

## MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Joann Flower at 3:30 p.m. on March 15, 1999, in Room 423-S of the Capitol.

All members were present except: Representative Flora - excused  
Representative Thimesch - excused

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

## Conferees appearing before the committee:

Chris Wilson, KS Agricultural Aviation Assn., KS Dairy Assn., and KS Seed Industry Assn.  
Derl Treff, Director of Investments, Pooled Money Investment Board  
Greg Krissek, Assistant Secretary, Kansas Department of Agriculture  
Eldon Thiessen, Statistician, Kansas Department of Agriculture  
Tim Shallenburger, State Treasurer (written only)

Others attending: See attached list

Chairperson Flower asked committee members to review the minutes of March 8 and 10. If there were corrections or additions, members were asked to contact the committee secretary before 10:00 a.m., March 16, or the minutes will stand approved as presented.

**Continuation of Hearing on HB 2527 - State moneys, agricultural production loans**

Chris Wilson, representing the Kansas Agricultural Aviation Association, Kansas Dairy Association, and the Kansas Seed Industry Association, testified in support of **HB 2527**. She said members of these organizations include farmers and those who provide production inputs to farmers, but all their members' livelihoods are dependent on the farm economy. She said this program is a solid, proven approach for assisting the agricultural industry in this time of economic stress and will provide encouragement and incentive to lenders to make loans to farmers despite economic uncertainty. (Attachment 1)

Derl Treff, Director of Investments, Pooled Money Investment Board, appeared before the committee as the director of the state entity that would be responsible for managing the agricultural production loan program outlined in **HB 2527**. As written, the bill leaves development of the program to PMIB. Mr. Treff felt it was inappropriate for PMIB to determine the size of the program; he would, also, prefer that the legislature establish the procedures and qualifying criteria for the loan program. As stated on the fiscal note, PMIB estimates a loss of interest earnings to the state of \$125,000 on a loan demand of \$25 million per year. (Attachment 2)

Greg Krissek, Assistant Secretary, and Eldon Thiessen, Agricultural Statistician, Kansas Department of Agriculture, answered committee questions and provided graphs depicting the average prices received by Kansas farmers from 1980 to 1998 for corn, sorghum, wheat, and soybeans, as well as steer, heifer, barrow, and gilt prices. Mr. Krissek noted that the graphs show 1998 prices approaching the extremely low prices of 1986. (Attachment 3)

Tim Shallenburger, State Treasurer, submitted written testimony concerning **HB 2527**. He stated that several states use this type of program for a variety of services, and that his office would be happy to manage the fund. (Attachment 4)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE, Room 423-S Statehouse, at 3:30 p.m. on March 15, 1999.

Raney Gilliland provided the committee with copies of the minutes of the Pooled Money Investment Board from 1985 and 1986 when a similar low interest agricultural loan program was in effect. It was learned that there were approximately 3800 loans, involving 188 banks and savings and loan institutions, totaling \$106 million over the two year period, with \$82 million going to farmers and the remainder going to small businesses. It was noted that there were no defaults on any of the loans. (Attachment 5)

Representative Sharon Schwartz, original sponsor of **HB 2527**, distributed loan information from the NE Farm Credit Association, Farm Service Agency, and the KSU Farm Management Association. She provided 1998 agriculture information concerning record crops, low prices, the drop in agricultural exports, and transportation and storage challenges. She, also, included some information on how the debt-to-asset ratio is calculated. (Attachment 6)

Chairperson Flower closed the hearing on **HB 2527**.

**Discussion and action on SB 292 - Imported meat labeling act enforcement by attorney general**

Representative Faber moved to pass SB 292. Seconded by Representative Mollenkamp, the motion carried.

The meeting adjourned at 5:00 p.m. The next meeting is scheduled for March 17, 1999.



March 9, 1999

**TO: House Agriculture Committee Members**

**FROM:** Chris Wilson on behalf of Kansas Agricultural Aviation Association, Kansas Dairy Association and Kansas Seed Industry Association

**RE: House Bill 2527**

We apologize that we could not attend the hearing on H.B. 2527 on Monday, March 8. However, we want to add our support to this bill. We believe it is a solid, proven approach for assisting the agricultural industry in this time of serious economic stress.

The organizations I represent above include members who are farmers and members who provide production inputs to farmers. All of our members' livelihoods are dependent on the farm economy. In the past months, low commodity prices and in some cases poor crops have combined to place many good, financially stable producers in the position of having to seek credit to operate their farms and ranches. While dairying has been a bright spot in an otherwise dismal farm economy over the past few months, this week dairymen received the largest price drop ever experienced in the history of recorded farm prices.

We believe it is important that Kansas respond to the situation as other farm states have done. As you are all aware, the entire state's economy is greatly impacted by the farm sector.

This bill represents a small but significant step in assisting producers in difficult times. It will not be a huge financial burden on the state, but will provide encouragement and incentive to lenders to make loans to farmers despite economic uncertainty.

We are very concerned about what might lie ahead and believe passing this legislation now will better prepare the state to respond to the needs that exist now and may arise in the coming months.

Thank you for your consideration.

*Chris Wilson*

*House Agriculture Committee  
March 15, 1999  
Attachment 1*

# Nemaha County meeting aims to draw farmers into grass-roots movement

By GENE SMITH  
The Capital-Journal

3-13-99

7 p.m. March 25 in the county community center

**S**ABETHA — Some Great Plains farmers are looking to the past to find a solution to a farm crisis caused by the low prices they receive for the food they produce.

