

Approved: 4-5-96
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 1:30 p.m. on March 27, 1996 in Room 514-S of the Capitol.

All members were present except: Representative Gross, excused
Representative Edlund, excused

Committee staff present: Alan Conroy, Russell Mills, Susan Wieggers, Legislative Research Department
Jim Wilson, Revisor of Statutes; Mike Corrigan, Revisor
Tim Kukula, Appropriations Secretary; Todd Fertig, Administrative Aide

Conferees appearing before the committee: none

Chairman Jennison called the members' attention to the minutes of March 7, 11, 12, 13, 14 and 15 that were distributed earlier in the week.

A motion was made by Representative Gatlin, seconded by Representative Dean, to approve the minutes. The motion carried.

Chairman Jennison recognized Kathy Porter from KLRD to give the committee a briefing on the accumulation of vacation and sick leave and compensation upon retirement for Kansas state law enforcement officers (Attachment 1).

Chairman Jennison recognized Representative Kejr to give the subcommittee report and answer questions on **SB 507**, a bill concerning the reorganization of KVAC (Attachments 2 & 3). There was discussion about a possible interim study into the matter of reorganization and the shifting of responsibilities.

A motion was made by Representative Kejr, seconded by Representative Reinhardt, to adopt the subcommittee report. The motion carried.

A motion was made by Representative Dean, seconded by Representative Helgerson, to amend **SB 507** by stating "subject to appropriations acts, the Secretary of Commerce and Housing shall reorganize and continue current contracts with KTEC to manage the Industrial Agricultural Program. The motion carried.

A motion was made by Representative Kejr, seconded by Representative Mollenkamp, to recommend **SB 507** favorably for passage. The motion carried.

Chairman Jennison recognized Representative Farmer to give the subcommittee report on **SB 402**, a bill relating to real property appraisal by the state and Board of Regents (Attachments 4 & 5). A letter from the assistant director of purchases also submitted a letter (Attachment 6).

A motion was made by Representative Gatlin, seconded by Representative Hochhauser, so strike section (5) from the subcommittee report. The motion failed.

A motion was made by Representative Hochhauser, seconded by Representative Nichols, to amend page 3, line 9 of the subcommittee report to read "a capital project or its maintenance utilities or teaching program" instead of 'project or activity' and every other place in the bill following. The motion failed.

A motion was made by Representative Wilk, seconded by Representative Reinhardt, to have the audit report sent to LEPC. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 P.M. on March 27, 1996.

A motion was made by Representative Farmer, seconded by Representative Reinhardt, to adopt the subcommittee report as amended. The motion carried.

A motion was made by Representative Edmonds, seconded by Representative Wilk, to amend section (6) of SB 402 by adding a section (c) to state that all grants over \$100,000 will be examined and considered. The motion failed.

A motion was made by Representative Wilk, seconded by Representative Farmer to recommend SB 402 favorably for passage. The motion carried. Representative Hochhauser voted no.

Chairman Jennison recognized Representative Farmer to give the committee a briefing on HCR 5038, a resolution concerning total appropriations from the state general fund and from all funds not exceeding the governor's recommendations.

A motion was made by Representative Farmer, seconded by Representative Reinhardt, to recommend HCR 5038 favorably for passage. The motion carried.

Discussion arose concerning HB 3080, a bill relating to overtime compensation for certain state law enforcement officers. Chairman Jennison recognized Revisor Wilson to explain the balloon amendment to the committee (Attachment 7).

A motion was made by Representative Nichols, seconded by Representative Helgerson, to amend the balloon (attachment 7) by adding language stating that officers will receive straight-time pay for hours worked between 80 and 86.

A substitute motion was made by Representative Neufeld, seconded by Representative Gatlin, to table HB 3080. The motion failed 5 to 14.

The original motion by Representative Nichols and Representative Helgerson carried 12 to 6.

A motion was made by Representative Nichols, seconded by Representative Helgerson to amend SB 492 by adding the amended balloon (attachment 7) to the bill. The motion carried.

A motion was made by Representative Reinhardt, seconded by Representative Kline, to state that accrued sick leave and vacation will be the same as all other state employees. The motion carried.

A motion was made by Representative Lowther, seconded by Representative Bradley, to amend SB 492 by adding appropriate provisions of HB 2419 concerning pay for official state holidays and sick leave. The motion failed 10 to 10.

There were no objections to making any necessary technical changes and corrections to SB 492.

A motion was made by Representative Helgerson, seconded by Representative Dean to recommend SB 492 favorably for passage, as amended. The motion carried 14 to 5.

Chairman Jennison announced that federal block grant hearings are scheduled for April 3, 1996 at 1:30 p.m.

The meeting adjourned at 3:45 p.m.

The next meeting is scheduled for April 3, 1996.

Accumulation of Vacation and Sick Leave and Compensation Upon Retirement

The following table notes the number of hours of vacation leave accrued per biweekly pay period and per month and the maximum hours of vacation leave that state employees may accumulate, both of which are based upon the individual employee's length of service.

Maximum Accumulation of Vacation Leave for State Employees

Length of Service	Vacation Leave Hours Acrued Per Biweekly Pay Periods	Vacation Leave Hours Accrued Per Month	Maximum Accumulation
Less than 5 years	3.7 hours	8 hours	144 hours (18 working days)
5 years and less than 10 years	4.7 hours	10 hours	176 Hours (22 working days)
10 years and less than 15 years	5.6 hours	12 hours	208 hours (26 working days)
15 years and over	6.5 hours	14 hours	240 hours (30 working days)

K.A.R. 1-9-3

An employee who retires or is otherwise separated from service may be compensated for accumulated vacation leave up to the maximum allowed accumulation.

Full time employees earn eight hours of sick leave per month, or 3.7 hours per biweekly pay period. The following table notes the compensation for accumulated sick leave which may be paid out upon retirement. **Employees who have accumulated 100 days or more of sick leave may receive compensation upon retirement as follows:**

Days of Sick Leave Accumulated	Years of Service	Compensation Upon Retirement
At least 100 but less than 125 days	8 or more years	Not more than 30 days
At least 125 but less than 150 days	15 or more years	Not more than 45 days
At least 150 days	25 or more years	Not more than 60 days

K.S.A. 75-5517

SUBCOMMITTEE REPORT ON SUBSTITUTE FOR
SENATE BILL NO. 507

The following summarizes the provisions of Sub. for S.B. 507: This bill creates the Agriculture Products Development Commission within the Department of Commerce and Housing. The bill would transfer most of the powers, duties, and functions of the current Division of Markets of the Department of Agriculture to the newly created Agriculture Products Development Commission. In addition, the bill would transfer the powers, duties, and functions relating to product development and technical assistance of the Agricultural value Added Center to the new Commission within the Department of Commerce and Housing.

Italics indicate amendments to the bill recommended by the Subcommittee. In general, amendments give the new Commission Division status within Commerce and Housing, details data to be included in an annual report to Legislative Committee, reconfigures an advisory board, and requires that the Board of Agriculture serve in an advisory capacity to the new Division.

New Section 1 -- Abolition of Existing Entities

- **Abolishes the agriculture value added center and the agriculture value added processing center leadership council.**

New Section 2 -- Establishes the agriculture development commission.

- **Establishes, within the Department of Commerce and Housing, the agriculture products development commission. The commission shall have all powers, duties and functions of the agricultural value added center (as defined in subsection (b) of the Bill) and all powers and duties regarding the Department of Agriculture division of markets (as defined in subsection (c) of the Bill).**
- **Requires the Commission to provide a written report, annually, to the House and Senate Agriculture Committees.**

The Subcommittee recommends the Agriculture Products Development Commission be given division status within the Department of Commerce and Housing and consequently be renamed the Agriculture Products Development Division. The Secretary of Commerce and Housing shall appoint the director of the Division.

The Subcommittee also recommends that the Division present both a written and oral to report the Agriculture Committees. In addition to providing an overview of the Division's activities and functions, the report shall include performance indicators and outcomes. The report shall also include information regarding the Division's budget and how appropriated funds were spent as:

Attachment

2

3-27-96

House Appropriations

well as a projected budget. The report shall also include the full-time equivalent number of positions financed from appropriations and allocated for the Division. Finally, the report shall include a mission statement for the new Division.

New Section 4 -- Transfers all existing functions of KVAC to the agricultural value added center within the Agriculture Development Commission.

- All powers, duties, and functions of the existing agricultural value added center are transferred to the agricultural value added center within the Department of Commerce and Housing. The agricultural value added center, within the Department of Commerce and Housing, created by Sub. S.B. 507 shall be a continuation of the agricultural value added center being abolished by section 1.

New Section 5 -- Transfers to the Secretary of Commerce and Housing powers of Division of Marketing and the director of Marketing.

- Secretary of Commerce and Housing is the successor in the powers, duties and functions of the Department of Agriculture Division of Marketing and the Director of Marketing.

New Section 11 -- Creates an agricultural products development advisory board.

