

Approved: 3-16-00  
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Steve Morris at 10:00 a.m. on March 14, 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:

Others attending:     (See Attached)

Senator Corbin made a motion to approve the minutes of the March 9, 2000 meeting as submitted. Senator Stephens seconded. The motion carried.

Discussion on:

**HB 2674 - structure of grain commodity commissions**

Jill Wolters, Revisor of Statutes, reviewed the balloon she prepared which reflected the amendments on **HB 2674** approved at a previous meeting and also the new amendments discussed at a previous meeting (Attachment 1).

Senator Umbarger made a motion to amend **HB 2674** to add wording that a voter must have been involved in the growing of crops at least one of the past three years. Senator Clark seconded. The motion carried.

Senator Umbarger made a motion to pass favorably as amended **HB 2674**. Senator Huelskamp seconded. The motion carried.

Discussion on:

**HB 2527 - concerning state moneys; providing for agricultural production loans**

Jill Wolters, Revisor of Statutes, reviewed the balloon she had prepared which reflected the amendments on **HB 2527** which the committee has accepted, including the new sections (Attachment 2).

Senator Corbin made a motion to add wording to **HB 2527** to reset the interest rate annually on the first business day of the year. Senator Clark seconded. The motion carried.

Senator Huelskamp made a motion to pass favorably as amended **HB 2527**. Senator Tyson seconded. The motion carried..

The next meeting is March 15, 2000.



HOUSE BILL No. 2674

By Committee on Agriculture

Proposed and previously adopted amendments

3/13/00

Senate Agriculture  
3-14-00  
Attachment 1

9 AN ACT concerning agriculture; relating to grain commodity commis-  
10 sions; amending K.S.A. 2-3003 and 75-3170a and K.S.A. 1999 Supp.  
11 2-3001, 2-3002, 2-3005, 2-3006, 2-3007, 2-3008, 2-3009 and, 2-3013  
12 and 74-574 and repealing the existing sections; also repealing K.S.A.  
13 2-2601, 2-2602, 2-2603, 2-2604, 2-2605, 2-2606, 2-2607, 2-2608, 2-  
14 2609, 2-2610 and 2-2612 and K.S.A. 1999 Supp. 2-2613.

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

17 Section 1. K.S.A. 1999 Supp. 2-3001 is hereby amended to read as  
18 follows: 2-3001. As used in this act, unless the context clearly requires  
19 otherwise, the following words and phrases shall have the meanings as-  
20 cribed to them herein:

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

24 (b) "first purchaser" means any person, public or private corporation,  
25 association or partnership buying or otherwise acquiring after harvest, the  
26 property in or to corn, grain sorghum or, soybeans or wheat from a  
27 grower. A mortgagee, pledgee, lienor or other person, public or private,  
28 having a claim against the grower under a nonrecourse loan made against  
29 such corn, grain sorghum or, soybeans or wheat after harvest thereof shall  
30 be deemed a first purchaser hereunder. The term "first purchaser" shall  
31 not include a harvesting or threshing lienor;

32 (c) "commercial channels" means the sale of corn, grain sorghum or,  
33 soybeans or wheat for use as food, feed, seed or any industrial or che-  
34 murgic use, when sold to any commercial buyer, dealer, processor, co-  
35 operative, or to any person, public or private, who resells any corn, grain  
36 sorghum or, soybeans or wheat or product produced from corn, grain  
37 sorghum or, soybeans or wheat;

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

41 (e) "department" means the Kansas department of agriculture; and

42 (f) "secretary" means the secretary of agriculture or the secretary's  
43 authorized representative.

On and after July 1, 2000,

:

or other legal entity

who owns or who shares in the ownership and risk of loss of such corn,  
grain sorghum, soybeans or wheat

. For the purposes of being an eligible voter pursuant to K.S.A. 2-3002,  
and amendments thereto, a grower who is a legal entity who owns or who  
shares in the ownership and risk of loss of such corn, grain sorghum,  
soybeans or wheat, whether as landlord or tenant, on which there is no  
individual ownership and risk of loss of such corn, grain sorghum,  
soybeans or wheat, shall designate a natural person to register to vote for  
such legal entity

On and after July 1, 2000,

1-2

1 Sec. 2. ~~K.S.A. 1999 Supp. 2-3002 is hereby amended to read as fol-~~  
2 ~~lows: 2-3002. (a) There are hereby created three~~ *four* ~~separate and distinct~~  
3 ~~commissions which shall be known as the Kansas corn commission, the~~  
4 ~~Kansas grain sorghum commission and, the Kansas soybean commission~~  
5 ~~and the Kansas wheat commission. Such commissions shall be attached~~  
6 ~~to and be a part of the department of agriculture. The membership of~~  
7 ~~each such commission shall be appointed by the governor in the manner~~  
8 ~~prescribed by this section. One member shall be appointed to the Kansas~~  
9 ~~corn commission and the Kansas grain sorghum commission from each~~  
10 ~~district as denoted by subsection (b). One member shall be appointed to~~  
11 ~~the Kansas soybean commission from each district as denoted by subsec-~~  
12 ~~tion (c). For each commission the members shall serve for a term of four~~  
13 ~~years, except that the members first appointed to the Kansas corn com-~~  
14 ~~mission and the Kansas grain sorghum 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 the members first appointed~~  
17 ~~from districts VII, VIII and IX shall serve for two years, and except that~~  
18 ~~the members first appointed to the Kansas soybean commission from~~  
19 ~~districts I, II and III shall serve for four years, the members first ap-~~  
20 ~~pointed from districts IV, V and VI shall serve for three years and mem-~~  
21 ~~bers first appointed from district VII shall serve for two years. Vacancies~~  
22 ~~which may occur shall be filled for unexpired terms in the same manner.~~  
23 ~~Upon the expiration of a term of a member of a commission, such mem-~~  
24 ~~ber shall continue to serve as a member until a successor to such member~~  
25 ~~is appointed and qualified. The dean of the college of agriculture of Kan-~~  
26 ~~sas state university shall be an ex officio member, without the right to~~  
27 ~~vote, of each such commission. Each commission will have members~~  
28 ~~electe*d* through an election process as provided in subsection (b) to~~  
29 ~~serve three-year terms, with the exception of transition commissioners,~~  
30 ~~servi*ng* from the effective date of this act until elections occur in 2002,~~  
31 ~~2003 and 2004, to represent a district or districts identified in section (b)~~  
32 ~~with the following requirements:~~

33 (1) ~~Any person meeting the definition of a grower requirements of~~  
34 **K.S.A. 2-3003, and amendments thereto, of that commodity and is a**  
35 ~~Kansas resident may seek election as a commissioner to that commodity's~~  
36 ~~respective commission representing the district of such person's official~~  
37 ~~residence. Only a grower of each specific commodity shall be a~~  
38 **member of that specific commission;**

39 (2) ~~no commission shall have less than seven commissioners repre-~~  
40 ~~senti*ng* the nine crop reporting districts identified in subsection (g) (h).~~  
41 ~~If a commission has less than nine elected commissioners representing~~  
42 ~~crop reporting districts, any commissioner representing multiple crop re-~~  
43 ~~porti*ng* districts may only represent commission districts equal to whole~~

1 and adjoining crop reporting districts that are within the same election  
2 cycle; and

3 (3) each commission may, by majority approval of the commissions,  
4 appoint two additional at-large commissioners for added representation  
5 for producers due to geographical, cropping pattern or other reasonable  
6 commodity-specific needs. At-large commissioners will serve a term de-  
7 termined by the commodity commission not to exceed three-year terms of  
8 appointment, be a Kansas resident and must meet the definition of a  
9 grower.

10 (b) (1) Prior to the first election as provided by this act, each  
11 commodity commission shall notify all growers of its respective  
12 commodity of the commission election and all appropriate election  
13 procedures.

