

Approved: 1-20-00
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Steve Morris at 10:00 a.m. on January 19, 2000, in Room 423-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee:
 Jamie Clover-Adams, Secretary, Kansas Department of Agriculture

Others attending: (See Attached)

Senator Stephens made a motion to approve the minutes of the January 13, 2000 meeting as submitted. Senator Umbarger seconded. The motion carried.

Senator Stephens requested introduction of a bill that would allow an eligible farming business to take a credit against the tax liability imposed under the Kansas Income Tax Act in an amount equal to any amount paid to the farm service agency of the United States Department of Agriculture as a guaranty fee paid to the agency in the process of obtaining a guaranteed operating loan (Attachment 1).

Senator Stephens made a motion to introduce this bill and Senator Huelskamp seconded. Motion carried.

Jamie Clover-Adams, Secretary of Agriculture, provided a written Confirmation Statement (Attachment 2) and answered questions from the Committee.

A letter from the Kansas Agricultural Alliance in support of the nomination of Jamie Clover-Adams was handed out (Attachment 3).

Senator Umbarger made a motion that the Committee recommend to the Senate of the Whole the confirmation of Jamie Clover-Adams as Secretary of Agriculture. Motion carried.

The next meeting will be January 20, 2000.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: 1-19-00

NAME	REPRESENTING
Mary Jane Stettelman	KSA
John Gorliger	KDA
Julie Jimri	Ks Grain + Feed Assn.
S. J. Peterson	Marion County Commission
Tom Tunnell	Ks. Grain & Feed Assn. / Ks. Fert. & Chem. Assn.
Dag Wareham	Ks. Grain & Feed Assn. / Ks. Fert. & Chem. Assn.
Diane Armer	Ks Co-op Council
Kelly Wiese	AP
Sarah Kessinger	HNS
Broder Orvick	KFB
Jeff Arpin	Division of the Budget.
Kerri Ebert	KS Dairy Association
Charles Benjamin	KNRC / Sierra Club
Roy Jahrenholtz	Doctor of the Day
Janice Jahrenholtz	observer
Jan Jahrenholtz	Observer
Connie Fischer	KDOctH - Ag. Division.
Don Ryan	Farmer Rancher
Orville Cole	Sen. Tyson

RICHARD RODWALD

EX TAXPAYERS LOBBYIST

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: _____

NAME	REPRESENTING
<i>La Verne Cole</i>	<i>Sen. Tyson</i>
Bill Fuller	Kansas Farm Bureau

SENATE BILL NO. _____

By ~~Senator Stephens~~ *Agriculture*

AN ACT relating to income taxation; providing for a credit therefrom for certain operating loan expenses incurred by a farming business.

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

Section 1. (a) For all taxable years commencing after December 31, 1999, there shall be allowed as a credit against the tax liability of an eligible farming business imposed under the Kansas income tax act, an amount equal to any amount paid to the farm service agency of the United States department of agriculture as a guaranteed fee pursuant to the obtaining of an operating loan guaranteed by such service. If such business is a corporation having an election in effect under subchapter S of the federal internal revenue code, a partnership or a limited liability company, the credit provided by this section shall be claimed by the shareholders of such corporation, the partners of such partnership or the members of such limited liability company in the same manner as such shareholders, partners or members account for their proportionate shares of the income or loss of the corporation, partnership or limited liability company.

(b) The credit authorized by this section shall only be claimed against the tax liability resulting from income generated by the farming business. If an income tax return upon which this credit is claimed includes adjusted gross income from sources other than the farming business, the credit shall only be allowed to be claimed upon a percentage of the income tax liability which does not exceed the percentage of adjusted gross income generated by the farming business as compared to the total adjusted gross income shown on the return.

(c) If the amount of the tax credit allowed by this section exceeds the taxpayer's income tax liability for such taxable year, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax

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Attachment 1

liability.

(d) As used in this section, "eligible farming business" shall have the meaning ascribed thereto by section 263A(e)(4) of the federal internal revenue code.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

Tax credit for small businesses unveiled

By JIM McLEAN
The Capital-Journal

1/13/00

The president of a statewide business development association urged lawmakers Wednesday to approve legislation that would make federally guaranteed loans more affordable for small businesses.

Randall Hrabe, president of the Kansas Association of Certified Development Companies, said a measure introduced Wednesday would provide small businesses with state tax credits to offset fees charged on loans from the Small Business Administration and the U.S. Department of Agriculture's Rural Business Cooperative Service.

The fees are charged to ensure the federal agencies have enough money on hand to cover any loan defaults. But he said they make the loans too expensive for some small businesses.