- * The advisory board is appointed by the Governor and advises the Secretary of Commerce and Housing and the Agriculture Products Development Commission on issues of agriculture product development.
- = Advisory board membership will include representatives of the following: a small-sized value added company, a medium-sized value added company, and a large-sized value added company. Additional members would include a person from a regional economic development entity, a legislator who is a member of the House or Senate Committee on Agriculture, a financial or investment banker or a seed capital fund manager, and a person from the Department of Commerce and Housing Business Development Division.

The Subcommittee reconstitutes the Advisory Board in the following manner: two members shall be representatives of entrepreneurs in a value added business; one member shall be a representative of K.S.U. extension systems and agriculture research programs, one member from a farmer's cooperative active in community economic development, one member shall be a representative of a commodity group, one member shall be a financial or investment banker or a seed capital fund manager, and one member shall be from the marketing section of the agriculture products development division of the Department of Commerce and Housing.

New Section 27 -- Repeals existing relevant statutes.

The Subcommittee recommends creating a sunset provision of July 1, 1998, for sections 1 through 11.

New Section 28 -- Directs the State Board of Agriculture to serve in an advisory capacity to the new Agriculture Products Development Division within the Department of Commerce and Housing.

The Subcommittee recommends that the State Board of Agriculture serve in an advisory capacity to the new Division within Commerce and Housing. The Board of Agriculture shall advise the Agriculture Products Development Division on issues and concerns relating to agriculture product development and marketing. The Subcommittee also recommends that the Agriculture Products Development Division report, twice a year, on the activities and functions of the Division.

ADDITIONAL RECOMMENDATIONS

The Subcommittee also expects and encourages the Department of Commerce and Housing, in its administration of the Agriculture Products Development Division, to contract the operations of the programs with state universities, the Kansas Technology Enterprise Corporation and all appropriate entities. The Subcommittee also expects that state appropriated funding levels for the programs in the Agriculture Products Development Division, specifically the industrial agriculture program and the "foods and feeds" program, shall remain at or above current state appropriated funding levels.

Substitute for SENATE BILL No. 507

By Committee on Agriculture

2-20

10 AN ACT concerning certain governmental agency reorganizations; abol-
 11 ishing the agricultural value added center and the leadership council;
 12 further abolishing the division of markets and the director of market-
 13 ing; creating the agriculture products development ~~commission~~ within
 14 the department of commerce and housing; transferring certain powers
 15 and duties to the secretary of agriculture and the department of agri-
 16 culture; amending K.S.A. 2-2306, 2-3001, 2-3002, 2-3005, 2-3006, 2-
 17 3008, 2-3009, 2-3013, 74-531, 74-532, 74-534 and 74-551 and K.S.A.
 18 1995 Supp. 2-3007, 74-552 ~~and~~ 74-553, are hereby repealed; also re-
 19 pealing K.S.A. 74-530, 74-533, 74-540, 74-540a, 74-540b and 74-540c
 20 and K.S.A. 1995 Supp. 74-8117, 74-8118, 74-8119, 74-8120 and 74-
 21 8121.

Be it enacted by the Legislature of the State of Kansas:

23
 24 New Section 1. (a) The agricultural value added center established
 25 by K.S.A. 1995 Supp. 74-8117 and the agricultural value added processing
 26 center leadership council created by K.S.A. 1995 Supp. 74-8118 are
 27 hereby abolished.

28 (b) The division of markets within the Kansas department of agri-
 29 culture created by K.S.A. 74-530 and the director of marketing created
 30 by K.S.A. 74-533 are hereby abolished.

31 New Sec. 2. (a) There is hereby established within and as a part of
 32 the department of commerce and housing the agriculture products de-
 33 velopment ~~commission~~. Subject to and in accordance with appropriations
 34 acts, the agriculture products development ~~commission~~ shall include: (1)
 35 All powers, duties and functions related to the agricultural value added
 36 center pursuant to subsections (b) and (c); (2) all powers and duties cre-
 37 ated regarding the division of markets pursuant to K.S.A. 74-530, and
 38 amendments thereto, which are hereby transferred; (3) all powers and
 39 duties created regarding registered trademarks pursuant to K.S.A. 74-
 40 540a, and amendments thereto, which are hereby transferred; (4) all pow-
 41 ers and duties regarding the trademark fund pursuant to K.S.A. 74-540b,
 42 and amendments thereto, which are hereby transferred; and (5) all
 43 powers and duties created regarding expenditures and moneys credited

division

and 74-567

division. The secretary of commerce and housing shall appoint a director of such division.

division

Attachment
3

House Appropriations

3-27-96

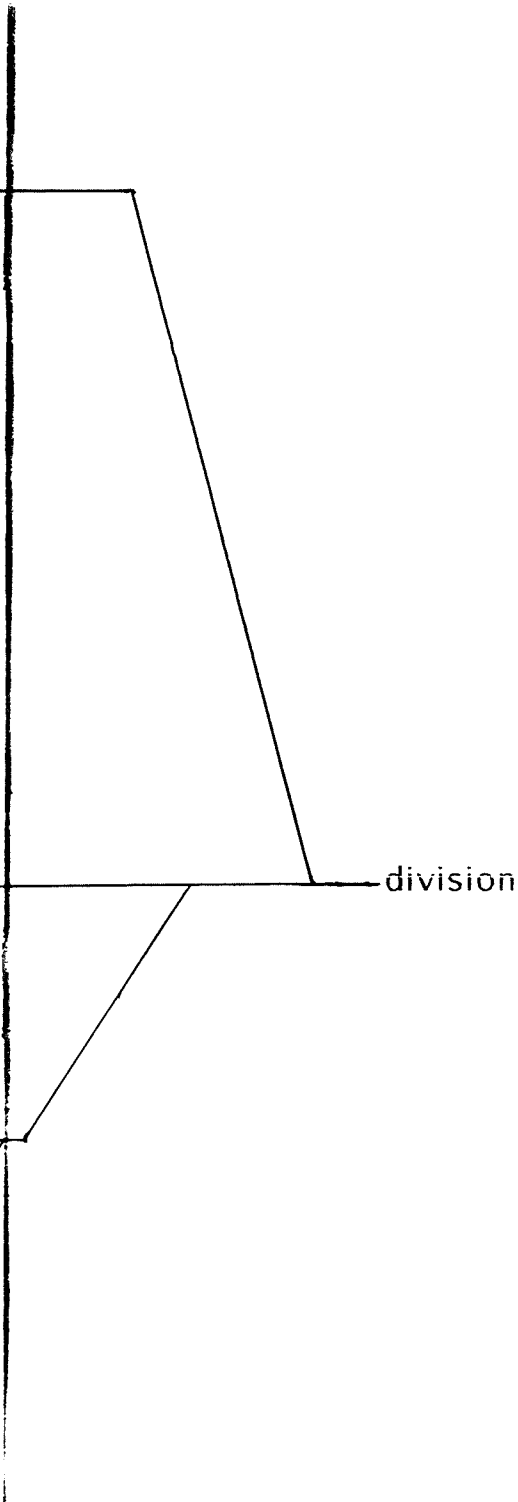
1 to the market development fund pursuant to K.S.A. 74-540c, and amend-
2 ments thereto, which are hereby transferred.

3 (b) The objectives of the agricultural value added center within the
4 agriculture products development ~~commission~~ shall include, but not be
5 limited to, providing technical assistance to existing and potential value
6 added facilities, including incubator facilities; developing a network for
7 collecting and distributing information to individuals involved in value
8 added processing in Kansas; initiating pilot plant facilities to act as re-
9 search and development laboratories for existing and potential small scale
10 value added processing endeavors in Kansas; providing technical assis-
11 tance to new agricultural value added businesses; developing and pro-
12 moting communication and cooperation among private businesses; state
13 government agencies and public and private colleges and universities in
14 Kansas; establishing research and development programs in technologies
15 that have value added commercial potential for food and nonfood agri-
16 cultural products achieving substantial and sustainable continuing growth
17 for the Kansas economy through value added products from agriculture;
18 serving as a catalyst for industrial agriculture through technological in-
19 novation in order to expand economic opportunity for all Kansas com-
20 munities; establishing an industrial agriculture industry for the state of
21 Kansas; commercializing the developed industrial agriculture technology
22 in smaller communities and the rural areas of Kansas; and developing
23 investment grade agriculture value added technologies and products.

24 (c) Subject to the provisions of appropriations acts, the functions of
25 the agricultural value added center within the agriculture products de-
26 velopment ~~commission~~ shall include, but not be limited to, developing a
27 market referral program, matching distribution to buyers in coordination
28 with other state agencies concerned with marketing Kansas products; as-
29 sisting private entrepreneurs in the establishment of facilities and markets
30 for new agricultural value added endeavors; and introducing coordinated
31 programs to develop marketing skills of existing agricultural value adding
32 processors in Kansas.