14 (2) Any grower of corn, grain sorghum, soybeans or wheat who  
15 is a resident of this state shall become an eligible voter upon reg-  
16 istering to vote in a commission election. Registration shall be on  
17 a single form allowing registration to any or all commission elec-  
18 tions. Forms shall be provided by the commissions and made avail-  
19 able at all county extension offices, county conservation district  
20 offices and through the office of the secretary. Any grower also  
21 shall become registered by signing a petition for a candidate to be  
22 placed on the election ballot, upon the filing of such petition. Can-  
23 didate petition forms shall be provided by the office of the secre-  
24 tary. Registration by internet or other means shall also be allowed  
25 upon the approval of the secretary.

[and of legal voting age

[No grower shall cast more than one ballot for any commission election.

26 (3) Any person meeting the qualifications to serve as a com-  
27 missioner may appear on the election ballot for their respective  
28 commission district by submitting a petition to be placed on the  
29 ballot on or before October 31 in the year immediately preceding  
30 the election. The petition shall contain the signatures of 20 eligible  
31 voters of that commodity commission election to be a valid peti-  
32 tion. However, no more than five petition signatures shall be used  
33 to qualify any candidate from any one county.

34 (4) Commission election ballots shall be mailed to eligible vot-  
35 ers by January 15 and shall be returned to the election officer, as  
36 provided through the common election procedure required in sub-  
37 section (e), on or before March 1 in the year of any election. Suc-  
38 cessful candidates in any election will have received a simple ma-  
39 jority of the votes cast. Election results will be announced as soon  
40 as the election has been determined with successful candidates  
41 taking office with terms effective April 1 in the year of the election.

42 (c) Upon the effective date of this act, each commission created shall  
43 meet as soon as feasible to organize, elect officers and ratify the number

1 of commissioners and representative districts that commission shall main-  
2 tain. Commissioners currently serving these commissions immediately  
3 prior to the effective date of this act are appointed to transition terms as  
4 follows: (1) Commissioners whose terms expire in June, 2000, shall have  
5 their terms extended until April, 2002; (2) commissioners whose terms  
6 expire in June, 2001, shall have their terms extended until April, 2003;  
7 and (3) commissioners whose terms expire in June, 2003, shall have their  
8 terms extended until April, 2004.

9 ~~(c)~~ (d) Annual elections for up to three commissioners representing  
10 districts shall begin in January and February of 2002. Commissioners  
11 elected shall take office April 1 of the year elected and serve a three-year  
12 term. Elections will occur as follows and continue on a three-year cycle  
13 thereafter: (1) In districts IV, V and VI, the initial election year shall be  
14 2002; (2) in districts I, II and III, the initial election year shall be 2003;  
15 and (3) in districts VII, VIII and IX, the initial election year shall be 2004.

16 ~~(d)~~ (e) The four grain commissions, as provided in this act shall main-  
17 tain on file a common election procedure with the secretary of the Kansas  
18 department of agriculture, who will serve as the final arbitrator of any  
19 dispute regarding the election procedure.

20 ~~(e)~~ (f) Any grower who appropriately registers to vote shall be able  
21 to do so in an election for any commissioner representing that commodity  
22 and district where the grower maintains such grower's official residence.

23 ~~(f)~~ (g) Any challenge to election results for the position of commodity  
24 commissioner representing a district shall be initially reviewed by a panel  
25 of commissioners, not standing for election that year, and representing all  
26 four grain commissions. If the challenge is not resolved before the panel  
27 of commissioners, the secretary shall serve as the final arbitrator of the  
28 challenge to the election results.

29 ~~(g)~~ (h) Vacancies which may occur shall be filled for unexpired terms  
30 by appointment by the remaining commissioners.

31 ~~(h)~~ (i) The dean of the college of agriculture of Kansas state university  
32 and the secretary of the Kansas department of agriculture shall be ex  
33 officio members, without the right to vote, of each such commission. Dis-  
34 tricts are the same as crop reporting districts established for Kansas by  
35 the U.S. department of agriculture national agricultural statistic service  
36 and are as follows:

37 ~~(i)~~ (j) District I shall consist of the following counties: Cheyenne, De-  
38 catur, Graham, Norton, Rawlins, Sheridan, Sherman and Thomas.

39 District II shall consist of the following counties: Gove, Greeley, Lane,  
40 Logan, Ness, Scott, Trego, Wallace and Wichita.

41 District III shall consist of the following counties: Clark, Finney, Ford,  
42 Grant, Gray, Hamilton, Haskell, Hodgeman, Kearny, Meade, Morton,  
43 Seward, Stanton and Stevens.

1 District IV shall consist of the following counties: Clay, Cloud, Jewell,  
2 Mitchell, Osborne, Ottawa, Phillips, Republic, Rooks, Smith and  
3 Washington.

4 District V shall consist of the following counties: Barton, Dickinson,  
5 Ellis, Ellsworth, Lincoln, McPherson, Marion, Rice, Rush, Russell and  
6 Saline.

7 District VI shall consist of the following counties: Barber, Comanche,  
8 Edwards, Harper, Harvey, Kingman, Kiowa, Pawnee, Pratt, Reno,  
9 Sedgwick, Stafford and Sumner.

10 District VII shall consist of the following counties: Atchison, Brown,  
11 Doniphan, Jackson, Jefferson, Leavenworth, Marshall, Nemaha,  
12 Pottawatomie, Riley and Wyandotte.

13 District VIII shall consist of the following counties: Anderson, Chase,  
14 Coffey, Douglas, Franklin, Geary, Johnson, Linn, Lyon, Miami, Morris,  
15 Osage, Shawnee and Wabaunsee.

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

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

21 — District II shall consist of the following counties: Shawnee, Douglas,  
22 Johnson, Osage, Franklin and Miami.

23 — District III shall consist of the following counties: Coffey, Anderson,  
24 Linn, Woodson, Allen and Bourbon.

25 — District IV shall consist of the following counties: Wilson, Neosho,  
26 Crawford, Montgomery, Labette and Cherokee.

27 — District V shall consist of the following counties: Jewell, Republic,  
28 Washington, Marshall, Mitchell, Cloud, Clay, Riley, Pottawatomie, Lin-  
29 coln, Ottawa, Dickinson, Geary, Wabaunsee, Ellsworth, Saline, Morris  
30 and Lyon.

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

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

40 (k) Meetings and any records of any commission created by this  
41 act shall be open to the public to the same extent as is required by  
42 law of public boards and commissions pursuant to the open records  
43 act and the open meetings act.

Records shall include contracts entered into by any commission. (adopted 3/2/00)

1 Sec. 3. K.S.A. 2-3003 is hereby amended to read as follows: 2-3003.  
 2 Members of each commission created pursuant to K.S.A. 2-3002, and  
 3 *amendments thereto*, shall be residents of this state who have been actively  
 4 engaged in growing corn, grain sorghums or, soybeans or wheat, as  
 5 applicable, in this state for at least five (5) years immediately preceding  
 6 his or her appointment. No more than a simple majority of the members  
 7 of any such commission shall be of the same political party. Members of  
 8 each such commission attending meetings of such commission shall be  
 9 paid compensation, subsistence allowances, mileage and other expenses  
 10 as provided by K.S.A. 75-3223 such member's election.