Former Nemaha County Commissioner Alvin Bauman and his son are planning how to maximize attendance at a gathering scheduled for

Bauman said Dr. Petrowsky, a Prairie area farmer, will be there to explain a new tri-state initiative to use some 1930s laws to force the Clinton administration, the Department of Agriculture and Treasury Department to declare U.S. farmers a protected class and treat them accordingly.

The movement, according to a news release, is the brain child of "Dr.

Eugene Schroder, a Campo, Colo., veterinarian and one of the founders of the American Agriculture Movement. The idea is to launch a broad-based petition drive across rural America directing the president, Agriculture Secretary Dan Glickman and Treasury Secretary Robert Rubin to "carry out their duties" under the Agricultural Adjustment Act of 1933, the National Industrial Recovery Act of 1933, the Gold Reserve Act of 1934 and a 1934

amendment to the Tariff Act of 1930. All were extraordinary measures enacted by Congress to deal with the Great Depression and were never repealed nor modified. The AAA, for example, declares a congressional emergency and delegates extraordinary power to the executive branch to establish parity between farm prices and the price of goods and services needed by farm producers. Promulgated chiefly on the Inter-

net, the "notice and demand for equal income opportunity" also threatens a class-action lawsuit based on discrimination if the named federal officials fail to comply. The news release distributed by Bauman quotes Schroder as hoping to have "thousands of signatures" in his hands by April 1, with the aid of Petrowsky and Russel Grider of New Mexico, who are "spearheading the effort."



STATE OF KANSAS



**POOLED MONEY INVESTMENT BOARD**

Landon State Office Building  
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DIRECTOR OF INVESTMENTS  
Derl S. Treff

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<http://www.ink.org/public/pmib/>

March 15, 1999

The Honorable Joan Flower, Chairperson  
House Committee on Agriculture  
Statehouse, Room 426-S  
Topeka, Kansas 66612

Re: House Bill 2527

Dear Representative Flower:

The Pooled Money Investment Board (PMIB) is the state entity responsible for managing the large pool of cash in the State General Fund and hundreds of other state funds.

The goal of this board is to provide a market rate of return on these investments, while keeping safety and liquidity as foremost objectives.

As such we feel that it would be inappropriate for the PMIB to determine the size of a program or whether any such program is in fact approved at all, that removes funds from the Board's other investment options. Because this program will reduce the total return on the state's investments, the Board would defer to the legislature's judgement for determining the amount of funds that are necessary to achieve this program's objectives.

Sincerely,

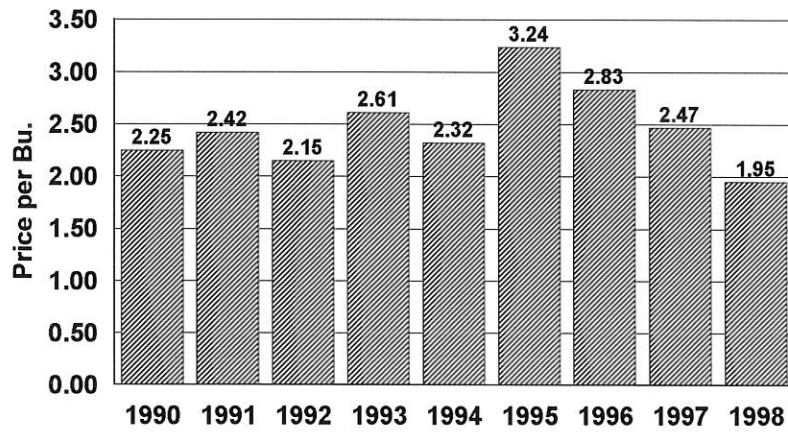
A handwritten signature in cursive script that reads "Derl S. Treff".

Derl S. Treff  
Director of Investments

DST:dg

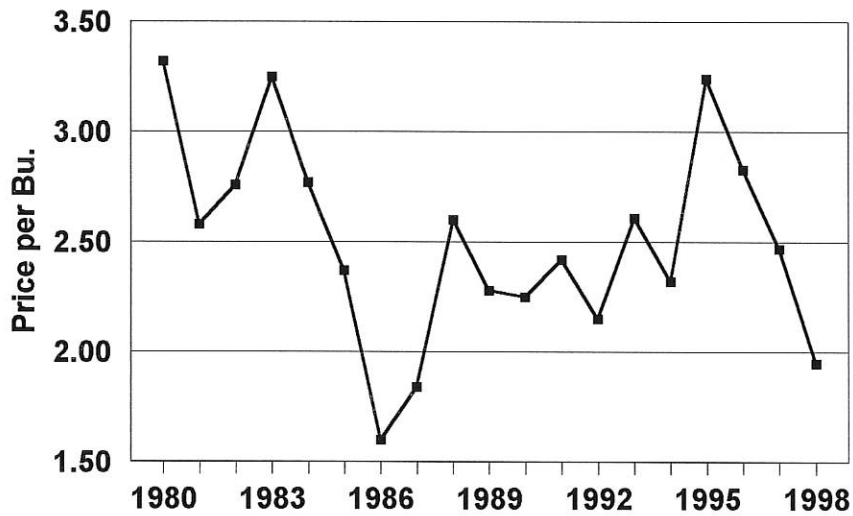
*House Agriculture Committee  
March 15, 1999  
Attachment 2*

