

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on February 3, 2003, in Room 423-S of the Capitol.

All members were present except: Representative Compton - Excused
Representative Freeborn - Excused
Representative Gatewood - Excused
Representative Light - Excused
Representative Miller - Excused

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

Conferees appearing before the committee:

Chuck Stones, Senior Vice President, Kansas Bankers Association
Tom Lowe, Environmental Scientist, Kansas Water Office
Leslie Kaufman, State Director, Governmental Relations, Kansas Farm Bureau
Todd Johnson, Kansas Livestock Association
Kansas Grain & Feed Association; Kansas Agribusiness Retailers Association; and Kansas Cooperative Council
Kansas Department of Agriculture, Greg Foley, Acting Secretary

Others attending: See attached list

Chairman Johnson explained that **HCR 5004**, passed by the committee on January 29 to assist Experience Works in their competitive grant application to the U.S. Department of Labor to continue to operate the Senior Community Service Employment Program in Kansas, needs to be in Washington by Wednesday of this week. He asked for introduction of a House Resolution identical to HCR 5004 to facilitate movement through the House. The Senate will introduce a similar resolution. Representative Dahl moved to introduce a House Resolution. Seconded by Representative Powell, the motion carried.

On Wednesday, the committee will be receiving background information concerning the State Meat and Poultry Inspection Program and the Performance Audit Report: Meat Processing Plants. As a bill to discontinue the State Meat and Poultry Inspection Program has been introduced, the Chairman requested introduction of a bill to amend current law should the committee decide to retain the state inspection program. Representative Feuerborn moved to introduce this legislation. Seconded by Representative Powell, the motion carried.

Minutes of the January 27 and 29 meetings were distributed. Members were asked to notify the committee secretary of any corrections or additions prior to 5:00 p.m. February 5, or the minutes will be considered approved as presented.

Hearing on HB 2055 - Interest rate on agricultural production loan deposit agreements.

Chairman Johnson opened the hearing on **HB 2055**. Raney Gilliland provided background information on the agricultural production loan deposit agreement program passed by the Legislature in 2000. Under this legislation the state places an agricultural production linked deposit with an eligible lending institution at an interest rate of 2% below the market rates. The lending institution then loans the money to qualified farmers at an interest rate of not more than 2% above the market rate. This bill would amend the interest rate to eligible agricultural borrowers to not more than 4% greater than the interest rate on agricultural production loan deposits.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE at 3:30 p.m. on February 3, 2003, in Room 423-S of the Capitol.

Chuck Stones, Senior Vice President, Kansas Bankers Association, appeared in support of **HB 2055**. He explained that this bill would change the formula that the loan rate is based on as interest rates have dropped so low there is no longer a 4% spread. The linked deposit would continue to be based on the market rate; however, the loan rate would be 4% over the deposit rate, instead of the current 2% over the market rate. He said this would insure the 4% spread that banks need to justify these risky loans. ([Attachment 1](#))

Peggy Hanna of the State Treasurer's office answered committee questions and reported that this has been a very popular program. She noted that the credit risk lies with the banks, these loans are not guaranteed by the State. The State Treasurer's budget would experience no fiscal effect from **HB 2055**.

As there were no other conferees, the Chairman closed the hearing on **HB 2055**.

Hearing on HCR 5003 - Concurrent Resolution urging Congress to provide emergency disaster assistance to agricultural producers.

Chairman Johnson opened the hearing on **HCR 5003**. Raney Gilliland briefed the committee on the resolution outlining some of the losses due to drought and reduced water supplies. He noted that if the committee would like for a copy of this resolution to also go to the Majority Leader of the United States Senate, an amendment would be necessary.

Tom Lowe, Environmental Scientist, Kansas Water Office, the agency responsible for monitoring drought in Kansas, testified in support of **HCR 5003**. While appreciative of the assistance provided to date through the USDA, he said that additional federal emergency disaster assistance is needed. The Kansas Water Office also supports the National Drought Preparedness Act introduced in the U.S. Senate in 2002 to implement a cohesive federal policy, similar to that in place for other types of disasters, to lessen serious economic and environmental losses accompanying drought. ([Attachment 2](#))

Leslie Kaufman, State Director, Governmental Relations, Kansas Farm Bureau, appeared in support of **HCR 5003** to assist farmers and ranchers dealing with devastating weather-related losses. Included with her testimony is a copy of a letter to Congressman Todd Tiahrt from Steve Baccus, President, Kansas Farm Bureau, seeking drought assistance for Kansas farmers and ranchers. ([Attachment 3](#))