On and after July 1, 2000,

11 Sec. 4. K.S.A. 1999 Supp. 2-3005 is hereby amended to read as fol-  
 12 lows: 2-3005. (a) In the administration of article 30 of chapter 2 of the  
 13 Kansas Statutes Annotated, and amendments thereto *this act*, each com-  
 14 mission as provided in this act shall have the following duties, authorities  
 15 and powers:

- 16 (1) To recommend to the secretary policy regarding marketing, cam-  
 17 paigns of development, education and publicity for the Kansas grain com-  
 18 modity and products made therefrom represented by it;
- 19 (2) to recommend to the secretary the acceptance of grants and  
 20 donations;
- 21 (3) to recommend the secretary enter into such contracts as may be  
 22 necessary or advisable for the purposes of this act;
- 23 (4) to recommend that the secretary cooperate with any local, state,  
 24 national or international organization or agency, whether voluntary or  
 25 created by the law of any state or by federal law, engaged in work or  
 26 activities similar to the work and activities of each commission, and to  
 27 direct the secretary to enter into contracts with such agencies or organi-  
 28 zations for carrying on campaigns of development, education or publicity;
- 29 (5) to be advisory to and cooperate and work with Kansas state uni-  
 30 versity or other educational or research facilities regarding research and  
 31 development connected with the grain commodities represented by each  
 32 commission;
- 33 (6) to recommend that the secretary submit to the national board,  
 34 established pursuant to public law 101-624, any reports required describ-  
 35 ing the manner and procedure for collection of the voluntary assessments  
 36 established on soybeans pursuant to public law 101-624;
- 37 (7) to recommend that the secretary certify to the national board,  
 38 established pursuant to public law 101-624, that assessments will be col-  
 39 lected on all of the soybeans sold within the state;
- 40 (8) to recommend that the secretary certify to the national board,  
 41 established pursuant to public law 101-624, that funds collected pursuant  
 42 to the nationally established assessment will be remitted as required by  
 43 the national board;



1 —(9)— to recommend that the secretary certify to the national board,  
2 established pursuant to public law 101-624, that requests for refunds will  
3 be honored, and

4 —(10)— to recommend that the secretary perform such other duties as  
5 may be necessary to comply with public law 101-624 pertaining to the  
6 national checkoff program for soybeans and any rules, regulations or mar-  
7 keting orders promulgated or issued thereunder.

8 —(b)— Notwithstanding any provision of article 30 of chapter 2 of the  
9 Kansas Statutes Annotated, and amendments thereto, or other law to the  
10 contrary, any determination by the secretary regarding any recommen-  
11 dation by a commission pursuant to subsection (a) may be disapproved  
12 by a vote of  $\frac{2}{3}$  of the members of the commission but nothing herein  
13 shall be construed as authorizing such commission to abrogate, limit or  
14 otherwise affect the power of the secretary to administer and supervise  
15 the internal operations and management of the department of agriculture.

16 (a) To conduct a campaign of grain commodity promotion and market  
17 development through research, education and information;

18 (b) to accept grants and donations;

19 (c) to sue and be sued;

20 (d) to contract with the secretary for the collection of assess-  
21 ments pursuant to the provisions of this act and to enter into any  
22 other such contracts as may be necessary or advisable for the purpose of  
23 this act;

24 (e) to appoint an administrator who is knowledgeable about the grain  
25 commodity and fix the compensation. With the approval of the commis-  
26 sion, the administrator may appoint such other personnel as needed. **The**  
27 **administrator and any other personnel appointed as provided in**  
28 **this subsection shall not be employees of the state of Kansas;**

29 (f) to cooperate or contract with any local, state or national organi-  
30 zation or agency, whether voluntary or created by the law of any state,  
31 or by national law, engaged in work or activities similar to the work and  
32 activities of the commission, and to enter into contracts and agreements  
33 with such organizations or agencies for carrying on a joint campaign of  
34 research, education and promotion;

35 (g) ~~prosecute in the name of Kansas~~ to bring any suit or action for  
36 the collection of assessments provided under this act;

37 (h) to establish an office of administrator at any place in this state the  
38 commission may select;

39 (i) to adopt, rescind, modify and amend all necessary and proper  
40 orders, resolutions and rules and regulations for the procedure and ex-  
41 ercise of its powers and the performance of its duties;

42 (j) to approve an annual budget and establish a reserve. Each project  
43 budgeted and approved by the commission shall include a stated objective

1 *and anticipated results; and*  
 2 (k) *to report annually to their respective commodity growers, the sec-*  
 3 *retary and house and senate agriculture committees of the Kansas legis-*  
 4 *lature. Such annual report shall include details of commission pro-*  
 5 *jects, programs and supported research including expenditures*  
 6 *and the results of an annual audit performed by a person or entity*  
 7 *that is a certified public accountant. Any commission year end re-*  
 8 *serve balance exceeding 125% of the previous five-year rolling av-*  
 9 *erage for annual expenditures for such commission also shall be*  
 10 *reported.*

11 Sec. 5. ~~√~~ K.S.A. 1999 Supp. 2-3006 is hereby amended to read as fol-  
 12 lows: 2-3006. The secretary shall have the following duties, authorities  
 13 and powers to:

- 14 (1) ~~Implement and coordinate the policies and practices of each grain~~  
 15 ~~commission represented by it;~~
- 16 ~~—(2) sue and be sued;~~
- 17 ~~—(3) prosecute in the name of Kansas any suit or action for the collec-~~  
 18 ~~tion of the assessments provided under article 30 of chapter 2 of the~~  
 19 ~~Kansas Statutes Annotated, and amendments thereto;~~
- 20 ~~—(4) adopt rules and regulations deemed necessary for the exercise of~~  
 21 ~~its powers and the performance of its duties under article 30 of chapter~~  
 22 ~~2 of the Kansas Statutes Annotated, and amendments thereto;~~
- 23 ~~—(5) hire, subject to the approval of a majority of the members of the~~  
 24 ~~commission affected, an administrator for such commission;~~
- 25 ~~—(6) hire such clerical and other personnel deemed necessary to carry~~  
 26 ~~out the provisions of article 30 of chapter 2 of the Kansas Statutes An-~~  
 27 ~~notated, and amendments thereto;~~
- 28 ~~—(7) Hire such clerical and other personnel deemed necessary to carry~~  
 29 ~~out the provisions of this act;~~
- 30 (2) establish recordkeeping requirements deemed necessary by the  
 31 commodity commission affected; ~~and~~
- 32 ~~(8) (3) inspect and audit any records required to be kept pursuant to~~  
 33 ~~article 30 of chapter 2 of the Kansas Statutes Annotated, and amendments~~  
 34 ~~thereto. this act; and~~
- 35 (4) **contract with the corn, grain sorghum, soybean and wheat**  
 36 **commissions for the collection of assessment as provided by this**  
 37 **act and enter into any other contracts necessary to carry out the pro-**  
 38 **visions of this act.**

On and after July 1, 2000,

39 Sec. 6. ~~√~~ K.S.A. 1999 Supp. 2-3007 is hereby amended to read as fol-  
 40 lows: 2-3007. (a) There is hereby levied an assessment ~~[of five mills per~~  
 41 ~~bushel]~~ upon grain sorghum marketed through commercial channels in  
 42 the state of Kansas. There is hereby levied an assessment ~~[of five mills per~~  
 43 ~~bushel]~~ upon corn marketed through commercial channels in the state of

The grain sorghum commission shall set the assessment at a rate of not more than five mills per bushel.

1 Kansas. There is hereby levied an assessment ~~of 20 mills per bushel~~  
 2 upon soybeans marketed through commercial channels in the state of  
 3 Kansas. ~~The soybean commission shall set the assessment at a rate of not~~  
 4 ~~more than 20 mills per bushel. The soybean commission shall not change~~  
 5 ~~the assessment rate, either to increase or reduce, more than once a year.~~  
 6 There is hereby levied an assessment ~~of 10 mills per bushel~~ upon wheat  
 7 marketed through commercial channels in the state of Kansas. ~~The wheat~~  
 8 ~~commission shall set the assessment at a rate of not more than ten mills~~  
 9 ~~per bushel. The commission shall not change the assessment rate, either~~  
 10 ~~to increase or reduce, more than once a year.~~ Such assessment shall be  
 11 levied and assessed to the grower at the time of sale, and shall be shown  
 12 as a deduction by the first purchaser from the price paid in settlement to  
 13 the grower. Under the provisions of this act, no corn, grain sorghum or,  
 14 soybeans or wheat shall be subject to the assessment more than once.  
 15 The ~~secretary~~ commission shall furnish to every first purchaser receipt  
 16 forms which shall be issued by such first purchaser to the grower upon  
 17 the payment of such assessment. The form shall indicate thereon the  
 18 procedure by which the grower may obtain a refund of any such assess-  
 19 ment, except a refund shall not be issued unless the amount of the refund  
 20 is \$5 or more. Within one year after any and all sales during such period  
 21 the grower may upon submission of a request therefor to the ~~secretary~~  
 22 ~~commission~~, obtain a refund in the amount of the assessments deducted  
 23 by the first purchaser. Such request shall be accompanied by evidence of  
 24 the payment of the assessments which need not be verified.