### Average Prices Received by Kansas Farmers Corn, 1990-1998



Source: Prices Received by Farmers,  
Kansas Agricultural Statistics

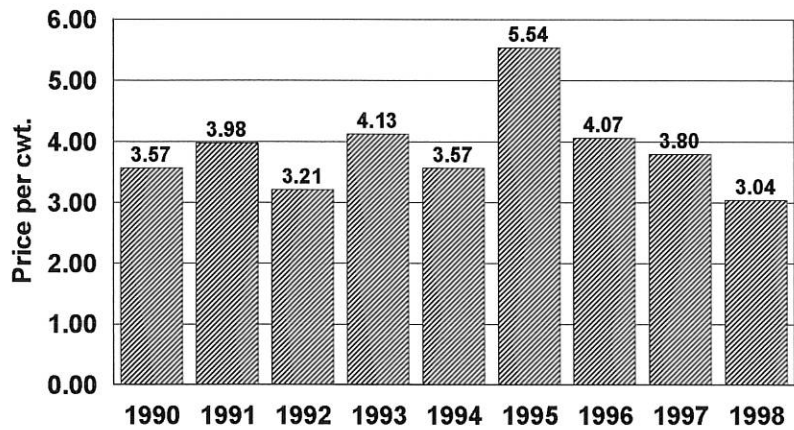
### Prices Received by Kansas Farmers Corn, 1980 - 1998



Source: Prices Received by Farmers,  
Kansas Agricultural Statistics

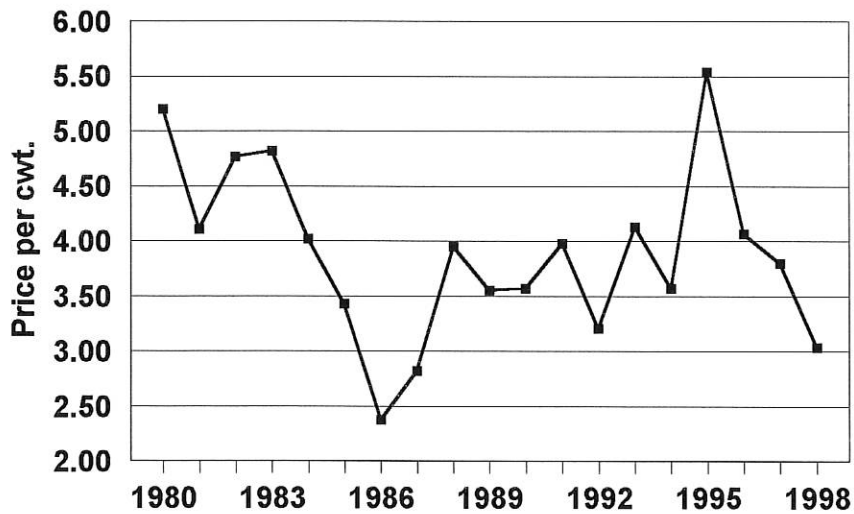
*House Agriculture Committee  
March 15, 1999  
Attachment 3*

### Average Prices Received by Kansas Farmers Sorghum, 1990-1998



Source: Prices Received by Farmers,  
Kansas Agricultural Statistics

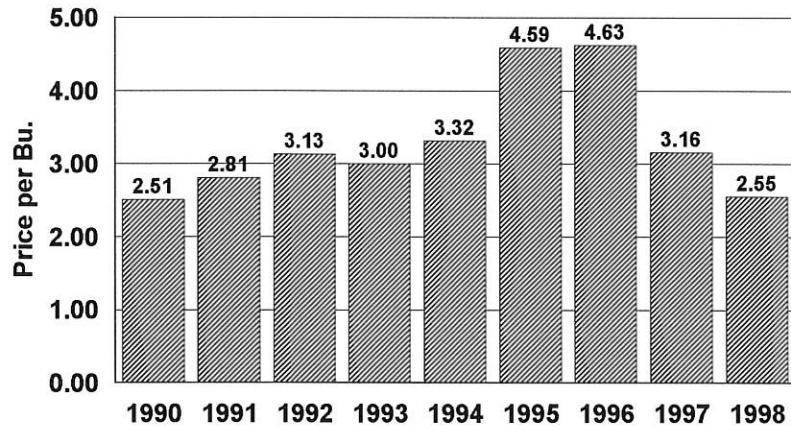
### Prices Received by Kansas Farmers Sorghum, 1980 - 1998