33 (d) (1) It shall be the duty of the agriculture products development
34 ~~commission~~ to perform acts and to do, or cause to be done, those things
35 which are designed to lead to the more advantageous marketing of agri-
36 cultural products of Kansas. For these purposes the ~~commission~~ may:

- 37 (A) Investigate the subject of marketing farm products;
- 38 (B) promote their sales distribution and merchandising;
- 39 (C) furnish information and assistance to the public;
- 40 (D) study and recommend efficient and economical methods of mar-
41 keting;
- 42 (E) provide for such studies and research as may be deemed neces-
43 sary and proper;



33

1 (F) gather and diffuse timely and useful information concerning the
2 supply, demand, prevailing prices and commercial movement of farm
3 products including quantity in common storage and cold storage, in co-
4 operation with other public or private agencies;

5 (G) conduct market development activities and assist and coordinate
6 participation by companies, commodity organizations, trade organiza-
7 tions, producer organizations and other interested organizations to de-
8 velop new markets and sales for Kansas agricultural commodities and food
9 products;

10 (H) render assistance to any of the entities listed in subsection (G)
11 and development activities and make a reasonable service charge for such
12 services rendered by the division; and

13 (I) make agreements with other states and with the United States
14 government, or its agencies, and accept funds from the federal govern-
15 ment, or its agencies, or any other source for research studies, investi-
16 gation, market development and other purposes related to the duties of
17 the ~~commission~~

18 (2) The ~~state board of agriculture~~ *[department of commerce and*
19 *housing]* shall remit all moneys received under this subsection to the
20 state treasurer at least monthly. Upon receipt of any such remittance, the
21 state treasurer shall deposit the entire amount thereof in the state treasury
22 and the same shall be credited to the market development fund. All ex-
23 penditures from such fund shall be made for any purpose consistent with
24 this subsection and shall be made in accordance with appropriation acts
25 upon warrants of the director of accounts and reports issued pursuant to
26 vouchers approved by the secretary of commerce and housing or a person
27 designated by the secretary.

28 (e) (1) In conjunction with any trademark registered by the depart-
29 ment of commerce and housing, the agriculture products development
30 ~~commission~~ is hereby authorized to:

31 (A) Promulgate policy regarding the use of any such trademark;

32 (B) print, reproduce or use the trademark in or on educational, pro-
33 motional or other material;

34 (C) fix, charge and collect fees for the use of the trademark provided
35 that the fees shall be fixed in an amount necessary to recover all direct
36 costs associated with the production of educational, promotional and
37 other materials associated with a trademark program; and

38 (D) enter into any contracts necessary to carry out the purposes of
39 this subsection, which contracts shall not be subject to the bidding
40 requirements of K.S.A. 75-3739, and amendments thereto.

41 (2) The secretary of commerce and housing shall remit all moneys
42 received under this subsection to the state treasurer at least monthly.
43 Upon receipt of any such remittance the state treasurer shall deposit the

division

3-4

1 entire amount thereof in the state treasury and the same shall be credited
2 to the trademark fund. All expenditures from such fund shall be made
3 for any purpose consistent with this subsection and shall be made in
4 accordance with appropriation acts upon warrants of the director of ac-
5 counts and reports issued pursuant to vouchers approved by the secretary
6 of commerce and housing or a person designated by the secretary.

7 (f) On or before February 1 of each year, the agriculture products
8 development ~~commission shall provide a~~ written report to the house and
9 senate agriculture committees concerning the activities and functions of
10 the ~~commission~~ for the previous year.

11 New Sec. 3. The following programs and functions are hereby trans-
12 ferred from the division of marketing, department of agriculture, and
13 conferred upon the secretary of agriculture: (a) the functions relating to
14 standards, grades, and classifications for agricultural products and recep-
15 tacles, pursuant to K.S.A. 74-531, 74-532, and 74-534, and amendments
16 thereto; (b) the functions relating to labeling of agricultural products es-
17 tablished under K.S.A. 2-2306, and amendments thereto; (c) the functions
18 relating to grain commissions established under K.S.A. 2-3001 through
19 2-3013, and amendments; and (d) functions relating to the grape and wine
20 industry advisory council established by K.S.A. 1995 Supp. 74-552, and
21 amendments thereto.

22 New Sec. 4. (a) The powers, duties and functions of the existing ag-
23 ricultural value added center are hereby transferred to and conferred and
24 imposed upon the agricultural value added center created by this act
25 subject to the limitations established in section 2.

26 (b) The agricultural value added center created by this act shall be
27 the successor in every way to the powers, duties and functions of the
28 agricultural value added ~~processing~~ center, subject to the limitations es-
29 tablished in section 2, in which the same were vested prior to the effective
30 date of this act. Every act performed under the authority of the agricul-
31 tural value added center created by this act shall be deemed to have the
32 same force and effect as if performed by the agricultural value added
33 center in which such functions were vested prior to the effective date of
34 this act.

35 (c) Whenever the "agricultural value added center," or words of like
36 effect, is referred to or designated by a statute, contract or other docu-
37 ment, such reference or designation shall be deemed to apply to the
38 agricultural value added center created by this act.

39 (d) All orders or directives of the agricultural value added center in
40 existence on the effective date of this act shall continue to be effective
41 and shall be deemed to be the orders or directives of the agricultural
42 value added center created by this act until revised, amended, repealed
43 or nullified pursuant to law.

division shall present an oral and
performance indicators, performance outcomes,

division

Such report shall include a budget of how
moneys appropriated or otherwise authorized to
be expended from the state general fund or any
special revenue fund for the agriculture products
development division of the department of commerce
and housing for the previous fiscal year were spent
and a projected budget of moneys appropriated or other-
wise authorized to be expended from the state general
fund or any special revenue fund for the agriculture
products development division of the department of
commerce and housing for the current fiscal year.
Such report shall further include the full-time
equivalent number of positions financed from
appropriations and allocated for the agriculture
products development division of the department of
commerce and housing for each fiscal year. In the
report to the 1997 legislature, the division's report
shall include a mission statement for the reorganized
division.

1 (e) The agricultural value added center, within the department of
2 commerce and housing, created by this act shall be a continuation of the
3 agricultural value added center being abolished pursuant to section 1.

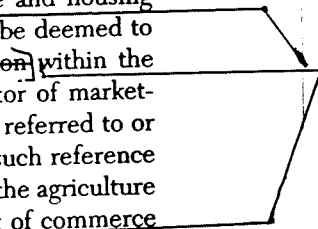
4 New Sec. 5. (a) The secretary of commerce and housing shall be the
5 successor in every way to the powers, duties and functions of the division
6 of marketing and the director of marketing in which the same were vested
7 prior to the effective date of this act and which are transferred pursuant
8 to section 2. Every act performed in the exercise of such powers, duties
9 and functions by or under the authority of the secretary of commerce and
10 housing shall be deemed to have the same force and effect as if performed
11 by the division of marketing and the director of marketing in which such
12 powers, duties and functions were vested prior to the effective date of
13 this act.

14 (b) Whenever the "department of agriculture," "division of markets,"
15 or words of like effect, are referred to or designated by a statute, contract
16 or other document, and such reference or designation is in regard to one
17 of the powers and duties transferred to the agriculture products devel-
18 opment ~~commission~~ within the department of commerce and housing
19 pursuant to section 2, such reference or designation shall be deemed to
20 apply to the agriculture products development ~~commission~~ within the
21 department of commerce and housing. Whenever "director of market-
22 ing," "secretary of agriculture" or words of like effect, are referred to or
23 designated by a statute, contract or other document, and such reference
24 is in regard to one of the powers and duties transferred to the agriculture
25 products development ~~commission~~ within the department of commerce
26 and housing pursuant to section 2, such reference shall be deemed to
27 apply to the secretary of commerce and housing.

28 (c) All rules and regulations, orders and directives of the division of
29 marketing, director of marketing or department of agriculture pertaining
30 to powers and duties transferred pursuant to section 2 shall continue to
31 be effective and shall be deemed to be the rules and regulations, orders
32 and directives of the department of commerce and housing until revised,
33 amended, repealed or nullified pursuant to law.

34 New Sec. 6. (a) Except as otherwise provided by this act, the sec-
35 retary of agriculture shall be the successor in every way to the powers,
36 duties, and functions of the division of marketing and director of mar-
37 keting in which the same were vested prior to the effective date of this
38 act and which are transferred pursuant to section 3. Every act performed
39 in the exercise of such powers, duties, and functions by or under the
40 authority of the secretary of agriculture shall be deemed to have the same
41 force and effect as if performed by the division of marketing or director
42 of marketing in which such powers, duties, and functions were vested
43 prior to the effective date of this act.

division



1 (b) Whenever the "division of markets," or words of like effect, are
 2 referred to or designated by a statute, contract, or other document, and
 3 such reference is in regard to one of the powers and duties transferred
 4 to the department of agriculture pursuant to section 3 of this act, such
 5 reference or designation shall be deemed to apply to the department of
 6 agriculture. Whenever the "director of marketing," or words of like effect,
 7 are referred to or designated by a statute, contract, or other document,
 8 and such reference is in regard to one of the powers and duties trans-
 9 ferred to the department of commerce and housing pursuant to section
 10 3 of this act, such reference or designation shall be deemed to apply to
 11 the secretary of agriculture.