The corn commission shall set the assessment at a rate of not more than five mills per bushel.

The soybean commission shall set the assessment at a rate of not more than 20 mills per bushel.

The wheat commission shall set the assessment at a rate of not more than 10 mills per bushel. Any commission shall not change the assessment rate, either to increase or reduce, more than once a year. (adopted 3/2/00)

25 (b) The ~~secretary~~ commission shall keep complete records of all re-  
 26 funds made under the provisions of this section. Records of refunds may  
 27 be destroyed two years after the refund is made. All funds expended by  
 28 the commission in the administration of ~~article 30 of chapter 2 of the~~  
 29 ~~Kansas Statutes Annotated, and amendments thereto, this act~~ and for the  
 30 payment of all claims ~~whatsoever~~ growing out of the performance of any  
 31 duties or activities pursuant to ~~article 30 of chapter 2 of the Kansas Stat-~~  
 32 ~~utes Annotated, and amendments thereto, this act~~ shall be paid from the  
 33 proceeds derived from such assessment. In the case of a lien holder who  
 34 is a first purchaser as defined ~~herein in this act~~, the assessment shall be  
 35 deducted by the lien holder from the proceeds of the claim secured by  
 36 such lien at the time the corn, grain sorghum or, soybeans or wheat are  
 37 pledged or mortgaged. The assessment shall constitute a preferred lien  
 38 and shall have priority over all other liens and encumbrances upon such  
 39 corn, grain sorghum or, soybeans or wheat. The assessment shall be de-  
 40 ducted and paid as ~~herein~~ provided in this section whether such corn,  
 41 grain sorghum or, soybeans or wheat are stored in this or any other state.

42 (c) Any corn or, grain sorghum, soybean or wheat acquired by a  
 43 grower as defined in K.S.A. 2-3001, and amendments thereto, under the

1 provisions of any federal ~~payment-in-kind (PIK)~~ program shall be subject  
2 to the provisions of this section.

3 (d) No assessments for soybeans shall be collected pursuant to sub-  
4 section (a) while the national checkoff program for soybeans, established  
5 pursuant to public law 101-624, remains in effect. Collection of assess-  
6 ments pursuant to subsection (a) shall be reinstated upon the withdrawal  
7 of the national checkoff program for soybeans, established pursuant to  
8 public law 101-624.

9 Sec. 7. ~~K.S.A. 1999 Supp. 2-3008~~ is hereby amended to read as fol-  
10 lows: 2-3008. (a) ~~Except as provided in K.S.A. 2-3012, and amendments~~  
11 ~~thereto~~, The assessment hereby imposed pursuant to this act shall on or  
12 before the 20th day of the calendar month following the date of settle-  
13 ment be paid by the purchaser to the ~~secretary commission~~ secretary.  
14 The ~~secretary commission~~ secretary shall issue a receipt to the purchaser  
15 therefor and shall remit all moneys received in payment of such assess-  
16 ment to the state treasurer at least monthly. Upon receipt of each such  
17 remittance the state treasurer shall deposit the entire amount thereof in  
18 the state treasury. Twenty percent of each such deposit shall be credited  
19 to the state general fund and the amount of the balance of each such  
20 deposit which is derived from the assessment of each respective grain  
21 shall be credited to the Kansas corn commission fund, the Kansas grain  
22 sorghum commission fund and the Kansas soybean commission fund, re-  
23 spectively. Money derived from the assessment of each respective grain  
24 shall be credited only to the fund established for such grain. Whenever  
25 refunds are made from the Kansas corn commission fund, the Kansas  
26 grain sorghum commission fund or the Kansas soybean commission fund,  
27 the amounts credited to the state general fund from subsequent deposits  
28 in the state treasury pursuant to this section shall be reduced by amounts  
29 which equal 20% of such refunds.

30 ~~—(b) All money so credited to the Kansas corn commission fund, Kan-~~  
31 ~~sas grain sorghum commission fund and Kansas soybean commission fund~~  
32 ~~shall be expended for the respective grain commissions in the adminis-~~  
33 ~~tration of article 30 of chapter 2 of the Kansas Statutes Annotated, and~~  
34 ~~amendments thereto, and for the payment of claims based upon obliga-~~  
35 ~~tions incurred in the performance of the activities and functions set forth~~  
36 ~~in article 30 of chapter 2 of the Kansas Statutes Annotated, and amend-~~  
37 ~~ments thereto, and for no other purpose.~~

38 ~~—(c) All expenditures from such funds shall be made in accordance~~  
39 ~~with appropriation acts upon warrants of the director of accounts and~~  
40 ~~reports issued pursuant to vouchers approved by the secretary for each~~  
41 ~~respective grain commission or by a person or persons designated by the~~  
42 ~~secretary.~~

43 ~~—(d) Assessments collected pursuant to the national checkoff program~~

On and after July 1, 2000,

1 for soybeans, established pursuant to public law 101-624 shall be depos-  
 2 ited in the soybean promotion and research fee fund, created in K.S.A.  
 3 2-3013, and amendments thereto. *for such assessment.* The secretary  
 4 shall deposit all moneys received in payment of such assessment  
 5 in a bank account established in the name of the commission in  
 6 accordance with the provisions of this act.

7 (b) Each bank account used in operating and conducting the com-  
 8 mission's duties shall be secured by a pledge of securities in the manner  
 9 prescribed for state bank accounts as provided under K.S.A. 75-4218, and  
 10 amendments thereto.

11 Sec. 8. ~~K.S.A. 1999 Supp. 2-3009 is hereby amended to read as fol-~~  
 12 ~~lows: 2-3009. If any the grain assessment is not paid to the secretary~~  
 13 ~~commission secretary as provided in article 30 of chapter 2 of the Kansas~~  
 14 ~~Statutes Annotated K.S.A. 2-3007, and amendments thereto, or within 10~~  
 15 ~~days thereafter, the lien thereby created shall may within one year after~~  
 16 ~~the expiration of such 10-day period be foreclosed after the expiration of~~  
 17 ~~such ten-day period in the district court of in any court having jurisdiction~~  
 18 ~~in the county in which the grain was grown, or sold, or in which such~~  
 19 ~~grain may be found, or in which such grain may have been commingled~~  
 20 ~~with other like grain.~~

On and after July 1, 2000,

21 Sec. 9. ~~K.S.A. 1999 Supp. 2-3013 is hereby amended to read as fol-~~  
 22 ~~lows: 2-3013. (a) Any assessment collected pursuant to the national check-~~  
 23 ~~off program for soybeans, established pursuant to public law 101-624,~~  
 24 ~~shall be paid to the division commission on or before the 20th day of the~~  
 25 ~~calendar year following the date of settlement and shall be paid by the~~  
 26 ~~purchaser of the soybeans to the secretary. The secretary shall issue a~~  
 27 ~~receipt to the purchaser and shall remit all moneys received in payment~~  
 28 ~~of such assessment to the state treasurer at least monthly. Upon receipt~~  
 29 ~~of each such remittance, the state treasurer shall deposit the entire~~  
 30 ~~amount thereof in the state treasury. Twenty percent of that portion of~~  
 31 ~~each deposit that will be retained by the state soybean commission shall~~  
 32 ~~be credited to the state general fund pursuant to subsection (d)(4) of~~  
 33 ~~K.S.A. 75-3170a, and amendments thereto, and the amount of the balance~~  
 34 ~~of each deposit which is derived from the assessment shall be credited to~~  
 35 ~~the soybean promotion and research fee fund which is hereby created.~~  
 36 ~~commission.~~

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

40 (c) All money so credited to the soybean promotion and research fee  
 41 fund commission shall be expended for the soybean commission in the  
 42 administration of the national checkoff program for soybeans, established  
 43 pursuant to public law 101-624, the administration of article 30 of chapter

1-12

1 2 of the Kansas Statutes Annotated, and amendments thereto, and for  
2 the payment of claims upon obligations incurred in the performance of  
3 the activities and functions set forth in article 30 of chapter 2 of the Kansas  
4 Statutes Annotated, and amendments thereto, and for no other 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 secretary for the  
8 soybean commission or by a person or persons designated by the  
9 secretary.~~

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

14 New Sec. 10. (a) ~~On the effective date of this act,~~ the balance of all  
15 funds **and all liabilities** associated with the grain commodities pursuant  
16 to K.S.A. 2-2601 *et seq.* as in effect prior to ~~the effective date of this act~~  
17 and K.S.A. 2-3001 *et seq.*, and amendments thereto, shall **transfer be paid**  
18 **and liabilities be transferred** to each respective commission created  
19 by this act.