Source: Prices Received by Farmers,  
Kansas Agricultural Statistics

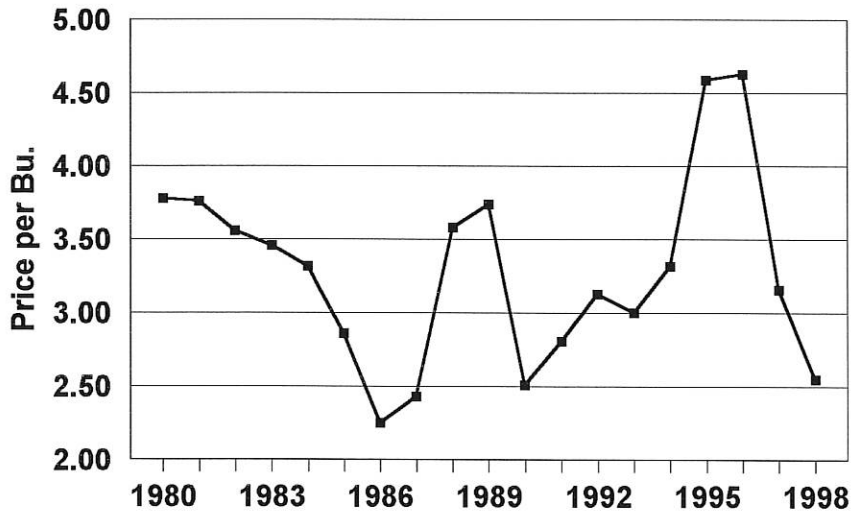


### Average Prices Received by Kansas Farmers Wheat, 1990-1998



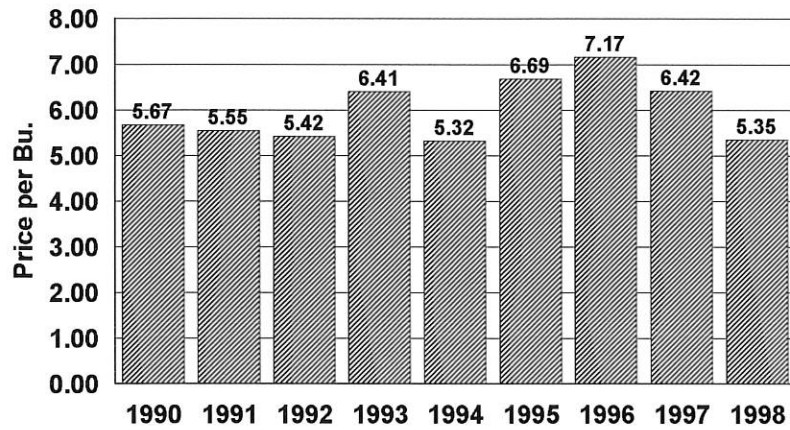
Source: Prices Received by Farmers,  
Kansas Agricultural Statistics

### Prices Received by Kansas Farmers Wheat, 1980 - 1998



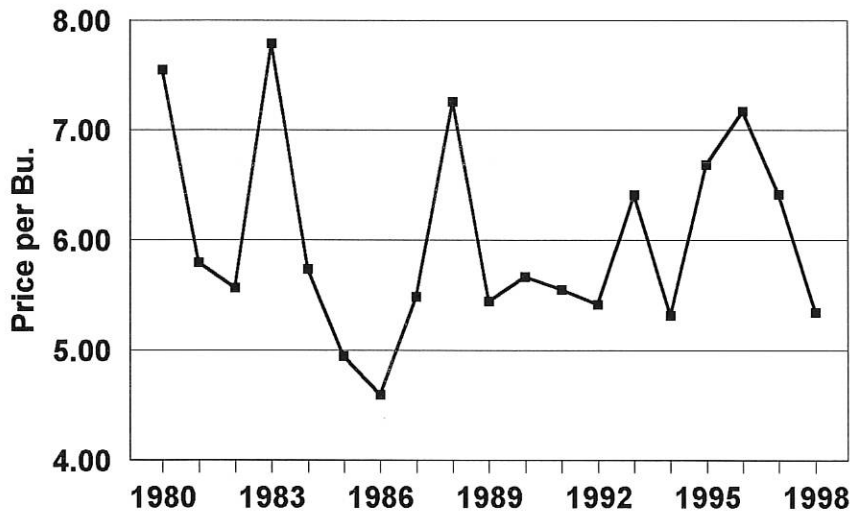
Source: Prices Received by Farmers,  
Kansas Agricultural Statistics

### Average Prices Received by Kansas Farmers Soybeans, 1990-1998



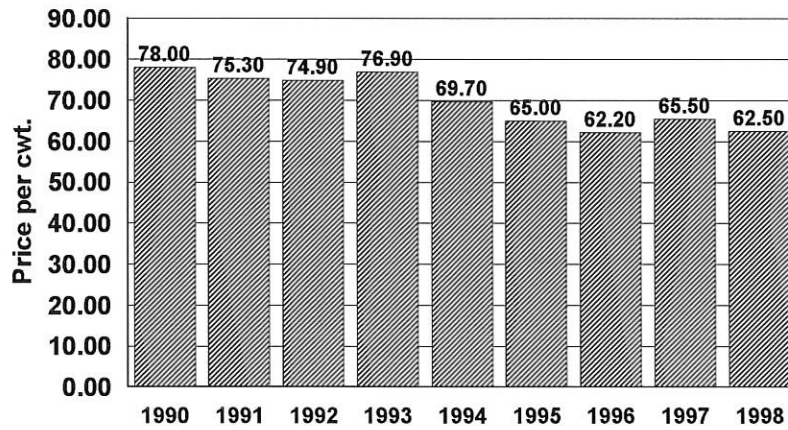
Source: Prices Received by Farmers,  
Kansas Agricultural Statistics