12 (c) All rules and regulations, orders, and directives of the division of
 13 marketing or director of marketing pertaining to powers and duties trans-
 14 ferred pursuant to section 3 of this act shall continue to be effective and
 15 shall be deemed to be rules and regulations, orders, and directives of the
 16 secretary of agriculture until revised, amended, or nullified pursuant to
 17 law.

18 New Sec. 7. (a) On the effective date of this act, officers and em-
 19 ployees who, immediately prior to such date, were engaged in the per-
 20 formance of any powers and duties of the department of agriculture listed
 21 in section 2 which are transferred to the department of commerce and
 22 housing, and who, in the opinion of the secretary of commerce and hous-
 23 ing, are necessary to perform the powers and duties of the department
 24 of commerce and housing, shall be transferred to, and shall become of-
 25 ficers and employees of such department.

26 (b) On the effective date of this act, officers and employees who,
 27 immediately prior to such date, were engaged in the performance of any
 28 powers and duties of the agricultural value added center which is abol-
 29 ished by this act and who, in the opinion of the secretary of commerce
 30 and housing, are necessary to perform the powers and duties of the de-
 31 partment of commerce and housing, agriculture products development
 32 ~~commission~~ shall be transferred to and become officers and employees
 33 of such department.

division

34 New Sec. 8. (a) The secretary of agriculture and the secretary of
 35 commerce and housing shall engage in consultations with the purpose of
 36 reaching agreement regarding the disposition of all property, property
 37 rights, and records which were used for or pertain to the performance of
 38 the powers and duties transferred to the department of commerce and
 39 housing pursuant to this act.

40 (b) Any conflict as to the proper disposition of property, personnel,
 41 records, or the unexpended balance of any appropriation arising as a result
 42 of any abolition, transfer, attachment or change made by or under this
 43 order shall be determined by the governor, whose decision shall be final.

1 New Sec. 9. (a) No suit, action, or other proceeding, judicial or ad-
 2 ministrative, lawfully commenced, or which could have been commenced,
 3 by or against any state agency or program mentioned in this act, or by or
 4 against any officer of the state in such officer's official capacity or in
 5 relation to the discharge of such officer's official duties, shall abate by
 6 reason of the governmental reorganization effected under the provisions
 7 of this act. The court may allow any such suit, action, or other proceeding
 8 to be maintained by or against the successor of any such state agency or
 9 any officer affected.

10 (b) No criminal action commenced or which could have been com-
 11 menced by the state shall abate by the taking effect of this act.

12 New Sec. 10. (a) On the effective date of this act, the balances of all
 13 funds appropriated or reappropriated to the department of agriculture,
 14 the agricultural value added center at the Kansas technology enterprise
 15 corporation for any of the powers and duties transferred to the depart-
 16 ment of commerce and housing pursuant to section 2 of this act are
 17 hereby transferred to the department of commerce and housing and shall
 18 be used only for the purpose for which the appropriation was originally
 19 made.

20 (b) On the effective date of this act, the liability for all accrued com-
 21 pensation, wages or salaries of officers and employees who, immediately
 22 prior to such date, were engaged in the performance of powers, duties
 23 or functions of the department of agriculture, the agricultural value added
 24 center at the Kansas technology enterprise corporation which are trans-
 25 ferred to the department of commerce and housing pursuant to section
 26 2 of this act shall be assumed and paid by the department of commerce
 27 and housing.

28 New Sec. 11. (a) There is hereby created an agriculture products
 29 development advisory board. Members shall be appointed by the gover-
 30 nor as follows, one member shall be a representative of ~~a small sized value~~
 31 ~~added company, one member shall be a representative from a medium-~~
 32 ~~sized value added company, one member shall be a representative from~~
 33 ~~a large sized value added company, one member shall be a financial or~~
 34 ~~investment banker or a seed capital fund manager, one member shall be~~
 35 ~~a representative of a regional economic development entity, one member~~
 36 ~~shall be a legislator who is a member of the house or senate committee~~
 37 ~~on agriculture, and one member shall be from the department of com-~~
 38 ~~merce and housing business development division~~

39 (b) Of the members first appointed to the board, the governor shall
 40 designate four whose terms shall expire June 30, 1998, and three whose
 41 terms shall expire on June 30, 2000. After the expiration of such terms,
 42 each member shall be appointed for a term of four years until a successor
 43 is appointed and qualified.

Kansas state university extension systems and
 agriculture research programs, one member
 shall be a representative of a farmer's
 cooperative active in community economic
 development, one member shall be a
 representative of a commodity group, two
 members shall be representatives of
 entrepreneurs in a value added business,

marketing section of the agriculture products
 development division of the

1 (c) A vacancy on the board of a member shall be filled for the unex-
2 pired term by appointment by the governor.

3 (d) The governor shall appoint a chairperson.

4 (e) The board shall meet as the chairperson or a majority of the board
5 members determine.

6 (f) The board shall advise the secretary of commerce and housing and
7 the agriculture products development ~~(commission)~~ on issues and concerns
8 of agriculture product development.

9 Sec. 12. K.S.A. 2-2306 is hereby amended to read as follows: 2-2306.

10 The ~~marketing division of the Kansas state board~~ secretary of agriculture
11 shall be charged with the administration and enforcement of the provi-
12 sions of ~~this act~~ article 23 of chapter 2 of the Kansas Statutes Annotated,
13 and amendments thereto.

14 Sec. 13. K.S.A. 2-3001 is hereby amended to read as follows: 2-3001.

15 As used in this act, unless the context clearly requires otherwise, the
16 following words and phrases shall have the meanings ascribed to them
17 herein:

18 (a) "Grower" means any natural person, partnership, association or
19 corporation engaged in the growing of corn, grain sorghum or soybeans,
20 whether as landlord or tenant;

21 (b) "first purchaser" means any person, public or private corporation,
22 association or partnership buying or otherwise acquiring after harvest, the
23 property in or to corn, grain sorghum or soybeans from a grower. A mort-
24 gagee, pledgee, lienor or other person, public or private, having a claim
25 against the grower under a nonrecourse loan made against such corn,
26 grain sorghum or soybeans after harvest thereof shall be deemed a pur-
27 chaser hereunder. The term "first purchaser" shall not include a har-
28 vesting or threshing lienor;

29 (c) "commercial channels" means the sale of corn, grain sorghum or
30 soybeans for use as food, feed, seed or any industrial or chemurgic use,
31 when sold to any commercial buyer, dealer, processor, cooperative, or to
32 any person, public or private, who resells any corn, grain sorghum or
33 soybeans or product produced from corn, grain sorghum or soybeans;

34 (d) "sale" means and includes any pledge or mortgage of corn, grain
35 sorghum or soybeans, after harvest, to any person, public or private;

36 (e) ~~"division"~~ means the division of markets of the state board of
37 agriculture and the director thereof;

38 (f) ~~"secretary"~~ means the secretary of the state board of agriculture
39 or ~~his or her~~ the secretary's authorized representative.

40 Sec. 14. K.S.A. 2-3002 is hereby amended to read as follows: 2-3002.

41 (a) There are hereby created three separate and distinct commissions
42 which shall be known as the Kansas corn commission, the Kansas grain
43 sorghum commission and the Kansas soybean commission. Such com-

division

and technical assistance for such development

1 missions shall be attached to and be a part of the ~~division of markets of~~
2 ~~the state board~~ department of agriculture. The membership of each such
3 commission shall be appointed by the governor in the manner prescribed
4 by this section. One member shall be appointed to the Kansas corn com-
5 mission and the Kansas grain sorghum commission from each district as
6 denoted by subsection (b). One member shall be appointed to the Kansas
7 soybean commission from each district as denoted by subsection (c). For
8 each commission the members shall serve for a term of four years, except
9 that the members first appointed to the Kansas corn commission and the
10 Kansas grain sorghum commission from districts I, II and III shall serve
11 for four years, the members first appointed from districts IV, V and VI
12 shall serve for three years and the members first appointed from districts
13 VII, VIII and IX shall serve for two years, and except that the members
14 first appointed to the Kansas soybean commission from districts I, II and
15 III shall serve for four years, the members first appointed from districts
16 IV, V and VI shall serve for three years and members first appointed from
17 district VII shall serve for two years. Vacancies which may occur shall be
18 filled for unexpired terms in the same manner. Upon the expiration of a
19 term of a member of a commission, such member shall continue to serve
20 as a member until a successor to such member is appointed and qualified.
21 The dean of the college of agriculture of Kansas state university shall be
22 an ex officio member, without the right to vote, of each such commission.
23 (b) District I shall consist of the following counties: Cheyenne, De-
24 catur, Graham, Norton, Rawlins, Sheridan, Sherman and Thomas.
25 District II shall consist of the following counties: Gove, Greeley, Lane,
26 Logan, Ness, Scott, Trego, Wallace and Wichita.
27 District III shall consist of the following counties: Clark, Finney, Ford,
28 Grant, Gray, Hamilton, Haskell, Hodgeman, Kearny, Meade, Morton,
29 Seward, Stanton and Stevens.
30 District IV shall consist of the following counties: Clay, Cloud, Jewell,
31 Mitchell, Osborne, Ottawa, Phillips, Republic, Rooks, Smith and Wash-
32 ington.
33 District V shall consist of the following counties: Barton, Dickinson,
34 Ellis, Ellsworth, Lincoln, McPherson, Marion, Rice, Rush, Russell and
35 Saline.
36 District VI shall consist of the following counties: Barber, Comanche,
37 Edwards, Harper, Harvey, Kingman, Kiowa, Pawnee, Pratt, Reno, Sedg-
38 wick, Stafford and Sumner.
39 District VII shall consist of the following counties: Atchison, Brown,
40 Doniphan, Jackson, Jefferson, Leavenworth, Marshall, Nemaha, Potta-
41 watomie, Riley and Wyandotte.
42 District VIII shall consist of the following counties: Anderson, Chase,
43 Coffey, Douglas, Franklin, Geary, Johnson, Linn, Lyon, Miami, Morris,

1 Osage, Shawnee and Wabaunsee.

2 District IX shall consist of the following counties: Allen, Bourbon, But-
3 ler, Chautauqua, Cherokee, Cowley, Crawford, Elk, Greenwood, Labette,
4 Montgomery, Neosho, Wilson and Woodson.