Todd Johnson, Kansas Livestock Association, testified in support of **HCR 5003** to encourage Congress to act expediently in providing needed assistance to Kansas farmers and ranchers. He praised USDA on their decision to allow the use of Conservation Reserve Program land for haying and grazing in emergency situations and implementation of the Livestock Compensation Program to provide needed resources to producers forced to purchase forage for their livestock as a result of limited or no pasture grass. He noted that many inequities exist in these programs which are highlighted in a letter, a copy of which is included with his testimony, from the president of KLA to Ann M. Veneman, U.S. Secretary of Agriculture. ([Attachment 4](#))

Kansas Grain & Feed Association, Kansas Agribusiness Retailers Association, and the Kansas Cooperative Council submitted written testimony in support of **HCR 5003** urging Congress to move swiftly in adopting emergency disaster assistance for agricultural producers that have suffered crop and livestock losses. They note that the on-going drought and subsequent yield reductions have negatively impacted grain handlers that store wheat, corn, soybeans, and other commodities, as well as limited sales of crop inputs such as fertilizer and crop protection chemicals provided by local agribusiness retailers. The effects of the drought are impacting main street businesses in communities of every size. ([Attachment 5](#))

The Kansas Department of Agriculture submitted written testimony in support of emergency disaster assistance to Kansas farmers and passage of **HCR 5003**. Acting Secretary Greg Foley is in Washington, along with other members of the National Association of State Departments of Agriculture, learning first hand about the specifics of proposed disaster assistance for American farmers. ([Attachment 6](#))

There being no other conferees, Chairman Johnson closed the hearing on **HCR 5003**.

The meeting adjourned at 4:04 p.m. The next meeting is scheduled for February 5, 2003.



The Kansas Bankers Association

TO: House Agriculture Committee

FROM: Chuck Stones, Senior Vice President

RE: HB 2055

Mr. Chairman and Members of the Committee,

The Kansas Bankers Association appreciates the opportunity to appear before you today concerning HB 2055. The intent of HB 2055 is to fix a glitch in formula used to determine the loan rate for the Kansas Agriculture Production Loan Deposit Program.

This program was established by the Legislature in 2000 and has been administered by the State Treasurer. The program has been highly successful. Banks and the FCB utilized the original \$50 million dollars allocated to the program for their customers in less than 2 days. And there has been a waiting list ever since. This program allows for CD's to be placed in banks and the FCB at 2% below the "market rate" and then loaned out at 2% above that "market rate". The program is designed to assist farm customers that need help most. To qualify for one of these loans, the farmer must have a debt to asset ratio of 40% or higher. These loans are not guaranteed by the State. All of the credit risk lies with the bank. Because of this, when you were first considering the program, bankers told me that a 4% spread between the CD rate and the loan rate was necessary for the program to be workable.

An unforeseen problem has come up. Interest rates have dropped so low that there no longer a 4% spread. The current "market rate" is less than 2%, making the CD rate 0%, but making the loan rate less than the necessary 4%.

HB 2055 would change the formula that the loan rate is based on. Instead of basing both rates on the "market rate", we would continue to base the CD rate on the "market rate". However, we would propose to make the loan rate 4% over the CD rate (instead of the current 2% over the "market rate"). This would insure the 4% spread that banks need to justify these risky loans. Since there would be no change in the method of determining the CD rate, there should be no fiscal note to this bill.

The loan rate is calculated on January 1 and July 1 every year. We are afraid that because the 4% spread is not available, banks may not make these loans. We are at a crucial time in agriculture in most of the State. These low rate loans could make the difference for some farm customers. Because of this we are also requesting that you make the loan rate a "stated" 4% from the enactment of this legislation until July 1, 2003 for all loans made after the enactment.

We appreciate your support.




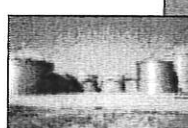

State of Kansas Office of the Treasurer

Lynn Jenkins, CPA <http://kansasstatetreasurer.com>

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\$ Kansas Agricultural
Production Loan
Deposit Program

Administered by
Kansas State Treasurer Lynn Jenkins

Beginning **July 1, 2000**, qualified farmers in Kansas had access to **\$50 million in loans** through the new Kansas Agricultural Production Loan Deposit Program. An additional \$5 million was added July 1, 2001.