### Prices Received by Kansas Farmers Soybeans, 1980 - 1998



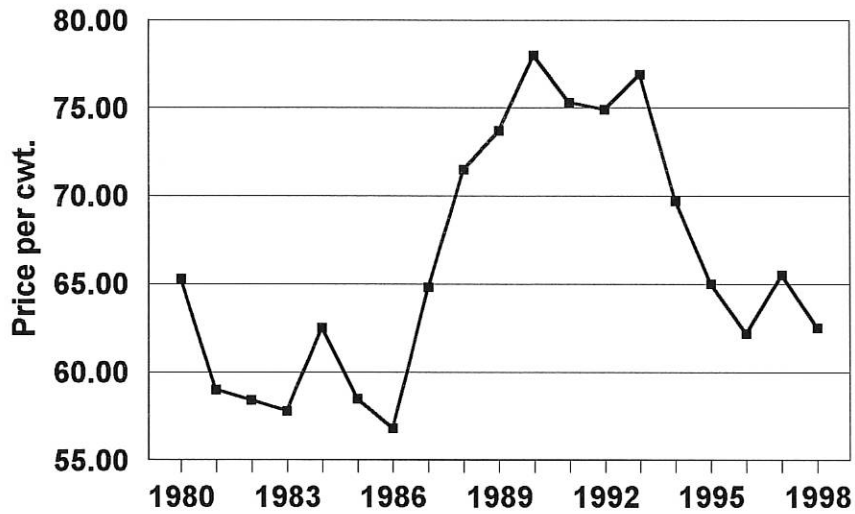
Source: Prices Received by Farmers,  
Kansas Agricultural Statistics

### Average Prices Received by Kansas Farmers Steer and Heifer Prices, 1990-1998



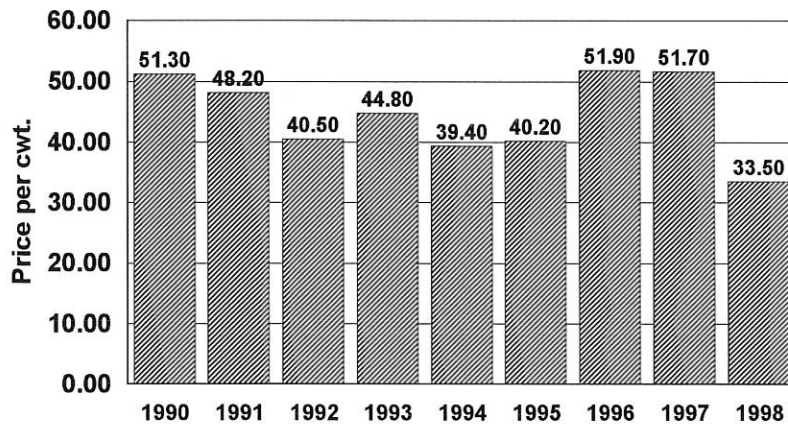
Source: Prices Received by Farmers,  
Kansas Agricultural Statistics

### Prices Received by Kansas Farmers Steer and Heifer Prices, 1980 - 1998



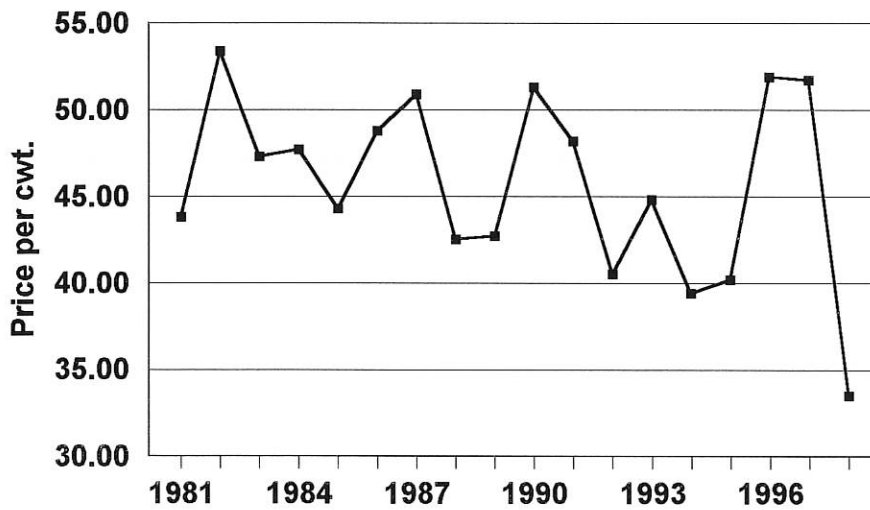
Source: Prices Received by Farmers,  
Kansas Agricultural Statistics

### Average Prices Received by Kansas Farmers Barrow and Gilt Prices, 1990-1998



Source: Prices Received by Farmers,  
Kansas Agricultural Statistics

### Prices Received by Kansas Farmers Barrow and Gilt Prices, 1981 - 1998



Source: Prices Received by Farmers,  
Kansas Agricultural Statistics



STATE OF KANSAS

**Tim Shallenburger**  
TREASURER

900 SW JACKSON ST, SUITE 201  
TOPEKA, KANSAS 66612-1235

TELEPHONE  
(785) 296-3171

**House Agriculture Committee  
Written Testimony for House Bill 2527  
March 15, 1999**

Madame Chairwoman and members of the House Committee, thank you for allowing me to submit written testimony to you today on House Bill 2527.

As you may know, there are two bills under consideration that address link deposits, HB 2527 and HB 2554 (which is currently being heard in the Financial Institutions Committee). The link program as designed in HB 2527 is dedicated to improving agriculture services. Several states use this type of program for a variety of services. For example, Illinois uses a similar program for day care, etc. However, it is my opinion that this policy is a decision best left to the wisdom of the legislature, so I am testifying as neither a proponent nor opponent.

In regards to administration of the fund, my office would be happy to manage the fund should that be your desire.

Again, thank you for allowing me to participate in this discussion.

*House Agriculture Committee  
March 15, 1999  
Attachment 4*

## MINUTES OF MEETING

## POOLED MONEY INVESTMENT BOARD

TOPEKA, KS, JULY 11, 1985, 1:30 P.M.