Except for funds necessary to pay payroll expenses incurred through June 30, 2000, and payable in July, 2000, on and after July 1, 2000,

July 1, 2000,

Any remaining funds of the money retained for payroll expenses shall be paid to the respective commission created by this act.

20 (b) **Except as otherwise provided by this act, all of the powers,  
21 duties and functions of the department of agriculture with regard  
22 to the corn, grain sorghum and soybean commission and the Kan-  
23 sas wheat commission are hereby transferred to and conferred and  
24 imposed upon the respective corn, grain sorghum, soybean and  
25 wheat commissions established by the act.**

26 (c) **Except as otherwise provided by this act, the corn, grain  
27 sorghum, soybean and wheat commissions established by this act  
28 shall be the successor in every way to the powers, duties and func-  
29 tions of the department of agriculture with regard to the corn,  
30 grain sorghum and soybean commissions and the Kansas wheat  
31 commission in which the same were vested prior to ~~the effective  
32 date of this act.~~ Every act performed in the exercise of such pow-  
33 ers, duties and functions by or under the authority of the depart-  
34 ment of agriculture with regard to the corn, grain sorghum and  
35 soybean commissions and the Kansas wheat commission estab-  
36 lished by this act shall be deemed to have the same force and effect  
37 as if performed by the respective corn, grain sorghum, soybean  
38 and wheat commission, respectively in which such powers, duties  
39 and functions were vested prior to ~~the effective date of this act.~~**

July 1, 2000

40 (d) **Except as otherwise provided by this act, whenever the de-  
41 partment of agriculture with regard to the corn, grain sorghum  
42 and soybean commissions and the Kansas wheat commission, or  
43 words of like effect, is referred to or designated by a statute, con-**

1 tract or other document, such reference or designation shall be  
2 deemed to apply to the respective corn, grain sorghum, soybean  
3 and wheat commission established by this act.

4 (e) On the effective date of this act, all property of the Kansas  
5 wheat commission prior to ~~the effective date of this act~~ shall be-  
6 come the property of the wheat commission established by this act.

July 1, 2000,

7 New Sec. 11. There is hereby created in the state treasury the  
8 grain commodities commission services fund. All moneys received  
9 by the department of agriculture for services performed by the  
10 department for the grain commodities commission created pur-  
11 suant to the provisions of K.S.A. 2-3001 *et seq.* and section 10, and  
12 amendments thereto, shall be remitted to the state treasurer. The  
13 state treasurer shall deposit the entire amount in the state treasury  
14 and credit it to the grain commodities commission services fund.  
15 All costs and expenses incurred by the department in providing  
16 services to the grain commodities commissions shall be paid from  
17 the grain commodities commission services fund. All expenditures  
18 from the grain commodities commission services fund shall be  
19 made in accordance with appropriation acts upon warrants of the  
20 director of accounts and reports issued pursuant to vouchers ap-  
21 proved by the secretary.

On and after July 1, 2000,

22 Sec. 12. K.S.A. 1999 Supp. 74-574 is hereby amended to read  
23 as follows: 74-574. The following programs and functions are  
24 hereby transferred from the division of marketing, department of  
25 agriculture, and conferred upon the secretary of agriculture: (a)  
26 The functions relating to standards, grades, and classifications for  
27 agricultural products and receptacles, pursuant to K.S.A. 74-531,  
28 74-532, and 74-534, and amendments thereto; (b) the functions  
29 relating to labeling of agricultural products established under  
30 K.S.A. 2-2306, and amendments thereto; and (c) the functions relat-  
31 ing to grain commissions established under K.S.A. 2-3001 through 2-  
32 3013, and amendments; and (d) functions relating to the grape and  
33 wine industry advisory council established by K.S.A. 1999 Supp.  
34 74-552, and amendments thereto.

35 Sec. 13. K.S.A. 75-3170a is hereby amended to read as follows:  
36 75-3170a. (a) The 20% credit to the state general fund required by  
37 K.S.A. 1-204, ~~2-2609, 2-3008, 2-3013,~~ 9-1703, 16-609, 16a-2-302, 17-  
38 1271, 17-2236, 17-5609, 17-5610, 17-5612, 17-5701, 20-1a02, 20-  
39 1a03, 31-133a, 31-134, 44-324, 44-926, 47-820, 49-420, 55-155, 55-  
40 176, 55-609, 55-711, 55-901, 58-2011, 58-3074, 58-4107, 65-6b10,  
41 65-1718, 65-1817a, 65-2011, 65-2855, 65-2911, 65-4610, 65-5413,  
42 65-5513, 66-1,155, 66-1503, 74-715, 74-1108, 74-1405, 74-1503,  
43 74-1609, 74-2704, 74-3903, 74-5805, 74-7009, 74-7506, 75-1119b,

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1 75-1308 and 75-1514 and 2-3506, 84-9-411 and 84-9-413, and  
 2 amendments thereto, is to reimburse the state general fund for  
 3 accounting, auditing, budgeting, legal, payroll, personnel and pur-  
 4 chasing services, and any and all other state governmental serv-  
 5 ices, which are performed on behalf of the state agency involved  
 6 by other state agencies which receive appropriations from the  
 7 state general fund to provide such services.

8 (b) Nothing in this act or in the sections amended by this act  
 9 or referred to in subsection (a), shall be deemed to authorize re-  
 10 mittances to be made less frequently than is authorized under  
 11 K.S.A. 75-4215 and amendments thereto.

12 (c) Notwithstanding any provision of any statute referred to in  
 13 or amended by this act or referred to in subsection (a), whenever  
 14 in any fiscal year such 20% credit to the state general fund in re-  
 15 lation to any particular fee fund is \$200,000, in that fiscal year the  
 16 20% credit no longer shall apply to moneys received from sources  
 17 applicable to such fee fund and for the remainder of such year the  
 18 full 100% so received shall be credited to such fee fund, except as  
 19 otherwise provided in subsection (d) and except that during the  
 20 fiscal year ending June 30, 1993, with respect to the fire marshal  
 21 fee fund, when the 20% credit to the state general fund prescribed  
 22 by K.S.A. 31-133a, 31-134 and 75-1514 and amendments thereto,  
 23 in the aggregate, is \$400,000, then in that fiscal year such 20%  
 24 credit no longer shall apply to moneys received from sources ap-  
 25 plicable to the fire marshal fee fund and for the remainder of such  
 26 fiscal year the full 100% so received shall be credited to the fire  
 27 marshal fee fund.

