

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Joann Flower at 9:00 a.m. on February 10, 1998, in Room 423-S of the Capitol.

All members were present except: Representative Lloyd - excused
Representative Peterson - excused

Committee staff present: Raney Gilliland, Legislative Research Department
Gordon Self, Revisor of Statutes
Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Mary Jane Stattelman, Chief Counsel and Assistant Secretary, Kansas Department of Agriculture
Doug Wareham, Vice President of Government Affairs, Kansas Grain and Feed Association
Joe Lieber, Executive Vice President, Kansas Cooperative Council (written only)

Others attending: See attached list

Chairperson Flower asked committee members to review the minutes of February 4 and 5. If there were corrections or additions, members were asked to contact the committee secretary before 5:00 p.m. or they will stand approved as presented.

Hearing and final action on HB 2761 - Public warehouse license for grain storage

Chairperson Flower opened the hearing on **HB 2761**. Raney Gilliland, Legislative Research Department, provided background information on the bill. He explained that this bill would give the Secretary of the Kansas Department of Agriculture the authority to extend the waiver of licensing and application requirements beyond the current 30-day limit for grain stored in an alternative location other than a location identified in the public warehouse license, if the Secretary determines that the owner of the grain would suffer a substantial hardship. The Secretary would determine what constitutes a substantial hardship and the length of time the grain may be stored at the alternative location.

Mary Jane Stattelman, Chief Counsel and Assistant Secretary, Kansas Department of Agriculture, testified in support of **HB 2761**. She explained that this bill was in response to last year's abundance of grain and the inability of elevators to adequately store it or move it quickly to another location. She said the department hopes that through this bill they can encourage the storage of grain at alternative sites and not have grain on the ground and exposed to the weather. Ms. Stattelman and Ron Scheibmeier, Grain and Warehouse Program Manager, answered committee questions. (Attachment 1)

Doug Wareham, Vice President of Government Affairs for the Kansas Grain and Feed Association, appeared in support of **HB 2761**. He said that while alternative grain storage is not necessary on a regular basis, this bill will allow the Secretary of the Kansas Department of Agriculture to respond to the individual needs of grain handlers and producers during unique periods like our recent fall harvest. (Attachment 2)

Joe Lieber, Executive Vice President, Kansas Cooperative Council, submitted written testimony in support of **HB 2761**, stating that when grain is in abundance because of a large harvest, poor markets, or lack of transportation, this bill would give the Secretary of the Kansas Department of Agriculture the authority to allow the licensed warehouses the ability to adjust to the situation. (Attachment 3)

This concluded the hearing on **HB 2761**.

Chairperson Flower opened discussion on **HB 2761**. Staff reported that in the technical change on Page 1, Line 30, the word "including" should be before, instead of after, "profit and loss." It was not known if this

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE, Room 423-S Statehouse, at 9:00 a.m. on February 10, 1998.

was a technical error or if it was a printer's error. Staff suggested a provisional amendment to make the correction; if it is determined to be a printer's error, the amendment would not be necessary. Representative Hutchins moved to make the correction on Page 1, Line 30, if it is determined to be necessary. Seconded by Representative Faber, the amendment passed.

Representative Long moved to recommend **HB 2761** be passed, and because the bill is of a noncontroversial nature, be placed on the consent calendar, if it is determined that the error on Page 1 is a printer's error and an amendment is not necessary. If an amendment is necessary, she moved that **HB 2761** be passed out favorably, as amended. The motion was seconded by Representative Dahl. The motion carried.

The meeting adjourned at 9:50 a.m. The next meeting is scheduled for February 11, 1998.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 10, 1998

NAME	REPRESENTING
Ron Scheibmeier	K. D. A.
Mary Ann Stadelman	KSA
Dave Wareham	Ks. Grain & Feed Assn. Ks. Fertilizer & Chemical Assn.
Diane Greiner	KS Coop Council
Jim Hanson	Intern
Brenda Wines	Intern (Schwartz)

HOUSE AGRICULTURE COMMITTEE

HB 2761

FEBRUARY 10, 1998

My name is Mary Jane Stattelmann, and I am the Chief Counsel and Assistant Secretary for the Kansas Department of Agriculture and I am here to testify in support of HB 2761.