"When you are paying nearly a 4 percent fee just to get a loan, it is discouraging to small businesses," Hrabe said, noting the fee charged on a \$750,000 loan would amount to \$25,000.

Under the legislation, Senate Bill 409, the state would allow small businesses that obtain federally guaranteed loans to claim a tax credit equal to the amount of the fee.

However, because it often takes years before small start-up businesses make enough money to pay taxes, the credits would be good for up to 10 years.

Sen. Audrey Langworthy, R-Prairie Village, chairwoman of the Senate Assessment and Taxation Committee, said the tax credit sounded like a good idea. But she said it could encounter opposition from lawmakers concerned that it would cost the state money it needs to make up recent revenue shortfalls.

"I'd like to see a refined fiscal note on it," Langworthy said.

Fiscal notes are prepared by the Legislative Research Department so that lawmakers know how much bills will cost before they vote on them.

A study done for the Iowa Legislature, which is considering a similar proposal, indicated the revenue generated by increased business opportunities would exceed the cost of the tax credit, according to Brad Douglas, a regional SBA official.

Four states, including Oklahoma and Missouri, already have the small-business tax credit on their books, Hrabe said.



Larry Geil, superintendent of the Twin Valley School District in Bennington, is seen in profile during a coalition news conference on Wednesday.

Coalition seeks n

The Associated Press

Education groups and officials staged a show of unity Wednesday in support of proposals to increase spending on public schools by \$121 million.

Members of the School Finance Coalition said legislators should approve a tax increase if one is necessary to provide the extra money to the state's 304 school districts.

"There is a financial crisis for educational

quality unless Gov. B. Scott, executive director of the State Board of Education, and the Kansas State Board of Education, said in a news conference.

The coalition includes the Kansas Association of School Administrators and the Kansas National Education Association, the state's largest teachers' union, and also members.

The coalition first

Report: Mill levies u

Of the state's 105 counties, 61 raised property tax rates from 1998.

By ROGER MYERS
The Capital-Journal

A majority of Kansas counties raised property taxes this year despite a new law requiring them to notify the public of the increases.

Shirley Moses, director of the division of accounts and reports, distributed information to the Senate Assessment and Taxation Committee on Wednesday showing 61 of the state's 105 counties, or 58 percent, increased property taxes this year over the previous year.

Moses was reporting the first year's results of a so-called "Truth in Taxation" law passed by the 1999 Legislature. The

law requires cities to adopt a resolution if they intend to raise property taxes. The law also requires them to disclose that they intend to raise more money from property taxes than in the previous year.

The law was designed to force local units of government to disclose that they intend to raise more money from property taxes than in the previous year even if the property tax mill levy is the same, or actually lower.

It was aimed at ensuring that officials of cities and counties who claimed the property tax mill levy had gone down had not actually increased the amount of money raised because the value of property in the municipality had increased. The same property tax mill levy applied to an increase in property valuation raises more

SENATE BILL No. 406

By Committee on Assessment and Taxation

1-12

9 AN ACT relating to income taxation; providing for a credit therefrom for
10 certain expenses incurred by a small business.

11

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

13 Section 1. (a) For all taxable years commencing after December 31,
14 1999, there shall be allowed as a credit against the tax liability of an
15 eligible small business imposed under the Kansas income tax act, an
16 amount equal to any amount paid to the United States small business
17 administration as a guaranty fee pursuant to the obtaining of financing
18 guaranteed by such administration. If such business is a corporation hav-
19 ing an election in effect under subchapter S of the federal internal rev-
20 enue code, a partnership or a limited liability company, the credit pro-
21 vided by this section shall be claimed by the shareholders of such
22 corporation, the partners of such partnership or the members of such
23 limited liability company in the same manner as such shareholders, part-
24 ners or members account for their proportionate shares of the income or
25 loss of the corporation, partnership or limited liability company.

26 (b) The credit authorized by this section shall only be claimed against
27 the tax liability resulting from income generated by the small business. If
28 an income tax return upon which this credit is claimed includes adjusted
29 gross income from sources other than the small business, the credit shall
30 only be allowed to be claimed upon a percentage of the income tax liability
31 which does not exceed the percentage of adjusted gross income generated
32 by the small business as compared to the total adjusted gross income
33 shown on the return.

34 (c) If the amount of the tax credit allowed by this section exceeds the
35 taxpayer's income tax liability for such taxable year, the amount thereof
36 which exceeds such tax liability may be carried over for deduction from
37 the taxpayer's income tax liability in the next succeeding taxable year or
38 years until the total amount of the tax credit has been deducted from tax
39 liability.

40 (d) As used in this section, "eligible small business" shall have the
41 meaning ascribed thereto by subsection (b) of section 44 of the federal
42 internal revenue code without regard to subparagraph (2) thereof.