28 ~~(d) Notwithstanding any provision of K.S.A. 2-2600 and 2-3008 and~~  
 29 ~~amendments thereto or any provision of any statute referred to in sub-~~  
 30 ~~section (a), the 20% credit to the state general fund no longer shall apply~~  
 31 ~~to moneys received from sources applicable to the grain research and~~  
 32 ~~market development agencies funds, as specified for each such fund by~~  
 33 ~~this subsection, and for the remainder of a fiscal year the full 100% of~~  
 34 ~~the moneys so received shall be credited to the appropriate fund of such~~  
 35 ~~funds, whenever in any fiscal year.~~

36 ~~—(1) With respect to the Kansas wheat commission fund, such 20%~~  
 37 ~~credit to the state general fund in relation to such fund in that fiscal year~~  
 38 ~~is equal to that portion of \$100,000 that bears the same proportion to~~  
 39 ~~\$100,000 as the amount credited to the Kansas wheat commission fund~~  
 40 ~~during the preceding fiscal year bears to the total of the amounts credited~~  
 41 ~~to the Kansas wheat commission fund, the Kansas corn commission fund,~~  
 42 ~~the Kansas grain sorghum commission fund and the Kansas soybean com-~~  
 43 ~~mission fund during the preceding fiscal year;~~



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1 ~~—(2) with respect to the Kansas corn commission fund, such 20% credit~~  
 2 ~~to the state general fund in relation to such fund in that fiscal year is~~  
 3 ~~equal to that portion of \$100,000 that bears the same proportion to~~  
 4 ~~\$100,000 as the amount credited to the Kansas corn commission fund~~  
 5 ~~during the preceding fiscal year bears to the total of the amounts credited~~  
 6 ~~to the Kansas wheat commission fund, the Kansas corn commission fund,~~  
 7 ~~the Kansas grain sorghum commission fund and the Kansas soybean com-~~  
 8 ~~mission fund during the preceding year;~~

9 ~~—(3) with respect to the Kansas grain sorghum commission fund, such~~  
 10 ~~20% credit to the state general fund in relation to such fund in that fiscal~~  
 11 ~~year is equal to that portion of \$100,000 that bears the same proportion~~  
 12 ~~to \$100,000 as the amount credited to the Kansas grain sorghum com-~~  
 13 ~~mission fund during the preceding fiscal year bears to the total of the~~  
 14 ~~amounts credited to the Kansas wheat commission fund, the Kansas corn~~  
 15 ~~commission fund, the Kansas grain sorghum commission fund and the~~  
 16 ~~Kansas soybean commission fund during the preceding fiscal year; and~~

17 ~~—(4) with respect to the Kansas soybean commission fund, such 20%~~  
 18 ~~credit to the state general fund in relation to such fund in that fiscal year~~  
 19 ~~is equal to that portion of \$100,000 that bears the same proportion to~~  
 20 ~~\$100,000 as the amount credited to the Kansas soybean commission fund~~  
 21 ~~during the preceding fiscal year bears to the total of the amounts credited~~  
 22 ~~to the Kansas wheat commission fund, the Kansas corn commission fund,~~  
 23 ~~the Kansas grain sorghum commission fund and the Kansas soybean com-~~  
 24 ~~mission fund during the preceding fiscal year.~~

25 ~~—(c) As used in this section, “grain research and market development~~  
 26 ~~agencies” means the Kansas wheat commission, the Kansas corn com-~~  
 27 ~~mission, the Kansas grain sorghum commission and the Kansas soybean~~  
 28 ~~commission. Such agencies have been created to fund appropriate re-~~  
 29 ~~search projects; to conduct campaigns of development, education and~~  
 30 ~~publicity; and to find new markets or maintain existing markets for com-~~  
 31 ~~modities and products made from those commodities, among their other~~  
 32 ~~duties. Such grain research and market development agencies shall be~~  
 33 ~~funded by an assessment collected from the grower at the time of the~~  
 34 ~~sale of such commodity by the first purchaser. The assessment shall be~~  
 35 ~~sent to the proper grain research and market development agency.~~

36 ~~Sec. 14. K.S.A. 2-2601, 2-2602, 2-2603, 2-2604, 2-2605, 2-2606,~~  
 37 ~~2-2607, 2-2608, 2-2609, 2-2610, 2-2612 and 2-3003 and 75-3170a and~~  
 38 ~~K.S.A. 1999 Supp. 2-2613, 2-3001, 2-3002, 2-3005, 2-3006, 2-3007, 2-~~  
 39 ~~3008, 2-3009 and 2-3013 and 74-574 are hereby repealed.~~

40 ~~Sec. 15. This act shall take effect and be in force from and after~~  
 41 ~~its publication in the statute book.~~

**(Suggested by Department of Agriculture)**

New Sec. 14. (a) Employment positions in the Kansas wheat commission shall be abolished effective June 30, 2000. Thirty-day notice prior to June 30, 2000, shall be given by the chairman of the wheat commission to employees in the positions abolished by this act. No bumping rights shall attach to the abolished positions. No further action shall be required in order to abolish these positions.

(b) The provisions of this section shall take effect May 31, 2000.

New Sec. 15. (a) Those positions in the department of agriculture which, in the opinion of the secretary of agriculture, are not necessary to perform the powers, duties and functions of the department of agriculture concerning administration of the grain commodity commissions shall be abolished on June 30, 2000. Thirty-day notice prior to June 30, 2000, shall be given by the secretary of agriculture to employees in those positions determined to be unnecessary by the secretary. No bumping rights shall attach to the positions deemed unnecessary by the secretary of agriculture. No further action shall be required in order to abolish these positions.

(b) The provisions of this section shall take effect May 31, 2000.

And renumber remaining sections accordingly.

On and after July 1, 2000,

Kansas register

# Substitute for HOUSE BILL No. 2527

By Committee on Agriculture

Proposed Amendments  
March 10, 2000

3-24

*Senate Agriculture*  
*3-14-00*  
*Attachment 2*

9 AN ACT concerning ~~state moneys, providing for~~ agricultural production  
10 loans; amending K.S.A. 75-4209 and 75-4237 and repealing the existing  
11 sections.  
12

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

14 New Section 1. The provisions of sections 1 through 7, and amend-  
15 ments thereto, shall be known and may be cited as the Kansas agricultural  
16 production loan deposit program.

17 New Sec. 2. As used in ~~this act~~: (a) "Agricultural production loan  
18 deposit" means an investment account placed by the director of invest-  
19 ments under the provisions of article 42 of chapter 75 of the Kansas  
20 Statutes Annotated with an eligible lending institution for the purpose of  
21 carrying out the intent of this act;

22 (b) "agricultural production loan deposit loan package" means the  
23 forms provided by the state treasurer for the purpose of applying for an  
24 agricultural production loan deposit;

25 (c) "eligible lending institution" means a bank, as defined under  
26 K.S.A. 75-4201, and amendments thereto, that agrees to participate in  
27 the Kansas agricultural production loan deposit program and is eligible  
28 to be a depository of state funds; and

29 (d) "eligible agricultural borrower" means any ~~person~~ partnership or  
30 family farm corporation as defined in K.S.A. 17-5903 and amendments  
31 thereto involved in farming.

32 New Sec. 3. (a) The state treasurer is hereby authorized to admin-  
33 ister the Kansas agricultural production loan deposit program. Such pro-  
34 gram shall be for the purpose of providing incentives for the making of  
35 agricultural production loans. The state treasurer shall promulgate rules  
36 and regulations to carry out the provisions of ~~this act~~.

37 (b) The state treasurer shall submit an annual report outlining the  
38 status of the program to the governor and the legislature.

39 New Sec. 4. (a) The state treasurer is hereby authorized to dissemi-  
40 nate information and to provide agricultural production loan deposit loan  
41 packages to the lending institutions eligible for participation in this act.

42 (b) The agricultural production loan deposit loan package shall be  
43 completed by the borrower before being forwarded to the lending insti-

sections 1 through 7, and amendments thereto,

(1)

; or  
(2) an institution of the farm credit system organized under the federal farm credit act of 1971 (12 U.S.C. 2001), as amended, that agrees to participate in the Kansas agricultural production loan deposit program and provides securities accepted by the pooled money investment board pursuant to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto

individual, limited liability agricultural company, limited agriculture

sections 1 through 7, and amendments thereto

1 tution for consideration.

2 (c) (1) An eligible lending institution that agrees to receive an agri-  
3 cultural production loan deposit shall accept and review applications for  
4 loans from eligible agricultural borrowers. The lending institution shall  
5 apply all usual lending standards to determine the credit worthiness of  
6 eligible agricultural borrowers. No single agricultural production loan de-  
7 posit loan shall exceed \$250,000. The total aggregate amount of agricul-  
8 tural production loan deposit loans under this program shall not exceed  
9 \$50,000,000.