Joan Finney, Chairperson  
 Charles J. Schwartz, Member  
 Clayton C. McMurray, Member

The Chairperson called the meeting to order.

Present were Joan Finney, Chairperson, Charles J. Schwartz and Clayton C. McMurray, members of the board; Lyell D. Ocobock, executive officer; Regina Klein, staff member; Susan Seltsam, auditor, and Steve Hirsch, administrative assistant, State Treasurer's Office.

Also present were representatives from Guaranty State Bank, Kansas City; Centerre Bank, Kansas City, MO; Department of Administration Accounts and Reports Division; Kansas University Medical Center; Kansas University; United Press International, Associated Press; Kansas City Times and KANU.

Kansas Funds for Kansas Farmers

Mrs. Finney moved that the Pooled Money Investment Board consider a proposal to make available at least \$15 million of State Freeway Fund moneys to Kansas banks for loan to Kansas farmers, as follows:

1. Banks will submit notarized documentation that loans have been negotiated with farmers who derive at least 70% of their gross income from farming or ranching operations, whose annual interest costs exceed 25% of their annual expenditures and such loans are limited to operating loans with principal amounts of \$50,000 or less. No loans shall qualify if made to officers, directors or shareholders of the banks.
2. Beginning in September, 1985, the Pooled Money Investment Board will place one-year certificates of deposit in Kansas banks, in amounts equal to the amounts of loans negotiated with qualified farmers.
3. The rate of interest on the C.D. shall be fixed at the coupon equivalent yield of the most recent offering of one-year Treasury Bills. Banks may charge up to two and one-half percent for overhead purposes.
4. Banks will be required to pledge securities as required by state law to secure state deposits.

Mr. Schwartz seconded the motion. The motion will be considered Tuesday, July 16, 1985, at 11:00 A.M.

House Agriculture Committee  
 March 15, 1999  
 Attachment 5



MINUTES OF MEETING

POOLED MONEY INVESTMENT BOARD

TOPEKA, KS, JULY 16, 1985, 11:00 A.M.

Joan Finney, Chairperson  
Charles J. Schwartz, Member  
Clayton C. McMurray, Member

The Chairperson called the meeting to order.

Present were Joan Finney, Chairperson; Charles J. Schwartz and Clayton C. McMurray, members of the board; Lyell D. Ocobock, executive officer; Regina Klein, staff member; Susan Seltsam, auditor, and Steve Hirsch, administrative assistant, State Treasurer's Office.

Also present were representatives from United Press International, Associated Press, WIBW, KTPK, and Mr. John Hiller and Mr. Bob Erwin.

Kansas Funds for Kansas Farmers

This motion was carried forward from the meeting of July 11, 1985.

Mrs. Finney and Mr. Schwartz voted aye. Mr. McMurray voted nay. Motion carried.

State Freeway Fund Investments  
Effective September 4, 1985

Mrs. Finney moved to offer for placement on September 4, 1985, approximately \$30 million of available moneys from Freeway Fund maturities, the criteria as follows:

- A. Offer to all banks and trust companies in Kansas, effective September 4, 1985, for terms of six months and one year;
- B. Place in Certificates of Deposit;
- C. \$100,000 minimum;
- D. Depository securities at 100% of market value;
- E. Interest based on a 365-day year calculation;
- F. All moneys placed at the highest rate of return;
- G. The minimum bid to be established by using the rate of the T-Bill or major banks' C.D.'s as quoted in the August 23, 1985 issue of the Wall Street Journal.

Mr. Schwartz seconded the motion. Mrs. Finney and Mrs. Schwartz voted aye. Mr. McMurray voted nay. Motion carried.

Inactive Account  
American National Bank of Westlink

Clayton McMurray moved that the Board approve the request of American National Bank of Westlink for a state inactive account, effective August 1, 1985, in the amount of \$402,000. Mr. Schwartz seconded the motion. Motion carried.

## MINUTES OF MEETING

## POOLED MONEY INVESTMENT BOARD

TOPEKA, KS, JANUARY 15, 1986, 2:00 P.M.

Joan Finney, Chairperson  
Charles J. Schwartz, Member  
Clayton C. McMurray, Member

The chairperson called the meeting to order. Present were Joan Finney, chairperson; Charles J. Schwartz and Clayton C. McMurray, members; Lyell D. Ocobock, executive officer; Regina Klein, staff member; Susan Seltsam, auditor, and Steve Hirsch, administrative assistant, State Treasurer's Office.

Minutes of Meetings  
October 24, 1985; January 3, 1986

Mr. Schwartz moved the minutes of October 24, 1985 be approved as prepared. Mrs. Finney seconded the motion. All members voted aye. Motion carried.

Mr. McMurray moved the minutes of January 3, 1986 be approved as prepared. Mrs. Finney seconded the motion. All members voted aye. Motion carried.

Freeway Funds Investments  
Kansas Funds for Farmers No. 2

Mrs. Finney moved that the Pooled Money Investment Board offer approximately \$13,000,000.00 of Freeway Fund moneys available for investment to the sixty banks that participated in the initial Funds for Farmers program. The new program, to be effective February 6, 1986, will follow the same criteria for loan placement as used in the original program, except for the 25% annual interest cost requirement placed on the borrower, which will be dropped. Mr. Schwartz seconded the motion. Mrs. Finney and Mr. Schwartz voted aye. Mr. McMurray voted nay. Motion carried.