43

STATE OF KANSAS

BILL GRAVES, GOVERNOR
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Topeka, Kansas 66612-1280
(785) 296-3558
FAX: (785) 296-8389



KANSAS DEPARTMENT OF AGRICULTURE

Confirmation Statement

Jamie Clover Adams

January 19, 2000

Mr. Chairman and members of the Committee, thank you for the opportunity to make a few brief remarks. I was born and raised on a small family farm in central Michigan. I am a farmer's daughter, and come from a family of diversified farmers. Both my grandfathers were dairymen. Two uncles are in the hog business, and two uncles are in the dairy business. I have spent my entire career involved in agriculture policy, both at the state and federal levels. Some have voiced concerns about my work history . . . in Washington, D.C. and in Topeka representing the grain, feed, fertilizer and chemical industry. I view these, however, as positive experiences — particularly when combined with my childhood years in production agriculture and more recent experience in the executive branch. It gives me a broad, big picture view of agriculture — from the fields surrounding my family's farm to the dinner plates in Leawood and Wichita.

As you know, the Kansas Department of Agriculture is, first and foremost, a regulatory agency. We are charged by law with ensuring the safety of the meat, milk and egg supply, ensuring the responsible and judicious use of pesticides and nutrients, ensuring the integrity of the weighing and measuring devices in commerce, and ensuring that the waters of the state are put to beneficial use. Having said that, I also believe that the Secretary of Agriculture has a role in education and advocacy. I heard those concerns throughout the selection process last summer, and set about to address them. I have appointed a long time KDA employee as Director of Education and Outreach. We have developed a plan to educate Kansans — urban and rural consumers and policymakers — about agriculture. I have also engaged my peers in other agencies on behalf of agriculture. While this might not be all that some would want, I must balance this activity with my responsibility to all Kansans, a framework laid out in *Hellebust v.*

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Brownback. In *Hellebust*, which invalidated the farmer-elected board of agriculture, the federal court clearly laid out our responsibilities to all Kansans. I do not believe it would be prudent to go further than the *Hellebust* framework — an action which could once again raise questions as to the validity of the Department.

I have been busy the past five months managing the Department of Agriculture within this framework. At the federal level, we have advocated for interstate shipment of state-inspected meat, the availability of pesticides for Kansas producers, engaged KDA in implementing TMDLs, educated the EPA on implementing risk management in Kansas, and advocated for ethanol before the California Air Board. At the state level, we have met our budget reductions without impacting the quality of our regulatory efforts, brought forward two major legislative initiatives, designed an education and outreach plan, engaged others in an effort to market Kansas wheat to Mexico, funded best management practices research and provided technical assistance for the Governor's Water Quality Initiative. Within the agency, we are reorganizing the Agricultural Products Assurance Program to meet emerging regulatory trends, working with the Division of Water Resources to implement the rules and regulations required by Senate Bill 287 in an open and transparent fashion, and will be bringing in experts from Allied Signal in Kansas City to help us reengineer several processes within DWR.

Mr. Chairman, that completes my prepared remarks. I respectfully ask you to recommend me to the Senate for confirmation as Secretary of the Kansas Department of Agriculture. I would be pleased to stand for any questions you or the committee members may have.

Kansas Agricultural Alliance

Kansas Agricultural Aviation Association

Kansas Agri-Women

Kansas Association of Ag Educators

Kansas Association of Conservation Districts

Kansas Association of Wheat Growers

Kansas Cooperative Council

Kansas Corn Growers Association

Kansas Crop Consultant Association

Kansas Dairy Association

Kansas Ethanol Association

Kansas Farm Bureau

Kansas Fertilizer and Chemical Association

Kansas Grain and Feed Association

Kansas Grain Sorghum Producers Association

Kansas Greenhouse Growers Association

Kansas Livestock Association

Kansas Seed Industry Association

Kansas Veterinary Medical Association

January 18, 2000

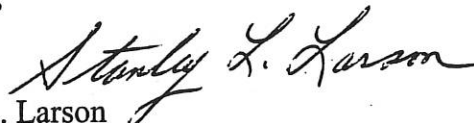
Senator Steve Morris
Room 143-N Statehouse
Topeka, KS 66612

Dear Senator Morris,

The Kansas Agricultural Alliance is writing in support of the nomination of Jamie Clover-Adams as Secretary of Agriculture. The member organization of the Ag Alliance have voted unanimously to endorse her nomination and support the Secretary's confirmation.

Thank you for your consideration.

Sincerely,



Stanley L. Larson
President

508 Rockfence Place, Lawrence, KS 66049 • 785/843-5986

*Senate Agriculture
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Attachment 3*