5 (c) District I shall consist of the following counties: Nemaha, Brown,
6 Doniphan, Jackson, Atchison, Jefferson, Leavenworth and Wyandotte.

7 District II shall consist of the following counties: Shawnee, Douglas,
8 Johnson, Osage, Franklin and Miami.

9 District III shall consist of the following counties: Coffey, Anderson,
10 Linn, Woodson, Allen and Bourbon.

11 District IV shall consist of the following counties: Wilson, Neosho,
12 Crawford, Montgomery, Labette and Cherokee.

13 District V shall consist of the following counties: Jewell, Republic,
14 Washington, Marshall, Mitchell, Cloud, Clay, Riley, Pottawatomie, Lin-
15 coln, Ottawa, Dickinson, Geary, Wabaunsee, Ellsworth, Saline, Morris
16 and Lyon.

17 District VI shall consist of the following counties: Rice, McPherson,
18 Marion, Chase, Stafford, Reno, Harvey, Butler, Greenwood, Pratt, King-
19 man, Sedgwick, Barber, Harper, Sumner, Cowley, Elk and Chautauqua.

20 District VII shall consist of the following counties: Cheyenne, Rawlins,
21 Decatur, Norton, Phillips, Smith, Sherman, Thomas, Sheridan, Graham,
22 Rooks, Osborne, Wallace, Logan, Gove, Trego, Ellis, Russell, Greeley,
23 Wichita, Scott, Lane, Ness, Rush, Barton, Hamilton, Kearny, Finney,
24 Hodgeman, Pawnee, Edwards, Stanton, Grant, Haskell, Gray, Ford, Ki-
25 owa, Morton, Stevens, Seward, Meade, Clark and Comanche.

26 Sec. 15. K.S.A. 2-3005 is hereby amended to read as follows: 2-3005.

27 (a) In the administration of ~~this act~~ *article 30 of chapter 2 of the Kansas*
28 *Statutes Annotated, and amendments thereto*, each commission shall have
29 the following duties, authorities and powers:

30 (1) To recommend to the secretary policy regarding marketing, cam-
31 paigns of development, education and publicity for the Kansas grain com-
32 modity and products made therefrom represented by it;

33 (2) to recommend to the secretary the acceptance of grants and do-
34 nations;

35 (3) to recommend the secretary enter into such contracts as may be
36 necessary or advisable for the purposes of this act;

37 (4) to recommend that the secretary cooperate with any local, state,
38 national or international organization or agency, whether voluntary or
39 created by the law of any state or by federal law, engaged in work or
40 activities similar to the work and activities of each commission, and to
41 direct the ~~division~~ *secretary* to enter into contracts with such agencies or
42 organizations for carrying on campaigns of development, education or
43 publicity;

11-5

1 (5) to be advisory to and cooperate and work with Kansas state uni-
2 versity or other educational or research facilities regarding research and
3 development connected with the grain commodities represented by each
4 commission;

5 (6) to recommend that the secretary submit to the national board,
6 established pursuant to public law 101-624, any reports required describ-
7 ing the manner and procedure for collection of the voluntary assessments
8 established on soybeans pursuant to public law 101-624;

9 (7) to recommend that the secretary certify to the national board,
10 established pursuant to public law 101-624, that assessments will be col-
11 lected on all of the soybeans sold within the state;

12 (8) to recommend that the secretary certify to the national board,
13 established pursuant to public law 101-624, that funds collected pursuant
14 to the nationally established assessment will be remitted as required by
15 the national board;

16 (9) to recommend that the secretary certify to the national board,
17 established pursuant to public law 101-624, that requests for refunds will
18 be honored; and

19 (10) to recommend that the secretary and division perform such
20 other duties as may be necessary to comply with public law 101-624 per-
21 taining to the national checkoff program for soybeans and any rules, reg-
22 ulations or marketing orders promulgated or issued thereunder.

23 (b) Notwithstanding any provision of ~~this act~~ *article 30 of chapter 2*
24 *of the Kansas Statutes Annotated, and amendments thereto*, or other law
25 to the contrary, any determination by the secretary regarding any rec-
26 ommendation by a commission pursuant to subsection (a) may be dis-
27 approved by a vote of 2/3 of the members of the commission but nothing
28 herein shall be construed as authorizing such commission to abrogate,
29 limit or otherwise affect the power of the secretary to administer and
30 supervise the internal operations and management of the ~~division de-~~
31 *partment of agriculture*.

32 Sec. 16. K.S.A. 2-3006 is hereby amended to read as follows: 2-3006.
33 The ~~division~~ *secretary* shall have the following duties, authorities and
34 powers to:

35 (1) Implement and coordinate the policies and practices of each grain
36 commission represented by it;

37 (2) sue and be sued;

38 (3) prosecute in the name of Kansas any suit or action for the collec-
39 tion of the assessments provided under ~~this act~~ *article 30 of chapter 2 of*
40 *the Kansas Statutes Annotated, and amendments thereto*;

41 (4) adopt rules and regulations deemed necessary for the exercise of
42 its powers and the performance of its duties under ~~this act~~ *article 30 of*
43 *chapter 2 of the Kansas Statutes Annotated, and amendments thereto*;

3-12

1 (5) hire, subject to the approval of a majority of the members of the
2 commission affected, an administrator for such commission;

3 (6) hire such clerical and other personnel deemed necessary to carry
4 out the provisions of ~~this act~~ *article 30 of chapter 2 of the Kansas Statutes*
5 *Annotated, and amendments thereto*;

6 (7) establish recordkeeping requirements deemed necessary by the
7 commodity commission affected; and

8 (8) inspect and audit any records required to be kept pursuant to ~~this~~
9 ~~act~~ *article 30 of chapter 2 of the Kansas Statutes Annotated, and amend-*
10 *ments thereto*.

11 Sec. 17. K.S.A. 1995 Supp. 2-3007 is hereby amended to read as
12 follows: 2-3007. (a) There is hereby levied an assessment of five mills per
13 bushel upon grain sorghum marketed through commercial channels in
14 the state of Kansas. There is hereby levied an assessment of five mills per
15 bushel upon corn marketed through commercial channels in the state of
16 Kansas. There is hereby levied an assessment upon soybeans marketed
17 through commercial channels in the state of Kansas. The soybean com-
18 mission shall set the assessment at a rate of not more than 20 mills per
19 bushel. The soybean commission shall not change the assessment rate,
20 either to increase or reduce, more than once a year. Such assessment
21 shall be levied and assessed to the grower at the time of sale, and shall
22 be shown as a deduction by the first purchaser from the price paid in
23 settlement to the grower. Under the provisions of this act, no corn, grain
24 sorghum or soybeans shall be subject to the assessment more than once.
25 The ~~division~~ *secretary* shall furnish to every first purchaser receipt forms
26 which shall be issued by such first purchaser to the grower upon the
27 payment of such assessment. The form shall indicate thereon the pro-
28 cedure by which the grower may obtain a refund of any such assessment,
29 except a refund shall not be issued unless the amount of the refund is \$5
30 or more. Within one year after any and all sales during such period the
31 grower may upon submission of a request therefor to the ~~division~~ *secr-*
32 *tary*, obtain a refund in the amount of the assessments deducted by the
33 first purchaser. Such request shall be accompanied by evidence of the
34 payment of the assessments which need not be verified.