This bill is in response to last year's situation in which we were blessed with an abundance of grain, but not the ability to adequately store it or move it quickly to another location. Under current statutes, the Secretary is given the authority to waive the licensing and application requirements for only 30 days. Last year the Secretary granted a waiver to approximately 25 facilities. While most of the grain that was stored on the ground or in temporary storage was able to be moved in several months time, it emphasized the need to authorize the Secretary to be able to act in response to unforeseen situations as what occurred last year.

The Department of Agriculture hopes through this bill we can continue to encourage the storage of grain at alternative sites and not have grain on the ground and exposed to the weather and thus susceptible to rotting. Since we are unsure as to whether elevators will be in the same dilemma next year and what the railroad's response will be, the Secretary is given the authority to grant the authority to store grain at an off-site location for an undetermined length of time.

It is our intention that nothing in this amendment would weaken or lessen the financial

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Attachment 1*

responsibility of the facilities that are granted a waiver under this provision. We want to ensure the safety of producer's grain, while at the same time giving operators the flexibility to store grain at alternative locations.

Thank you for your attention to this matter. Either myself or Ron Scheibmeier, the grain warehouse program manager, would be glad to answer any questions that you may have at this time.

HOUSE AGRICULTURE COMMITTEE
FEBRUARY 10, 1998

H.B. 2761

Madam Chair and members of the Committee, I am Doug Wareham, Vice President of Government Affairs for the Kansas Grain and Feed Association (KGFA). KGFA is a voluntary state organization founded in 1896 to provide government representation, educational opportunities and a wide variety of other services to the vast and indispensable grain and feed marketing system in Kansas. The 1150 member firms of KGFA include both independent and cooperative country elevators, terminal elevators, feed manufacturers, flour mills, grain merchandisers and allied industries. We appreciate the opportunity to appear today in support of H.B. 2761.

By providing authority to extend standard 30 day waivers of grain warehouse licensing and application requirements, H.B. 2761 will enable the Secretary of the Kansas Department of Agriculture to respond accordingly when grain warehouses must use alternative storage locations for grain commodities. While history has shown that alternative grain storage is not necessary on a regular basis, we need look no farther than the recent 1997 fall harvest in Kansas to realize the need for the flexibility this legislation provides.

The combination of record wheat, corn and soybean harvests coupled with acute rail transportation problems led to over 32 million bushels of wheat and feed grains being stored in temporary storage facilities or on the ground in Kansas. H.B. 2761 will allow the Secretary to respond to the individual needs of grain handlers and producers during unique periods like our recent fall harvest.

Thank you for this opportunity to appear in support of H.B. 2761. I would be happy to answer any questions you may have.

*House Agriculture Committee
February 10, 1998
Attachment 2*

Testimony on HB2761
House Agriculture Committee
February 10, 1998
Prepared by Joe Lieber, CAE
Kansas Cooperative Council

Madam Chair and members of the Committee, I'm Joe Lieber, executive Vice President of the Kansas Cooperative Council. The Council has a membership of nearly 200 cooperative businesses, which have a combined membership of 200,000 Kansans. Approximately 130 of our members handle grain for their member/owners.

HB2761 gives the Secretary of Agriculture the authority to extend beyond 30 days the storage of grain stored in alternative locations other than a location identified in the public warehouse license. The bill allows the Secretary to determine what constitutes a substantial hardship on the grain or its owners when determining how long the grain can be stored in an alternative location.

The Kansas Cooperative Council supports this bill because when grain is in abundance because of a large harvest, poor markets or lack of transportation, HB2761 gives authority to the Secretary to allow the warehouse license the ability to adjust to the situation.

We support the passage of HB2761.

*House Agriculture Committee
February 10, 1998
Attachment 3*