This program provides the ability for Kansas banks and Farm Credit Associations to make loans of up to **\$250,000 to farmers** with a debt-to-asset ratio of 40% or greater. These

loans can be authorized for a length of up to **8 years**.

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What role does Treasurer Lynn Jenkins play?

Kansas State Treasurer Lynn Jenkins administers the Kansas Agricultural Production Loan Deposit Program. As Administrator, the State Treasurer:

- Develops linked deposit agreements and other documents
- Adopt rules and regulations
- Disseminates information
- Provides loan packages to lending institutions eligible for participation
- Approves content of completed loan packages
- Certifies to the Director of Investments the amount required for a loan package
- Presents annual activity report to the Governor and Legislature

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What role does the PMIB play?

The Pooled Money Investment Board handles investment of the State's idle funds:

- Upon certification by Treasurer Lynn Jenkins, PMIB places an agricultural production linked deposit in the amount certified with an eligible institution at an interest rate of 2.0% below the market rates. These will be recalculated on the first business day of each calendar year using the market rate then in effect. Find out the current rates.

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- Wires funds to lending institutions
- Collects interest and principal as appropriate

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What roles do the eligible institutions play?

Eligible financial institutions include Kansas banks and institutions of the Farm Credit System which have entered into an agricultural production [linked deposit agreement](#) with the Kansas State Treasurer's Office.

- Enter into the above mentioned [agreement](#)
- Accept and review applications from eligible persons
- Approve or reject applications
- Forward approved [loan packages](#) to the Kansas State Treasurer's Office
- Fund the approved loans
- Confirm balances with Treasurer every January 1
- Recertify each borrower every two years and reports to the Kansas State Treasurer
- Additional tax credits available to institutions, unrelated to this program [Find out more.](#)

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Who will the borrower be and what role will they play?

A borrower must:

- be an individual, limited liability agricultural company, limited agricultural partnership or family farm corporation as defined in K.S.A. 17-5903, involved in farming
- live and farm in Kansas
- have a debt-to-asset ratio of 40% or greater
- have not obtained any other agricultural production loan from any lender pursuant to this program
- use the loaned funds exclusively for the operating expenses involved in farming
- Apply for Agricultural Production loans at an eligible Kansas bank or Farm Credit Association
- Complete the [Borrower's Certification of Eligibility](#)
- Pay back the loan

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Agricultural Production Loan Rate

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Date	Market* Rate	CD* Rate	Maximum** Loan Rate
01/15/03	1.42%	0.00%	3.42%

*These rates are determined per [K.S.A. 75-4237](#).

**This rate is determined per [K.S.A. 75-4272](#).



Quoted Rates are subject to changing market conditions.

Please call Marla Goodrich at (785) 296-3701 or toll free 1-800-972-8379 ext. 6-3701 to confirm specific maturity date(s) and rate(s).

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Pooled Money Investment Board

900 S.W. Jackson, Suite 209 - Topeka, KS 66612-1220 phone: (785) 296-3372 - fax: (785) 296-1085


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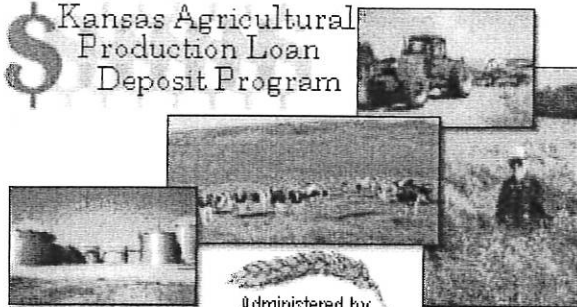


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 Kansas Agricultural
Production Loan
Deposit Program



Administered by
Kansas State Treasurer Lynn Jenkins

Below are answers to some of the frequently asked questions regarding our Agriculture Production loan program.

If you do not find the answer to your question below, please send us a note and we will send you an answer.