35 (b) The ~~division~~ *secretary* shall keep complete records of all refunds
36 made under the provisions of this section. Records of refunds may be
37 destroyed two years after the refund is made. All funds expended in the
38 administration of ~~this act~~ *article 30 of chapter 2 of the Kansas Statutes*
39 *Annotated, and amendments thereto*, and for the payment of all claims
40 whatsoever growing out of the performance of any duties or activities
41 pursuant to ~~this act~~ *article 30 of chapter 2 of the Kansas Statutes Anno-*
42 *tated, and amendments thereto*, shall be paid from the proceeds derived
43 from such assessment. In the case of a lien holder who is a first purchaser

3-13

1 as defined herein, the assessment shall be deducted by the lien holder
 2 from the proceeds of the claim secured by such lien at the time the corn,
 3 grain sorghum or soybeans are pledged or mortgaged. The assessment
 4 shall constitute a preferred lien and shall have priority over all other liens
 5 and encumbrances upon such corn, grain sorghum or soybeans. The as-
 6 sessment shall be deducted and paid as herein provided whether such
 7 corn, grain sorghum or soybeans are stored in this or any other state.

8 (c) Any corn or grain sorghum acquired by a grower as defined in
 9 K.S.A. 2-3001, and amendments thereto, under the provisions of any fed-
 10 eral payment-in-kind (PIK) program shall be subject to the provisions of
 11 this section.

12 (d) No assessments for soybeans shall be collected pursuant to sub-
 13 section (a) while the national checkoff program for soybeans, established
 14 pursuant to public law 101-624, remains in effect. Collection of assess-
 15 ments pursuant to subsection (a) shall be reinstated upon the withdrawal
 16 of the national checkoff program for soybeans, established pursuant to
 17 public law 101-624.

18 Sec. 18. K.S.A. 2-3008 is hereby amended to read as follows: 2-3008.

19 (a) Except as provided in K.S.A. 2-3012, *and amendments thereto*, the
 20 assessment hereby imposed shall on or before the 20th day of the calendar
 21 month following the date of settlement be paid by the purchaser to the
 22 ~~division secretary~~. The ~~division secretary~~ shall issue a receipt to the pur-
 23 chaser therefor and shall remit all moneys received in payment of such
 24 assessment to the state treasurer at least monthly. Upon receipt of each
 25 such remittance the state treasurer shall deposit the entire amount
 26 thereof in the state treasury. Twenty percent of each such deposit shall
 27 be credited to the state general fund and the amount of the balance of
 28 each such deposit which is derived from the assessment of each respective
 29 grain shall be credited to the Kansas corn commission fund, the Kansas
 30 grain sorghum commission fund and the Kansas soybean commission
 31 fund, respectively. Money derived from the assessment of each respective
 32 grain shall be credited only to the fund established for such grain. When-
 33 ever refunds are made from the Kansas corn commission fund, the Kansas
 34 grain sorghum commission fund or the Kansas soybean commission fund,
 35 the amounts credited to the state general fund from subsequent deposits
 36 in the state treasury pursuant to this section shall be reduced by amounts
 37 which equal 20% of such refunds.

38 (b) All money so credited to the Kansas corn commission fund, Kan-
 39 sas grain sorghum commission fund and Kansas soybean commission fund
 40 shall be expended for the respective grain commissions in the adminis-
 41 tration of ~~this act~~ *article 30 of chapter 2 of the Kansas Statutes Annotated,*
 42 *and amendments thereto*, and for the payment of claims based upon ob-
 43 ligations incurred in the performance of the activities and functions set

1 forth in ~~this act~~ *article 30 of chapter 2 of the Kansas Statutes Annotated,*
2 *and amendments thereto*, and for no other purpose.

3 (c) All expenditures from such funds shall be made in accordance
4 with appropriation acts upon warrants of the director of accounts and
5 reports issued pursuant to vouchers approved by the ~~director of the di-~~
6 ~~vision of markets of the state board of agriculture~~ *secretary* for each re-
7 spective grain commission or by a person or persons designated by the
8 ~~director~~ *secretary*.

9 (d) Assessments collected pursuant to the national checkoff program
10 for soybeans, established pursuant to public law 101-624 shall be depos-
11 ited in the soybean promotion and research fee fund, created in K.S.A.
12 2-3013, *and amendments thereto*.

13 Sec. 19. K.S.A. 2-3009 is hereby amended to read as follows: 2-3009.
14 If any assessment is not paid to the ~~division~~ *secretary* as provided in ~~this~~
15 ~~act~~ *article 30 of chapter 2 of the Kansas Statutes Annotated, and amend-*
16 *ments thereto*, or within 10 days thereafter, the lien thereby created shall
17 be foreclosed after the expiration of such ten-day period in the district
18 court of the county in which the grain was grown, or sold, or in which
19 such grain may be found, or in which such grain may have been com-
20 mingled with other like grain.

21 Sec. 20. K.S.A. 2-3013 is hereby amended to read as follows: 2-3013.
22 (a) Any assessment collected pursuant to the national checkoff program
23 for soybeans, established pursuant to public law 101-624, shall be paid to
24 the division on or before the 20th day of the calendar year following the
25 date of settlement and shall be paid by the purchaser of the soybeans to
26 the ~~division~~ *secretary*. The ~~division~~ *secretary* shall issue a receipt to the
27 purchaser and shall remit all moneys received in payment of such assess-
28 ment to the state treasurer at least monthly. Upon receipt of each such
29 remittance, the state treasurer shall deposit the entire amount thereof in
30 the state treasury. Twenty percent of that portion of each deposit that
31 will be retained by the state soybean commission shall be credited to the
32 state general fund pursuant to subsection (d)(4) of K.S.A. 75-3170a, and
33 amendments thereto, and the amount of the balance of each deposit
34 which is derived from the assessment shall be credited to the soybean
35 promotion and research fee fund which is hereby created.

36 (b) Whenever refunds are made from the national checkoff program
37 for soybeans, established pursuant to public law 101-624, such refunds
38 shall be made as authorized by public law 101-624.

39 (c) All money so credited to the soybean promotion and research fee
40 fund shall be expended for the soybean commission in the administration
41 of the national checkoff program for soybeans, established pursuant to
42 public law 101-624, the administration of ~~this act~~ *article 30 of chapter 2*
43 *of the Kansas Statutes Annotated, and amendments thereto*, and for the

H-8
3-14

3-15

1 payment of claims upon obligations incurred in the performance of the
2 activities and functions set forth in ~~this act~~ *article 30 of chapter 2 of the*
3 *Kansas Statutes Annotated, and amendments thereto*, and for no other
4 purpose.

5 (d) All expenditures made from these funds shall be in accordance
6 with appropriation acts upon warrants of the director of accounts and
7 reports issued pursuant to vouchers approved by the ~~director of the di-~~
8 ~~vision of markets of the state board of agriculture~~ *secretary* for the soy-
9 bean commission or by a person or persons designated by the ~~director~~
10 *secretary*.

11 (e) The Kansas soybean commission shall have the ability to pay and
12 transfer portions of the assessments collected pursuant to the national
13 checkoff program for soybeans, established pursuant to public law 101-
14 624, to the national board as required.

15 Sec. 21. K.S.A. 74-531 is hereby amended to read as follows: 74-531.
16 The ~~state board of agriculture~~ hereinafter referred to as "~~the board~~" *sec-*
17 *retary of agriculture* may adopt rules and regulations necessary to carry
18 out provisions of ~~this act~~ *K.S.A. 74-532, 74-534, 74-535, 74-536, 74-538*
19 *and 74-539, and amendments thereto*, and to make and promulgate stan-
20 dards, both for receptacles and for the grade and classification of agri-
21 cultural products, by which their identity, quantity, quality, and value may
22 be determined, and recommend the same for voluntary use by producers,
23 distributors, vendors and others as the standards, grades or classifications
24 to be adopted for the marketing of same. Such standards, grades or clas-
25 sifications shall not be lower in their requirements than the minimum
26 requirements of the official standards for corresponding standards, grades
27 and classifications commonly known as United States grades promulgated
28 from time to time by the secretary of agriculture of the United States.
29 Such rules and regulations shall be duly promulgated and filed as required
30 by law.

31 Sec. 22. K.S.A. 74-532 is hereby amended to read as follows: 74-532.
32 The grading and inspection services provided for in ~~this act~~ *K.S.A. 74-*
33 *531, and amendments thereto*, shall be furnished either independently or
34 in cooperation with any federal or state agency, to any person, group of
35 persons, partnership, firm, company, corporation or association engaged
36 in the production, marketing or processing of farm products who requests
37 such services for ~~his or their~~ *such person's* products when in the judgment
38 of the ~~director of marketing~~ *secretary*, such services are warranted.

39 Sec. 23. K.S.A. 74-534 is hereby amended to read as follows: 74-534.
40 The ~~board~~ *secretary of agriculture* is authorized to employ, license, or
41 designate qualified persons to inspect and classify agricultural products,
42 and to certify as to grade or classification of such products in accordance
43 with the standards made effective under ~~this act~~ *K.S.A. 74-531 and 74-*

1 532, and amendments thereto, and shall fix, assess, and collect necessary
2 and reasonable fees for such service. The ~~state board~~ *secretary* of agri-
3 culture shall remit all moneys received by or for it under this section to
4 the treasurer at least monthly. Upon receipt of any such remittance the
5 state treasurer shall deposit the entire amount thereof in the state treasury
6 and the same shall be credited to the market division fee fund. All ex-
7 penditures from such fund shall be made in accordance with appropria-
8 tion acts upon warrants of the director of accounts and reports issued
9 pursuant to vouchers approved by the ~~board~~ *secretary of agriculture* or
10 by a person or persons designated by ~~it~~ *the secretary*.

