The swine industry has and is changing rapidly. The State of Kansas needs to adapt to allow for economic growth as well as create opportunities for Kansas farmers. The present restrictions on corporate ownership has given other states a competitive advantage in attracting swine operations and packing houses. The present restrictions on corporate ownership have not kept corporations from entering swine production. Why not let them build in Kansas!

The proposed changes in House Bill 2069 will provide economic growth. Every sow in a farrow to finish operations requires an investment of about \$2,500 in facilities plus another \$800 in inventory of stock and feed. One sow will generate \$2,000 (plus or minus depending on the market) of gross income per year.

Jobs will be created as most operations take at least one full time employee for every 150 sows.

Kansas State University will be able to make an even stronger commitment to provide unbiased technological support for Kansas swine producers.

The changes in House Bill No.2069 will add value to Kansas grown grains. Instead of shipping grain out of the state, let's feed it here.

In the near future I feel we will see more vertical alignment in the swine business. Producers will align with the feed companies, genetic companies, and packers.

In our operation we have developed a team approach that has allowed us to be more successful. At the present time our team consists of a family partnership, a feed company, veterinarian, genetic supplier, and even a packing company. The proposed changes in House Bill No.2069 would

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allow more players to help us be more financially stable and competitive. It will increase the market value of our existing operation which will increase capital equity to make technological investments to improve efficiency. In the near future we may want to expand our operation and reduce some of the risk. Corporations will provide more alternative ways to reduce risk in a high investment enterprise.

We will most likely want to sell our hog operations someday, because I'm sure our two daughters are not going to take it over. More investors and lenders will be available because of the higher equity value of our unit. This will give buyers more alternatives, such as, contracting, corporate ownership of the stock, and packer alignment.

I serve on Farmland Foods Producer Advisory Board which has given me the opportunity to learn about the packing industry. If we as pork producers produce the quality and supply they need, we will be in business for a long time.

In summary, it is my opinion as a producer, that these changes will have a positive affect on Kansas pork production.

Mr. Chairman and members of your committee,

My name is Wayne Walter. I am from Sublette, Kans. My family operates an 1,100 sow operation in Haskell County.

I want to thank you for allowing me to voice my concerns about how the present corporate farming law affects pork production in Kansas.

It is my opinion that the present law has built a fence around Kansas, keeping new production out. As a result, Kansas has lost all of her major processing plants.

Kansas produces high-quality pork. Some of the best pork producers in this country are Kansans. Yet, because no major processing plants exist in Kansas, Kansas producers receive less per cwt for their pork than their neighboring producers to the north or to the east.

When the new processing plant at Guymon, Okla. is at 100% capacity, it will need four million hogs per year. Today, the area that will service the Guymon plant falls considerably short of the number of hogs the plant will need. With the present Kansas law, how many new hogs will Kansas produce for that plant?

The present law also restricts grain sales and keeps jobs out of our state. One market hog consumes about about ten bu. of grain. Every 1,000 sow operation gives twelve people a job.

The current law restricts the type of structure by which pork producers can run their businesses. Those of us raising hogs today need the opportunity to utilize any type of business structure possible in order to be competitive with our neighboring states' producers.

Today, I worry more about how the stroke of a pen from Topeka, Kans. will affect my bottom line than I do about any other phase of our family's operation.

Kansas pork producers need a level playing field on which to compete in the hog market. This can only happen by reversing the corporate farming law in Kansas.

Thank you for your attention.

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The Kansas Bankers Association

1500 Merchants National Bank Bldg.

Topeka, KS 66612

913-232-3444 FAX 913-232-3484

2-2-93

To: House Agriculture Committee

From: Chuck Stones, Director of Research

Mr. Chairman and Members of the Committee,

The Kansas Bankers Association appreciates the opportunity to appear before you on this issue. The Kansas Bankers Association appears today as a proponent of liberalizing the corporate farming laws of Kansas.

Just prior to the 1986 Legislative session the KBA's Governing Council voted for the first time to allow the KBA to address matters of broad public interest. The Council mandated that in working with the Kansas Legislature, the KBA is to "pursue the concept of working toward a more positive economic climate for the State of Kansas".