10 (2) To be eligible to obtain an agricultural production loan, an eligible  
11 agricultural borrower must have a debt-to-asset ratio of 40% or greater.

[ of unencumbered funds pursuant to article 42 of chapter 75 of the Kansas  
Statutes Annotated, and amendments thereto

12 (3) Only one agricultural production loan deposit loan shall be made  
13 and be outstanding at any one time to any agricultural borrower.

14 (4) No loan shall be amortized for a period of more than eight years.

15 (d) An eligible agricultural borrower shall certify on its loan applica-  
16 tion that the reduced rate loan will be used exclusively for the ~~purposes~~  
17 ~~of this act~~

[ operating expenses involved in farming

18 (e) The eligible lending institution may approve or reject an agricul-  
19 tural production loan deposit loan package based on the lending institu-  
20 tion's evaluation of the eligible agricultural borrowers included in the  
21 package, the amount of the individual loan in the package and other  
22 appropriate considerations.

23 (f) The eligible lending institution shall forward to the state treasurer,  
24 an approved agricultural production loan deposit loan package, in the  
25 form and manner prescribed and approved by the state treasurer. The  
26 package shall include information regarding the amount of the loan re-  
27 quested by each eligible agricultural borrower and such other information  
28 regarding each eligible agricultural borrower the state treasurer requires,  
29 including a certification by the applicant that such applicant is an eligible  
30 agricultural borrower.

31 New Sec. 5. (a) The state treasurer may accept or reject an agricul-  
32 tural production loan deposit loan package based on the state treasurer's  
33 evaluation of whether the loan to the eligible agricultural borrower meets  
34 the purposes of this act. If sufficient funds are not available for an agri-  
35 cultural production loan deposit, then the applications may be considered  
36 in the order received when funds are once again available subject to a  
37 review by the lending institution.

38 (b) Upon acceptance, the state treasurer shall certify to the director  
39 of investments the amount required for such agricultural production loan  
40 deposit loan package and the director of investments shall place an agri-  
41 cultural production loan deposit in the amount certified by the state  
42 treasurer with the eligible lending institution at an interest rate, which is  
43 2% below the market rate provided in K.S.A. 75-4237, and amendments

1 thereto. When necessary, the state treasurer may request the director of  
2 investments to place such agricultural production loan deposit prior to  
3 acceptance of an agricultural production loan deposit loan package.

4 (c) The eligible lending institution shall enter into an agricultural pro-  
5 duction loan deposit agreement with the state treasurer, which shall in-  
6 clude requirements necessary to implement the purposes of the Kansas  
7 agricultural production loan deposit program. Such requirements shall  
8 include an agreement by the eligible lending institution to lend an amount  
9 equal to the agricultural production loan deposit to eligible agricultural  
10 borrowers at an interest rate which is not more than 2% above the market  
11 rate as determined under K.S.A. 75-4237, and amendments thereto. The  
12 agreement shall include provisions for the agricultural production loan  
13 deposit to be placed for a maturity considered appropriate in coordination  
14 with the underlying agricultural production loan. The agreement shall  
15 include provisions for the reduction of the agricultural production loan  
16 deposit in an amount equal to any payment of loan principal by the eligible  
17 agricultural borrower.

18 New Sec. 6. (a) Upon the placement of an agricultural production  
19 loan deposit with an eligible lending institution, the institution shall fund  
20 the loan to each approved eligible agricultural borrower listed in the ag-  
21 ricultural production loan deposit loan package in accordance with the  
22 agricultural production loan deposit agreement between the institution  
23 and the state treasurer. The loan shall be at a rate as provided in section  
24 5 and amendments thereto. A certification of compliance with this section  
25 in the form and manner as prescribed by the state treasurer shall be  
26 required of the eligible lending institution.

27 (b) The state treasurer shall take any and all steps necessary to im-  
28 plement the Kansas agricultural production loan deposit program.

29 New Sec. 7. The state and the state treasurer shall not be liable to  
30 any eligible lending institution in any manner for payment of the principal  
31 or interest on the loan to an eligible agricultural borrower. Any delay in  
32 payments or default on the part of an eligible agricultural borrower does  
33 not in any manner affect the agricultural production loan deposit agree-  
34 ment between the eligible lending institution and the state treasurer.

35 ~~New Sec. 8. The provisions of this act shall expire on July 1, 2002.~~

36 Sec. 9. K.S.A. 75-4209 is hereby amended to read as follows: 75-  
37 4209. (a) The director of investments may invest and reinvest state mon-  
38 eys eligible for investment which are not invested in accordance with  
39 K.S.A. 75-4237, in the following investments:

40 (1) Direct obligations of, or obligations that are insured as to principal  
41 and interest by, the United States of America or any agency thereof and  
42 obligations and securities of the United States sponsored enterprises  
43 which under federal law may be accepted as security for public funds, on

Renumber remaining sections accordingly

2-4

1 and after the effective date of this act moneys available for investment  
2 under this subsection shall not be invested in mortgage-backed securities  
3 of such enterprises and of the government national mortgage association,  
4 except that any such mortgage-backed securities held prior to the effective  
5 date of this act may be held to maturity;

6 (2) repurchase agreements with a bank or a primary government securities  
7 dealer which reports to the market reports division of the federal  
8 reserve bank of New York for direct obligations of, or obligations that are  
9 insured as to principal and interest by, the United States government or  
10 any agency thereof and obligations and securities of United States government  
11 sponsored enterprises which under federal law may be accepted  
12 as security for public funds;

13 (3) commercial paper that does not exceed 270 days to maturity and  
14 which has received one of the two highest commercial paper credit ratings  
15 by a nationally recognized investment rating firm.

16 (b) When moneys are available for deposit or investments, the director  
17 of investments may invest in SKILL act projects and bonds pursuant  
18 to K.S.A. 1997 Supp. 74-8920, and amendments thereto, and in state  
19 agency bonds and bond projects.

20 (c) When moneys are available for deposits or investments, the director  
21 of investments may invest in preferred stock of Kansas venture  
22 capital, inc., under terms and conditions prescribed by K.S.A. 74-8203,  
23 and amendments thereto, but such investments shall not in the aggregate  
24 exceed a total amount of \$10,000,000.

25 (d) When moneys are available for deposits or investments, the director  
26 of investments may invest in loans pursuant to legislative mandates,  
27 except that not more than the lesser of 10% or \$80,000,000 of the state  
28 moneys shall be invested.

29 (e) Interest on investment accounts in banks is to be paid at maturity,  
30 but not less than annually.

31 (f) Investments made by the director of investments under the provisions  
32 of this section shall be made with judgment and care, under circumstances  
33 then prevailing, which persons of prudence, discretion and intelligence  
34 exercise in the management of their own affairs, not for speculation,  
35 but for investment, considering the probable safety of their capital  
36 as well as the probable income to be derived.

37 (g) Investments under subsection (a) or (b) of this section or under  
38 K.S.A. 75-4237 shall be for a period not to exceed four years, *except that*  
39 *agricultural production loan deposits authorized under the provisions of*  
40 *sections 1 through 7, shall not exceed a period of eight years.*

41 (h) Investments in securities under paragraph (1) of subsection (a)  
42 shall be limited to securities which do not have any more interest rate  
43 risk than do direct United States government obligations of similar ma-

and amendments thereto,

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1 turities. For purposes of this subsection, "interest rate risk" means market  
2 value changes due to changes in current interest rates.

3 (i) The director of investments shall not invest state moneys eligible  
4 for investment under subsection (a), in the municipal investment pool  
5 fund, created under K.S.A. 1997 Supp. 12-1677a, and amendments  
6 thereto.

7 (j) The director of investments shall not invest moneys in the pooled  
8 money investment portfolio in derivatives. As used in this subsection,  
9 "derivatives" means a financial contract whose value depends on the value  
10 of an underlying asset or index of asset values.