Special Funds Investments  
Security Pacific National Bank

Mr. McMurray moved that Security Pacific National Bank, Los Angeles, California, be included on the list of those banks and dealers contacted periodically by the Pooled Money Investment Board relative to the sale and purchase of U.S. Government securities in amounts of \$150,000 or more. Mr. Schwartz seconded the motion. All members voted aye. Motion carried.

MINUTES OF MEETING

POOLED MONEY INVESTMENT BOARD

FEBRUARY 3, 1986, 3:30 P.M.

Joan Finney, Chairperson  
Charles J. Schwartz, Member  
Clayton C. McMurray, Member

The chairperson called the meeting to order. Present were Joan Finney, Chairperson; Lyell D. Ocobock, executive officer; Regina Klein, staff member. Charles J. Schwartz was present by telephone.

Funds for Farmers No. 2  
Low Interest Loan Program


Mrs. Finney made a motion to approve the applications of seventeen banks for a total amount of \$5,986,400.00 under the Funds for Farmers No. 2 low interest program to be effective February 6, 1986. Mr. Schwartz seconded the motion. Both members voted aye. Motion carried.

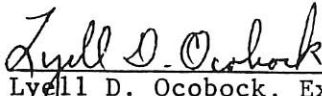
The Chairperson adjourned the meeting.

The time and date of the next meeting to be determined later.

POOLED MONEY INVESTMENT BOARD

  
Joan Finney, Chairperson

  
Charles J. Schwartz, Member

  
Lyell D. Ocobock, Executive Officer

## MINUTES OF MEETING

## POOLED MONEY INVESTMENT BOARD

TOPEKA, KS, MAY 13, 1986, 9:00 A.M.

Joan Finney, Chairperson  
Charles J. Schwartz, Member  
Clayton C. McMurray, Member

The chairperson called the meeting to order. Present were Joan Finney, chairperson; Charles J. Schwartz and Clayton C. McMurray, members; Lyell D. Ocobock, executive officer; Regina Klein, staff member; and Susan Seltsam, auditor, State Treasurer's Office.

Minutes of Meeting  
May 8, 1986

Mr. Schwartz moved the minutes be approved as prepared. Mr. McMurray seconded the motion. All members voted aye. Motion carried.

Designation of Depository  
Department of Revenue

Mr. McMurray made a motion to approve the request of E. L. Brault, Controller, Kansas Department of Revenue, in his letter dated May 2, 1986, to designate Lenexa National Bank, Lenexa, the depository for the Lenexa Driver License Examining Station agency fee account, effective May 15, 1986. Mr. Schwartz seconded the motion. All members voted aye. Motion carried.

Freeway Fund Investments  
Kansas Funds for Kansas Small Businesses and Kansas Farmers

Mr. Schwartz moved that the Pooled Money Investment Board implement the program, "Kansas Funds for Kansas Small Business and Kansas Farms," a low-interest loan program by way of linked deposits with financial institutions domiciled in Kansas.

A total of approximately \$37 million dollars of State Freeway Fund moneys would be made available for the program, approximately one-half to be used in hedged investments in Federal Home Loan Mortgage Corporation securities. The remaining portion would be made available to financial institutions domiciled in Kansas for discounted interest rate loans to qualifying Kansas small businesses and farmers.

The rate the lending institutions pay to the State of Kansas would be the bond equivalent yield on one-year U.S. Treasury Bills plus 30 basis points. To cover handling and risk, the lending institutions could add up to 300 additional basis points to this rate on loans to qualified borrowers.

The financial institutions would be required to submit documentation that each loan had been negotiated with the small business or farmer and that all qualifications set forth in the official offering letter and the proposal for funds had been met.

No loans will qualify if made to officers, directors or shareholders of the financial institution.

All state funds above the federally insured limit to be fully secured as required by law.

The following would establish the qualifying criteria:

Kansas Small Businesses

1. To be eligible, the small business must (a) be organized for profit; (2) maintain or open operations in Kansas; and (3) employ less than 100 employees in Kansas at the time of application.
2. Eligible use of loan proceeds is as determined by the financial institution to be appropriate and secured under its normal lending practice, including but not limited to the following: Inventory, working capital, site development, interim construction, machinery and equipment. Loans that create or increase lines of credit are not eligible.
3. Each qualifying loan made by the financial institution is limited to a maximum amount of \$200,000. If the loan has a principal amount of over \$200,000, the participated amount by the Pooled Money Investment Board shall not exceed \$200,000.
4. At the time of application, each small business must provide to the financial institution its current employment level and the number of jobs created or retained. Created jobs are those jobs created as a direct result of the decision to expand or restructure operations. Retained jobs include only the employees who will not lose their jobs or who will be called back from a lay-off as a direct result of this loan. At least one job must be created or retained for each \$20,000 loaned under this program.

Kansas Farmers

1. To be eligible, the farmer must be principally involved in agriculture to the extent that at least seventy percent of gross income is derived from the farming or ranching operation.
2. Each qualifying loans made by the financial institution is limited to operating loans with principal amount of \$50,000 or less. If the loan has a principal amount of over \$50,000, the participated amount by the Pooled Money Investment Board shall not exceed \$50,000.

Mrs. Finney seconded the motion. Mrs. Finney and Mr. Schwartz voted aye. Mr. McMurray voted nay. Motion carried.