During the 1986 Legislative session the KBA was very involved in the support of the original nine "economic development initiatives" for Kansas. Since that time the KBA has supported numerous legislative issues that bankers across the state have viewed as promoting a more positive economic climate. Many of these issues were not specifically related to banking. Some of these issues include:

- Agriculture Value Added Processing Center
- Kansas Development Finance Authority
- Enterprise Zone legislation
- Job Expansion and Investment Tax Credit Act
- Kansas Partnership Fund
- Kansas Basic Enterprises Loan Program
- Farmers Assistance, Counseling and Training Service
- Credit Card Bank

The issue of repealing the prohibition on corporate farming for the pork industry was discussed by the KBA's State Affairs Committee on January 15. The Committee discussed many issues related to the issue. One of the main topics of conversation was the positive economic impact on the state that liberalizing the corporate structure for the cattle industry has had. The Committee also discussed these additional positive factors related to this legislation which included:

- The potential for more jobs in Kansas
- Potential higher market prices for all pork producers in Kansas
- Potential for higher grain prices

Based on these positive factors, the Committee viewed the concept of liberalizing the corporate farming laws in Kansas as an issue that could have a positive impact on the economy of Kansas and voted to support the issue and we urge your support of this issue.



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ATTACHMENT #13

pork

KANSAS PORK PRODUCERS COUNCIL

2601 Farm Bureau Road • Manhattan, Kansas 66502 • 913/776-0442

Mr. Chairman members of the committee, I am Mike Jensen, Executive Vice-president of the Kansas Pork Producers Council.

I would like to briefly address several, questions which have arisen during previous testimony.

The KPPC serves two distinct and separate functions under the same association title. First, we serve as the official state contractor of the National Pork Board to administrate and implement checkoff funded programs. The checkoff, which was initially voluntary became mandatory with passage of the 1985 Farm Bill. In a producer referendum held in 1988, the program was officially approved. I am proud to say that Kansas not only had one of the lowest refund rates but also approved the checkoff with a 80% margin. This was one of the highest of the major pork production states. The current rate of the checkoff investment is .35% or 35 cents per \$100 gross market value. Of this money, 27% is returned to Kansas to fund our checkoff activities. The only usage of these funds, by law, are for Promotion, Consumer Information and Research. The oversight for the usage of funds includes producers in Kansas, producers who are members of the National Pork Board, the USDA and the Secretary of Agriculture. I can assure you, that absolutely none of these checkoff funds in any way support our activities in the public policy arena.

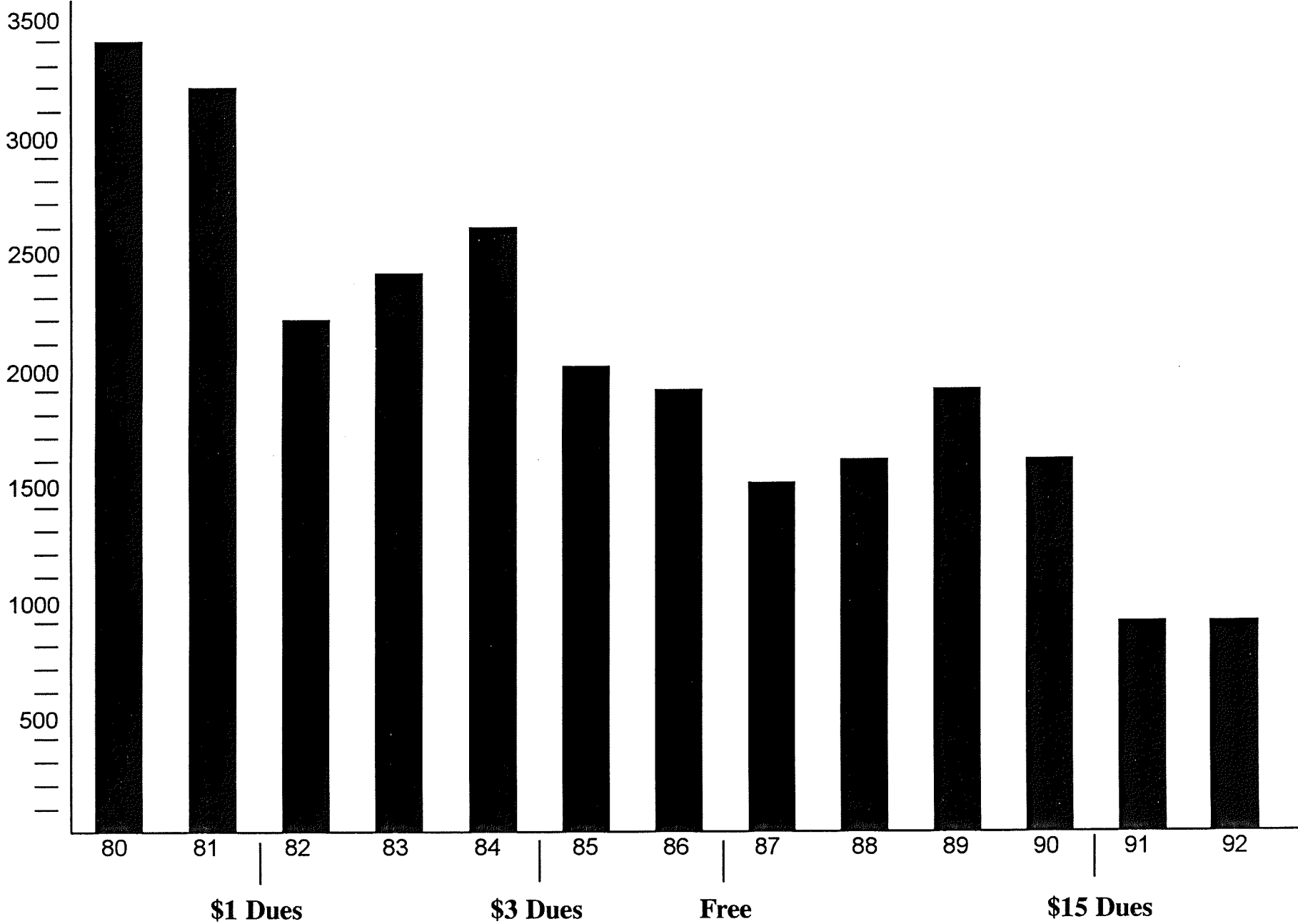
The second function the KPPC serves is our membership as a dues-funded organization. We serve our member's needs in the area of communications, regulatory and legislative affairs, member services and national issues.