11 (k) Moneys and investments in the pooled money investment port-  
12 folio shall be invested and reinvested by the director of investments in  
13 accordance with investment policies developed, approved, published and  
14 updated on an annual basis by the board. Such investment policies shall  
15 include at a minimum guidelines which identify credit standards, eligible  
16 instruments, allowable maturity ranges, methods for valuing the portfolio,  
17 calculating earnings and yields and limits on portfolio concentration for  
18 each type of investment. Any changes in such investment policies shall  
19 be approved by the pooled money investment board. Such investment  
20 policies may specify the contents of reports, methods of crediting funds  
21 and accounts and other operating procedures.

22 (l) The board shall adopt rules and regulations to establish an overall  
23 percentage limitation on the investment of moneys in investments au-  
24 thorized under paragraph (3) of subsection (a), and within such author-  
25 ized investment, the board shall establish a percentage limitation on the  
26 investment in any single business entity.

27 Sec. 10. K.S.A. 75-4237 is hereby amended to read as follows: 75-  
28 4237. (a) The director of investments shall accept requests from banks  
29 interested in obtaining investment accounts of state moneys. Such re-  
30 quests may be submitted any business day and shall specify the dollar  
31 amount, maturity or maturity range and interest rate. *Except as provided*  
32 *in subsection (c)*, if the interest rate bid by the bank is at or greater than  
33 the market rate determined by the director of investments in accordance  
34 with subsection (b), the director of investments is authorized to award  
35 the investment account to the bidding bank at the market rate. Awards  
36 of investment accounts pursuant to this section shall be subject to in-  
37 vestment policies of the pooled money investment board. When multiple  
38 bids are received and are in excess of the amount available for investment  
39 that day for any maturity, awards shall be made available in ascending  
40 order from smallest to largest dollar amount bid, subject to investment  
41 policies of the board.

42 (b) The market rate shall be determined each business day by the  
43 director of investments, in accordance with any procedures established

1 by the pooled money investment board. Subject to any policies of the  
2 board, the market rate shall reflect the highest rate at which state moneys  
3 can be invested on the open market in investments authorized by sub-  
4 section (a) of K.S.A. 75-4209 and amendments thereto for equivalent  
5 maturities.

6 (c) *Notwithstanding the provisions of this section, agricultural pro-*  
7 *duction loan deposits made pursuant to the provisions of sections 1*  
8 *through 7 and amendments thereto, shall be at 2% less than the market*  
9 *rate provided by this section.*

10 ~~Sec. 11. K.S.A. 75-4209 and 75-4237 are hereby repealed.~~

11 Sec. 12. This act shall take effect and be in force from and after its  
12 publication in the Kansas register.

New Sections 10, 11 and 12 - See attached  
Renumber remaining sections accordingly

New Sec. 10. (a) On and after the effective date of this act and prior to July 1, 2004, a state bank or national banking association which extends or renews an agricultural production loan under the provisions of this section to an eligible agricultural borrower at an interest rate which is at least one whole percentage point less than the prime interest rate then specified by the bank on such loans with equivalent collateral, and a state bank or national banking association which reduces the rate of interest being charged on any outstanding agricultural production loan to an eligible agricultural borrower by at least one whole percentage point shall receive a credit against its tax liability pursuant to K.S.A. 79-1106 et seq., for taxable years commencing after December 31, 1999, to the extent hereinafter provided. Such tax credit shall be allowed for such interest rate reductions upon agricultural production loans having a total principal amount not exceeding 15% of the amount of such loans reflected in the bank's report of condition filed with the federal deposit insurance corporation as of December 31, 1999.

(b) For the purposes of this section, the term "eligible agricultural borrower" means any person, limited agricultural partnership, limited liability agricultural company or family farm corporation, as defined in K.S.A. 17-5903, and amendments thereto, located in the state of Kansas, having an agricultural production loan which has been classified as substandard or doubtful: (1) by any banking regulator, the farm credit administration or a district farm credit system institution which is subject to review by the farm credit administration; or (2) by the designated loan committee of such banking association prior to examination for classification eligibility by the banking regulator, the farm credit administration or a district farm credit system institution which is subject to review by the farm credit administration.

(c) An interest rate reduction may be applied under the provisions of this section only when the eligible borrower can be reasonably expected to service the principal and interest for the term of such person's loan.

(d) The total credit against tax liability shall be the amount by which the interest income to the state bank or national banking association on and after the effective date of this act and prior to July 1, 2004, has been reduced on such loans because of such reductions in rates of interest, except that the credit allowed as a result of an interest rate reduction on any one agricultural production loan shall not exceed an amount equal to 3% per annum on the unpaid principal balance of the loan. The tax credit allowed for any taxable year shall not exceed 1/5 of the total tax credit of the bank allowed under this section. Unused tax credit shall be carried forward as a credit to the bank's tax liability in each subsequent taxable year and shall then be taken into account, subject to the limitation that the credit in any one taxable year may not exceed 1/5 of the total tax credit.

New Sec. 11. (a) On and after the effective date of this act and prior to July 1, 2004, any production credit association or agricultural credit association chartered by the farm credit administration under the federal farm credit act, as amended (12 U.S.C. 2001 et seq.), which extends or renews an agricultural production loan under the provisions of this section to an eligible agricultural borrower at an interest rate which is at least one whole percentage point less than the lowest rate at which the association is making agricultural production loans to agricultural loan customers with equivalent collateral, and any such association which reduces



the rate of interest being charged on any outstanding agricultural production loan to an eligible agricultural borrower by at least one whole percentage point shall receive a credit against its income tax liability pursuant to article 32 of chapter 79 of the Kansas Statutes Annotated, for taxable years commencing after December 31, 1999, to the extent hereinafter provided. Such tax credit shall be allowed for such interest rate reductions by an association upon agricultural production loans having a total principal amount not exceeding 15% of the amount of such loans reflected in the association's report filed with the farm credit administration for calendar year 1999.

(b) For the purposes of this section, the term "eligible agricultural borrower" means any person, limited agricultural partnership, limited liability agricultural company or family farm corporation, as defined in K.S.A. 17-5903, and amendments thereto, located in the state of Kansas, having an agricultural production loan which has been classified as substandard or doubtful: (1) by any banking regulator, the farm credit administration or a district farm credit system institution which is subject to review by the farm credit administration; or (2) by the designated loan committee of such association prior to examination for classification eligibility by the banking regulator, the farm credit administration or a district farm credit system institution which is subject to review by the farm credit administration.

(c) An interest rate reduction may be applied under the provisions of this section only when the eligible borrower can be reasonably expected to service the principal and interest of such person's loan.

(d) The total credit against tax liability shall be the amount by which the interest income to the association on and after the effective date of this act and prior to July 1, 2004, has been reduced on such loans because of such reductions in rates of interest, except that the credit allowed as a result of an interest rate reduction on any one agricultural production loan shall not exceed an amount equal to 3% per annum on the unpaid principal balance of the loan. The tax credit allowed for any taxable year shall not exceed 1/5 of the total tax credit of the association allowed under this section. Unused tax credit shall be carried forward as a credit to the association's tax liability in each subsequent taxable year and shall then be taken into account, subject to the limitation that the credit in any one taxable year may not exceed 1/5 of the total tax credit.

(e) Any taxpayer who qualified for and claimed credit under this section prior to its amendment by this section shall continue to be subject to this section as in effect at the time the taxpayer qualified for such credits for the entire period for which the credits were claimed.

New Sec. 12. Any state bank, national banking association or production credit association or agricultural credit association chartered by the farm credit administration under the federal farm credit act, as amended (12 U.S.C. 2001 et seq.), who claims a tax credit pursuant to section 10 or 11, and amendments thereto, shall not use any funds from an agricultural production loan deposit, invested pursuant to sections 1 through 7, and amendments thereto, for agricultural production loans to qualify for the tax credit pursuant to section 10 or 11, and amendments thereto.