11 Sec. 24. K.S.A. 74-551 is hereby amended to read as follows: 74-551.
12 The secretary of ~~the state board of~~ agriculture may establish a grape
13 growing and wine making advisory program to aid in the technology,
14 promotion and marketing of Kansas grape growing and Kansas farm win-
15 eries.

16 Sec. 25. K.S.A. 1995 Supp. 74-552 is hereby amended to read as
17 follows: 74-552. (a) There is hereby established within the ~~division of~~
18 ~~markets of the state board~~ *department* of agriculture a grape and wine
19 industry advisory council consisting of nine members who shall be ap-
20 pointed by the secretary of agriculture. The membership of such council
21 shall include:

22 (1) One member representing the college of agriculture at Kansas
23 State University;

24 (2) two members representing the commercial grape growing indus-
25 try;

26 (3) two members representing the licensed farm winery industry;

27 (4) one member representing the licensed wine distributors industry;

28 (5) one member representing the licensed retail liquor industry;

29 (6) one member representing the tourism industry of Kansas; and

30 (7) one member representing the public at large having experience
31 in marketing.

32 (b) The members of the advisory council shall be appointed for terms
33 as follows: (1) Four members shall be appointed for terms ending on June
34 30, 1995, and (2) five members shall be appointed for terms ending on
35 June 30, 1996. After the expiration of the initial terms of such members
36 all members shall be appointed for terms of two years. All vacancies shall
37 be filled by appointment for the remainder of the unexpired term of the
38 member creating the vacancy.

39 (c) The advisory council shall organize annually by the election from
40 the council's membership a chairperson and a vice-chairperson. The ad-
41 visory council shall adopt such rules of procedure as the council deems
42 necessary for conducting the council's business.

43 Sec. 26. K.S.A. 1995 Supp. 74-553 is hereby amended to read as

3-16

1 follows: 74-553. The grape and wine industry advisory council shall have
2 the following duties, authorities and powers:

3 (a) Advise the state board department of agriculture and other state
4 agencies on the grape and wine industry initiatives, problems and needs;

5 (b) determine and recommend specific research programs and pri-
6 orities at Kansas state university;

7 (c) facilitate improved communication and interaction among grape
8 and wine producers, wine and liquor wholesalers and retailers, govern-
9 mental agencies, both federal and state, and state tourism interests;

10 (d) determine and recommend specific marketing program priorities
11 to assist in promoting and marketing the state's grape and wine industry;

12 (e) develop and recommend a long-term plan for financing continued
13 programs for promotion, marketing, research and extension in support of
14 the Kansas grape and wine industry; and

15 (f) report to the state board department of agriculture and the stand-
16 ing committees on agriculture of the senate and house of representatives
17 on the status of the Kansas grape and wine industry.

18 Sec. 27. K.S.A. 2-2306, 2-3001, 2-3002, 2-3005, 2-3006, 2-3008, 2-
19 3009, 2-3013, 74-530, 74-531, 74-532, 74-533, 74-534, 74-540, 74-540a,
20 74-540b, 74-540c and 74-551 and K.S.A. 1995 Supp. 2-3007, 74-552, 74-
21 553, 74-8117, 74-8118, 74-8119, 74-8120 and 74-8121 are hereby re-
22 pealed.

23 Sec. 28. This act shall take effect and be in force from and after its
24 publication in the statute book.

74-567,

3-17

New Sec. 27. The provisions of sections 1 through 11 shall be and hereby are abolished on July 1, 1998.

Sec. 28. KSA 74-567 is hereby amended to read as follows: 74-567

(a) The state board of agriculture shall have such powers, duties and functions as prescribed by this section. The board shall serve in an advisory capacity to the governor and the secretary to review and make recommendations on department legislative initiatives and proposed rules and regulations or proposed revised rules and regulations prior to the submission of such rules and regulations to the secretary of administration pursuant to K.S.A. 77-420, and amendments thereto, other than rules and regulations pertaining to personnel matters of the department and rules and regulations of the division of water resources. The board shall not have any powers, duties or functions concerning the day-to-day operations of the department of agriculture.

(b) The board shall serve in an advisory capacity to the agriculture products development division of the department of commerce and housing. The board shall advise the division on issues and concerns relating to agriculture product development and marketing.

(c) The agriculture products development division of the department of commerce and housing shall report to the board, at not less than two meetings of such board each year, on the activities and functions of the division.

Renumber sections accordingly

SUBCOMMITTEE REPORT ON S.B. 402

S.B. 402 concerns state purchasing procedures. Recommendations of the House Subcommittee are shown in *italics*.

House Subcommittee Recommendations

As amended by the Senate Committee on Ways and Means, S.B. 402 would amend current purchasing procedures in the following manner:

- The bill would allow purchases estimated to be less than \$25,000 to be made after receiving three or more bid solicitations by telephone or telephone facsimile (fax), or after receiving sealed bids following at least three days' notice on a public bulletin board in the office of the Director of Purchases. Current law allows purchases estimated to be less than \$5,000 to be made in this manner. *The House Subcommittee concurs with this provision.*
- Purchases estimated to exceed \$25,000, but not more than \$50,000, could be made after receiving sealed bids following at least three days' notice posted on a public bulletin board in the office of the Director of Purchases. Current law allows purchases estimated to be more than \$5,000, but less than \$10,000, to be made in this manner. *The House Subcommittee concurs with this provision.*
- Purchases estimated to exceed approximately \$50,000 may be made after receiving sealed bids solicited by notice published once in the *Kansas Register* not less than ten days before the date specified for opening the bids. As in current law, this requirement may be waived if the Director of Purchases determines that a more timely procurement is in the best interests of the state. The Director also may designate a trade journal for publication of the notice requirement. Current law allows purchases estimated to exceed approximately \$10,000 to be made in this manner. *The House Subcommittee concurs with this provision.*

Delegated Authority. The bill would allow the Director of Purchases, with the approval of the Secretary of Administration, to delegate authority to any state agency to make purchases of less than \$25,000 under certain prescribed conditions and procedures. Current law allows delegated authority of \$10,000. Each agency that receives delegated authority, including Regents institutions, is required to report to the Director of Purchases all contracts entered into without competitive bid at least once each calendar quarter. *The House Subcommittee concurs with this provision.*

Reporting and Auditing. State agencies, including Regents institutions, that receive delegated authority are required to report to the Director of Purchases at least once in each calendar quarter all contracts entered into without competitive bids. The Director of Purchases is to report to the Legislative Coordinating Council (LCC) and the Chairpersons of the Senate Ways and Means and House Appropriations Committees all current and existing delegations of purchasing authority. The Director of Purchases also is authorized to perform audits at any agency, including Regents institutions, to

3-27-96

House APPROPRIATIONS

Attachment

4

determine the agency's compliance with the conditions and procedures for the delegated purchasing authority. The Director of Purchases is to report the findings of any such audit to the Chairpersons of the Senate Ways and Means and House Appropriations Committees. *The House Subcommittee concurs with this provision.*

Surplus Property. Section 4(d) of the bill would amend current law regarding surplus property. Subject to any limitations prescribed by the Secretary of Corrections, state agencies that have been given local disposal authorization for specified surplus property identified as having a current value of \$500 or less may sell the property to a junk yard, may give the property to a not-for-profit organization, or may give the property to individuals or entities eligible for participation in the federal surplus property program. *The House Subcommittee concurs with this provision.*

Additional House Subcommittee Recommendations

The House Subcommittee makes the following additional recommendations:

- **Pilot Project at Fort Hays State University.** The House Subcommittee recommends that a new section be added to S.B. 402 to allow for a two-year pilot project at Fort Hays State University under which FHSU would be granted additional flexibility regarding the acquisition of goods and supplies, printing services, purchases from correctional industries, and travel services. Under this provision, FHSU would be exempted from state purchasing statutes for the demonstration period and would be allowed to procure these services in whatever manner the University deems most efficient. The University would be subject to purchasing policies adopted by the State Board of Regents, but would not have to meet the requirements of the state purchasing statutes. The thrust of this recommendation is to provide FHSU greater flexibility and management initiative in procuring goods and services during the two-year demonstration period.

The Board of Regents would be required to submit reports to the Legislature at the beginning of the 1997 and 1998 Sessions. Such reports would include information regarding the amounts and kinds of expenditures made, as well as information regarding any savings experienced and any issues or problems encountered relative to these purchasing activities.

- **Receipt of Grants by Regents Institutions.** The House Subcommittee recommends that a new section be added to S.B. 402 to require the Regents institutions, prior to accepting a federal grant or private grant providing funding for a project or activity, to develop a long-range financial plan identifying how the institution will continue to fund the project or activity without appropriations from the State General Fund, if the grant is no longer available. The long-range plan would identify alternative sources of funds or a plan for reallocation of existing resources to fully replace the grant funding. The long-range plan would be included in the agency's budget request document. The term "grant" includes those grants to an institution in which the grantor has an expectation that the institution receiving the grant will continue the project or activity after the grant has been expended.