Our membership is generally comprised of diversified operations and specialized pork production operations. Very little of our membership base would be inclusive of hobby type operations. Some concerns have been voiced regarding our membership and its changes over the years. If I could reference you to the accompanying graph, I will explain our dues and membership numbers.

I want to close with a philosophy as to the goals of our association. We have a mission statement that ends with " to increase the opportunity for profit, autonomous of size". Our members feel that we need to address the changes that are occurring nationally and worldwide in the industry. Our delegate's decisions are based on what is best for the Kansas industry. We, the KPPC, represent the overwhelming majority of the Kansas pork industry, both in production and the number of people employed full-time in the pork sector. It is in the best interests of membership that we act in support of this legislation.

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ATTACHMENT #14

KPPC Membership



14-3



PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON AGRICULTURE

RE: H.B. 2069 - Amending the Corporate Farming Law

February 2, 1993

Topeka, Kansas

Presented by:

Warren Parker, Assistant Director

Public Affairs Division

Kansas Farm Bureau

Chairman Shore and members of the Committee:

My name is Warren Parker, I am the Assistant Director of the Public Affairs Division at Kansas Farm Bureau. We appreciate this opportunity to testify on H.B. 2069 on behalf of our farm and ranch members in each of the 105 Kansas counties.

Economic development for agriculture and for rural areas is of utmost importance. Our members recognize this fact. This is why it is part of the Corporate Farm Law policy position adopted by over 400 voting delegates to the Kansas Farm Bureau Annual Meeting in November.

Innovation, capital formation, expansion of grain and livestock operations, and new markets and opportunities for farm families can all be results of positive changes in the Corporate Farm Law, and we support those changes.

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All our members ask is the ability to compete. They do not want a Corporate Farm Law change which would allow tax advantages or economic incentives not available to a family farmer. One section of the proposal you have before you is a cause for concern. We would ask the committee that the stricken language on page 7, Section 3, lines 28, 31 and 32 be reinstated with the proper redefined language. This action is necessary to keep the playing field level for corporate or family producers, and is also necessary in order for us to support H.B. 2069.

Thank you for your time, I would be happy to attempt to answer any questions.

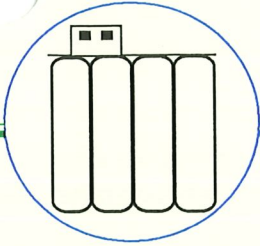
FARM BUREAU POLICY

Corporate Farm Law

AG-10

Kansas needs to be responsive and innovative in capital formation for agriculture and economic development in agriculture. We support changes in the Kansas Corporate Farm Law that will enhance economic opportunities for farm families, and for growth and expansion of grain and livestock operations.

We oppose expansion of the Kansas Corporate Farm Law if expansion or amendment would provide economic incentives or tax advantages not available to family farmers.