**RON SCHWARTZ**  
REPRESENTATIVE, 106TH DISTRICT  
GEARY, MARSHALL, REPUBLIC,  
RILEY, AND WASHINGTON COUNTIES  
2051 20TH ROAD  
WASHINGTON, KANSAS 66968  
(785) 325-2568

STATE OF KANSAS



TOPEKA

HOUSE OF  
REPRESENTATIVES

STATE CAPITOL  
ROOM 110-S  
TOPEKA, KANSAS 66612-1504  
(785) 296-7632  
1-800-432-3924

COMMITTEE ASSIGNMENTS  
MEMBER: HOUSE APPROPRIATIONS  
HOUSE AGRICULTURE &  
NATURAL RESOURCES BUDGET  
HOUSE AGRICULTURE  
HOUSE ENVIRONMENT

## INFORMATION FROM FCA FSA AND FARM MANAGEMENT

### FARM CREDIT

David Wolfolk President of NE Farm Credit Association

*"In doing 1999 loan reviews around 70% projected either break even or loss figures using current commodity prices."*

Average Interest Rate under operating loans - 9%

Average Default Rate in 1998 -1.5%

Average operating loan size for 1998 - \$71,000

Five Year average operating loan -\$80,000

Average Debt/Asset Ratop-50-60%

### FARM SERVICE AGENCY

Arlyn Stiebe, State FSA Director

Average operating loan offered through FSA for 1998 - \$99,081

Federal fiscal outlook for 1999 is \$112,925

### KSU FARM MANAGEMENT ASSOCIATION

2,164 farms in Kansas with operating loans as of January 1, 1999

Average operating loan is \$84,592

Interest rates range today from 8-10.5%

Projected Average Debt/Asset Ratio for January 1999 is above 40%

*House Agriculture Committee  
March 15, 1999  
Attachment 6*



# The Year in Agriculture

## Record Crops

- The runner-up to the record wheat crop in 1998 follows a record in 1997. Added together, the two years' harvests total approximately *one billion* bushels.
- Records or near records in grain sorghum and corn: 1998 corn forecast is at 410.4 million bushels; 386.1 million bushels were harvested in 1997. The grain sorghum crop forecast is at 254 million bushels in 1998 and totaled 273 million bushels in 1997.
- Soybeans are forecast at a record high 2.76 billion bushels in 1998, above last year's record of 2.70 billion bushels.
- A lesser crop, dry edible beans, will reach a new record yield of 2,000 pounds per acre and a total 380,000 hundredweight in 1998.

## Prices Nosedive

Overall, the prices received for the major Kansas commodities and beef and pork fell to 25-30 - year lows during the summer of 1998. Income on the farm and revenues to agribusinesses and government directly reflected a lack of export markets and other factors.

	1996 Averages	Fall 1998 Approximate Prices
Corn	\$2.85	\$1.70-\$1.80
Sorghum	\$4.00	\$2.70-\$2.80
Wheat	\$4.70	\$2.50/\$2.60
Soybeans	\$6.65	\$5.80
Cattle	\$65.50	Under \$60
Hogs	\$50.70	\$9-12

## A Very Bad Year for Exports

The Asian Crisis and problems in Russia contributed to a drop in agricultural exports. Kansas, as a leading producer of bulk commodities, is directly dependent on exports. USDA says the Kansas reliance on exports has risen from 26 percent to 29 percent since 1991. Exports support about 34,500 jobs--not all of them are on the farm--in agriculture and agribusiness.

## Transportation and Storage Challenges

Kansans were concerned when railroad car and power shortages combined with a lack of storage space to put 31 million bushels of grain on the ground in the fall of 1997. In 1998, a lack of export markets led to nearly twice that amount (about 61 million bushels) in excess of available storage. Most believed a lack of markets, rather than a lack of rail transportation, was the major cause of grain on the ground last year.

At the end of the calendar year, the Kansas grain warehousing program reported that approximately 9.8 million bushels of sorghum and corn remained on the ground at 42 state-licensed facilities. To date 27.6 million bushels which had been stored on the ground had been moved into regular storage facilities.

With export demand projected to remain sluggish during 1999, the possibility of continued storage space shortfall continues even if grain production results in average or above yields. Coupled with the highly interrelated nature of the market transportation system and its needs, the Graves Administration transportation proposal includes several items to help address these storage and transport issues.

1. Proposed creation of a five-year sales tax exemption on the purchase of materials and labor for the creation of new or the revitalization of existing commercial grain storage facilities.

2. Proposed creation of a sales tax exemption on the purchase of materials and labor for the revitalization of short-line railroad segments which help transport grain to Class I railways.

3. Creation of an eight-year revolving loan fund at \$4 million/year to assist short-line railroads revitalize and maintain lines for transport of agricultural and other goods.

4. Funding of a minimum of \$3 million per county for substantial maintenance, system enhancements, or major modification and bridge maintenance to allow for improvements on roads which will experience increased traffic such as from grain transportation in this system

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**ASSETS MINUS LIABILITIES** equals net worth or equity. One measure of financial progress is the change in equity over the year.

A key financial indicator for a farm or ranch business is the amount of debt as a percent of assets. The debt-to-asset ratio is calculated by dividing total liabilities by total assets and multiplying by 100.

Balance sheets can be used to measure the financial stress in the farm or ranch business. As a general rule of thumb, the business is considered financially sound if the debt-to-asset ratio is under 40%. If the ratio is greater than 40% but less than 70%, the business is considered to be financially vulnerable. If the debt-to-asset ratio is greater than 80%, the business is considered to be under severe financial stress. If the debt exceeds assets, the business is considered to be financially insolvent.

*I thought this might be helpful information*  
*Sharon*