- **Audit of State Purchasing Procedures.** The House Subcommittee recommends that the Post Audit Committee approve a 100-hour audit of the state purchasing procedures. This audit should include an assessment of state agency satisfaction with the state purchasing procedures relative to the acquisition of goods and services, printing services, and travel services, as well as the quality of such services. The audit should provide a comparison of state purchasing procedures with those of the surrounding states, as well as a sample of private sector procedures.
- The House Subcommittee also recommends the adoption of H.C.R. 5048, relating to institutional and systemwide performance measures for educational institutions under the State Board of Regents.

1 **DRAFT OF NEW SECTIONS FOR SB NO. 402**

2 For consideration by House Appropriations Committee

3 March 27, 1996

4

5 New Sec. 5. (a) With regard to the acquisition of supplies,
6 materials, equipment, goods, property, articles, products or
7 services, a pilot project shall be conducted by the state board of
8 regents in accordance with the provisions of this section. During
9 the period from July 1, 1996, through June 30, 1998:

10 (1) The acquisition of all printing, binding and related
11 services in the commercial market for Fort Hays state university
12 shall be in accordance with policies adopted by the state board of
13 regents and shall not be subject to the provisions of K.S.A. 75-
14 1005 and amendments thereto requiring the authorization of the
15 director of printing and no such acquisition during such period
16 shall be subject to the provisions of K.S.A. 75-3737a through 75-
17 3744 and amendments thereto or any rules and regulations or
18 policies adopted thereunder;

19 (2) the acquisition of any supplies, materials, equipment,
20 goods, property or services for Fort Hays state university shall
21 be in accordance with policies adopted by the state board of
22 regents and no such acquisition during such period shall be
23 subject to any statewide purchasing contract or other contract
24 that is entered into under the provisions of K.S.A. 75-3737a
25 through 75-3744 and amendments thereto or any rules and
26 regulations or policies adopted thereunder and that requires any

3-27-96

House Appropriations

Attachment

5

1 state agency to make any such acquisition under any such contract;

2 (3) the acquisition of any travel services for Fort Hays
3 state university shall be in accordance with policies adopted by
4 the state board of regents and no such acquisition during such
5 period shall be subject to any statewide travel services contract
6 or other travel services contract that is entered into under the
7 provisions of K.S.A. 75-3737a through 75-3744 and amendments
8 thereto or any rules and regulations or policies adopted
9 thereunder and that requires any state agency to acquire travel
10 services under any such contract;

11 (4) the acquisition of any articles or products produced by
12 inmates in the custody of the secretary of corrections that may be
13 required for Fort Hays state university shall be in accordance
14 with policies adopted by the state board of regents and no such
15 acquisition during such period shall not be subject to the
16 provisions of the prison-made goods act of Kansas requiring any
17 such acquisition to be made from the secretary of corrections
18 K.S.A. 75-3737a through 75-3744 and amendments thereto, or any
19 rules and regulations or policies adopted thereunder.

20 (b) The state board of regents shall submit a report to the
21 legislature at the beginning of the regular session in 1997 and
22 1998 regarding the activities of state educational institutions
23 under the provisions of subsection (a). Each such report shall
24 include any new or amended policies adopted by the state board of
25 regents for implementation of such activities, the amounts and
26 kinds of expenditures by state educational institution for

1 activities under each paragraph of subsection (a), and shall
2 include information regarding any savings experienced and any
3 issues or problems encountered for all such acquisitions for Fort
4 Hays state university under the provisions of subsection (a).

5 (c) As used in this section, "state educational institution"
6 has the meaning ascribed thereto by K.S.A. 76-711 and amendments
7 thereto.

8 New Sec. 6. (a) Prior to either accepting any grant
9 providing funding for a project or activity from the federal
10 government or from any private source or entering into any grant
11 agreement or other contract for the purposes of the grant, a state
12 educational institution shall develop a long-range financial plan
13 identifying the manner in which the state educational institution
14 will continue to fund the project or activity without
15 appropriations from the state general fund, if the project or
16 activity is to continue after the funding under the grant is no
17 longer available, including the identification of alternative
18 sources of funds or a plan for reallocation of existing financial
19 resources to fully replace the funding provided under the grant
20 and any anticipated funding required for the continuation of the
21 project or activity. The long-range financial plan for a project
22 or activity under any such grant shall be submitted with the state
23 educational institution's budget estimates for the fiscal year in
24 which expenditures are to be made of moneys received under such
25 grant. The state educational institution shall file a copy of
26 each such long-range financial plan with the division of the

1 budget in the manner provided in K.S.A. 75-3717 and amendments
2 thereto for filing the budget estimates for such fiscal year and,
3 at the same time, shall submit a copy of such long-range financial
4 plan directly to the legislative research department for
5 legislative use.

6 (b) As used in this section, "grant" includes only such
7 grants that provide moneys to a state educational institution and
8 in which the grantor has any implicit or explicit expectation that
9 the state educational institution receiving the grant will
10 continue the project or activity that is the subject of the grant
11 after the grant funds have been expended, whether or not any such
12 expectation is contained as a condition or other provision in the
13 grant agreement; and "state educational institution" has the
14 meaning ascribed thereto by K.S.A. 76-711 and amendments thereto.

COMMENTS REGARDING SB 402
HOUSE APPROPRIATIONS COMMITTEE
MARCH 27, 1996

Leo E. Vogel
Assistant Director of Purchases

Although I am a proponent of Senate Bill 402, I am against Section 5.

The Model Procurement Code for State and Local Governments as issued by the American Bar Association states a major conceptual basis of the code is the separation of policy making and operational functions as achieved through the establishment of an independent policy body such as state central purchasing (Division of Purchases). Above all, any public procurement system must insure integrity in its operation. That requires that a variety of safeguards, such as the purchasing statute (K.S.A. 75-3739), be put in place to preserve that integrity. The purchasing statutes removes procurement authority from using agencies, which may have parochial interests, to the Division of Purchases, which must abide by professional impartiality. This is done to assure that public purchasing is conducted without favoritism and without arbitrariness or caprice and to guarantee that all purchases are made in a manner that fosters maximum competition among a sufficient number of prospective bidders.

Section 5 allows Ft. Hays State University to make purchases of all goods and services without going through the competitive bid process. This section allows these purchases to be made in the open market or in accordance with such procedures and under such conditions prescribed and established by the Board of Regents.

The Kansas Division of Purchases mission is to assure that public purchasing be conducted without favoritism and without arbitrariness or caprice and to guarantee that all purchases are made in a manner that fosters maximum competition among a sufficient number of prospective bidders. This bill totally disregards the mission of the Division of Purchases, and disregards all elements of a sound public purchasing program.

I oppose Section 5 of the bill. I stand for any questions.

3-27-96

House Appropriations

Attachment

6

1 (b) Each state officer or employee who is in a 207(k)
2 eligible position shall receive overtime compensation for any
3 hours actually worked in excess of 86 hours in any fourteen-day
4 work period.

5 (c) The hourly wage rate of each state officer or employee
6 who is in a 207(k) eligible position shall be determined by
7 dividing the annual rate of compensation by the amount of 2,080
8 hours.

9 (d) Any state officer or employee who is in a 207(k)
10 eligible position may be required to work the hours between 80
11 hours per fourteen-day work period and 86 hours per fourteen-day
12 work period with no additional compensation, at the discretion of
13 the state agency employing such officer or employee. The
14 provisions of this subsection shall not apply any state officer or
15 employee in any of the trooper job classes of the Kansas highway
16 patrol.

17 (e) Each state officer or employee who is in a 207(k)
18 eligible position shall accrue vacation leave in accordance with
19 the following:

20 (1) If the length of service is less than five years,
21 vacation leave shall be accrued for each fourteen-day work period
22 at the rate of not less than 3.7 hours for 80 hours worked and not
23 less than the rate of 4.0 hours for between 80 and 86 hours;

24 (2) if the length of service is at least five years and less
25 than 10 years, vacation leave shall be accrued for each fourteen-
26 day work period at the rate of not less than 4.7 hours for 80

1 hours worked and not less than the rate of 5.0 hours for between
2 80 and 86 hours;

3 (3) if the length of service is at least 10 year and less
4 than 15 years, vacation leave shall be accrued for each fourteen-
5 day work period at the rate of not less than 5.6 hours for 80
6 hours worked and not less than the rate of 6.0 hours for between
7 80 and 86 hours; and

8 (4) if the length of service is 15 years or more, vacation
9 leave shall be accrued for each fourteen-day work period at the
10 rate of not less than 6.5 hours for 80 hours worked and not less
11 than the rate of 6.9 hours for 80 and 86 hours.

12 (f) Each full-time state officer or employee who is in a
13 207(k) eligible position shall accrue sick leave for each
14 fourteen-day work period at the rate of not less than 3.7 hours
15 for 80 hours worked and not less than the rate of 4.0 hours for
16 between 80 and 86 hours.