KANSAS GRAIN AND FEED ASSOCIATION

STATEMENT OF THE
KANSAS GRAIN AND FEED ASSOCIATION
TO THE
HOUSE AGRICULTURE COMMITTEE
REP. EUGENE SHORE, CHAIRMAN
REGARDING H.B. 2069
FEBRUARY 3, 1993

Mr. Chairman and Members of the Committee, I am Michael Torrey, Director of Legislative and Regulatory Affairs for the Kansas Grain and Feed Association (KGFA). Our association's approximately 1000 member firms are involved in the handling, storage and processing of grain. We appreciate the opportunity today to express our support for changes in the Corporate Farm Law.

KGFA supports legislation to allow corporations the same rights in Kansas relative to swine production as they currently have with beef, poultry and rabbit production. Kansas agriculture is in a global marketplace. Therefore, preventing corporate swine production in Kansas does not prevent it elsewhere and simply makes Kansas hogs less competitive by encouraging the establishment of swine processing and related industries in other states where there are more hogs produced.

Kansas needs the jobs and the revenue which will accompany increased hog numbers. More hogs will increase the feed grain demand, a plus for Kansas farmers and grain elevators.

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Whether we like it or not, agriculture has seen many changes in the last 10 years. Fewer farms are producing more and it seems that this trend will continue. I represent a pro-business organization that has seen first hand the effects of changes in the Corporate Farming Law. For example in Southwest Kansas, in our opinion, the feed grain production would be less than it is today if the beef feedlot industry did not exist.

We also believe a change in the law would benefit our farmer customers. We believe changes in the Corporate Farm Law will open up new opportunities for farmers by allowing them to spread their risk through contract farming.

KGFA believes that this democracy was built on a foundation of free enterprise and it is not the role of government to keep people out of business through antiquated policy. Government should not decide who can and who can not operate a business in the state of Kansas.

I appreciate the opportunity to appear before you today and stand ready to answer questions you may have.



Committee of Kansas Farm Organizations

Marty Vanier, DVM
Legislative Agent
1728 Thomas Circle
Manhattan, Ks 66502
913/539-9506

**Committee of Kansas
Farm Organization Members**

- Associated Milk Producers, Inc.
- Kansas Agri-Women Association
- Kansas Association of Nurserymen
- Kansas Association of Soil Conservation Districts
- Kansas Association of Wheat Growers
- Kansas Cooperative Council
- Kansas Corn Growers Association
- Kansas Electric Cooperative
- Kansas Ethanol Association
- Kansas Farm Bureau
- Kansas Fertilizer and Chemical Association
- Kansas Grain and Feed Dealers Association
- Kansas Grain Sorghum Producers
- 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 Resources Association
- Kansas Water Well Association
- Mid America Dairymen, Inc.
- Western Retail Implement & Hardware Association

**STATEMENT OF THE
COMMITTEE OF KANSAS FARM ORGANIZATIONS
BEFORE THE
HOUSE AGRICULTURE COMMITTEE**

EUGENE SHORE, CHAIRMAN

REGARDING H.B. 2069

FEBRUARY 2, 1993

The Committee of Kansas Farm Organizations (CKFO) is a coalition of 25 agribusiness organizations that spans the full spectrum of Kansas agriculture, including crop production, livestock production, horticultural production, suppliers, allied industries and professions.

The Committee supports H.B. 2069. The trend in production agriculture is clearly toward larger and more centralized markets and processing facilities. In an effort to control costs and optimize production, red meat processors strive for a ready supply of uniformly high-quality animals to put through their facilities. One way they have found to do this is through production arrangements with known suppliers. These arrangements may take many forms, examples of which can be found by studying

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our neighboring states. The advantage to the processor is a known quantity of animals, of a known quality at a known price. The advantage to the producer is a known market for his animals at an agreed-upon price.

While some may see this trend as dangerous and deplorable, it does not appear to be reversing. If the family farm is to survive in Kansas it must recognize this trend and adapt to it.

Right now there is no fed-pork processor in the state of Kansas. All fat hogs in the state must be sold and processed out of state, in states that allow some form of corporate farming. Does it not seem curious that states that allow corporate swine facilities have thriving markets and Kansas, which severely restricts corporate activity, has no market, thus forcing all fed swine to be marketed out of state?

The Committee of Kansas Farm Organizations, recognizing the importance of the family farm, is concerned that swine producers in the state are being placed at a competitive disadvantage with swine producers in surrounding states. CKFO is asking this committee to help secure the future of the family farm by providing it with every possible opportunity to market its pork in a thriving local market.

Thank you for the opportunity to speak to you today. I would be pleased to answer any questions you may have.