1. **What is the market rate?** - The market rate is set by the Pooled Money Investment Board each morning and is used when investing state funds, and now the Agricultural Production Loan Deposit fund, with financial institutions.
2. **How is the market rate calculated? How often does it change?** - The market rate is calculated each morning about 8:30. It is based on an average of (in this case) 1-year U.S. Agency bonds.
3. **Where I can look at the rate?** - Toll free number 1-800-9RATES9 <http://kansasstatetreasurer.com/pmib/agriculture.html> We use the 1 year rate listed on that page.
4. **When does the bank have to pledge securities to back up the deposits?** - The pledged collateral must be in place before PMIB and the Treasurer wire the funds to the banks.
5. **Can my bank issue one certificate of deposit for all linked loans?** - No. There must be a separate certificate of deposit for each loan. The CD balance and the loan balance must be in "sync" at all times.
6. **Are the loans guaranteed by the State? Farm Services Agency?** - The loans **ARE NOT** guaranteed by the State. However, according to FSA these loans can qualify for their guarantee.
7. **How can I use these funds with my current year operating lines of credit?** - The program does not fit very well with lines of credit since the balance on the CD and the balance on the loan must be the same at all times.
8. **Can I use this program for refinancing existing loans?** - Yes, in fact it works very well with carryover operating loans that could be amortized up to 8 years.

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9. **If I make a loan to a borrower under this program, can I also qualify for the tax credit in this particular loan?** - No. The loan can either be written under this program or you can rewrite the loan with a lower interest rate and take the tax credit. (Section 12 of HB 2527)

10. **What does the State consider operating expenses?** - We did not define that term because each financial institution has their own definition. The farmers currently list certain expenses on their schedule F for the IRS. Also what would you as a lender call operating expenses.

[\[View the Certification Form \(PDF\)\]](#) [\[View the Participation Agreement \(PDF\)\]](#)
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**Kansas Water Office Testimony
Before the House Agriculture Committee
Supporting
House Concurrent Resolution No. 5003**

Tom Lowe, Environmental Scientist, Representing Director Clark Duffy
February 3, 2003, 3:30 p.m.
Room 423-S

I am Tom Lowe, representing Clark Duffy, Director of the Kansas Water Office. I appreciate the opportunity to testify this afternoon in support of passage of House Concurrent Resolution No. 5003.

As the state agency responsible for monitoring drought, we in the Kansas Water Office have watched as drought tightened its grip on our state since 2001. You are all too well aware of the losses incurred by our farmers and ranchers, be it through greatly reduced crop yields, deterioration of pastures and stock water supplies or liquidation of herds developed over many years. This drought has also had its effect on our streams and lakes, reducing inflow to reservoirs, damaging fish and wildlife habitat and reducing the outdoor recreation opportunities available to our residents and visitors.

While we greatly appreciate the assistance provided to date through the United States Department of Agriculture, conversations with farmers and ranchers around the state have made it clear to me that federal emergency disaster assistance is needed to provide the financial resources for continued farm and ranch operations in areas of our state and nation hard hit by drought.

The Kansas Water Office supports passage of House Concurrent Resolution No. 5003.

On a related note, a National Drought Preparedness Act was introduced in the United States Senate in 2002. The purpose of this Act is to implement a cohesive federal policy, similar to that in place for other types of disasters, to lessen serious economic and environmental losses accompanying drought. Among the provisions of this Act would be the establishment of a Drought Assistance Fund to help state and local governments and other entities develop and implement drought preparedness plans. The Kansas Water Office also supports passage of this federal legislation.

Again, thank you for the opportunity to testify this afternoon.



Kansas Farm Bureau

2627 KFB Plaza, Manhattan, Kansas 66503-8508 • 785.587.6000 • Fax 785.587.6914 • www.kfb.org
800 S.W. Jackson, Suite 817, Topeka, Kansas 66612 • 785.234.4535 • Fax 785.234.0278

PUBLIC POLICY STATEMENT

RE: HCR 5003 – urging the U.S. Congress to provide emergency disaster assistance to agricultural producers.

**January 27, 2003
Topeka, Kansas**

**Presented by:
Leslie Kaufman, State Director
KFB Governmental Relations**

Chairman Johnson and members of the Committee, thank you for the opportunity to appear today to support the call for Congress to provide agricultural producers with disaster assistance. Farm Bureau has been involved in working with our Congressional delegation and state leaders to forward the cause of disaster relief.

Kansas Farm Management Association data reflects that farm incomes in Kansas from 1997 to 2001 averaged a deficit of approximately \$6,000 to meet family living expenses. Farm families faced accumulating debt, getting off-farm employment or burning equity to cover those expenses. For 2002, farm families are expected to be \$35,000 shy of meeting their family living needs. Again, that means they must accumulate debt, work off-farm, or lose equity to survive. This financial circumstance translates into economic hardships for many Kansas farmers and ranchers, as well as many main streets.

Even with crop insurance payments, Kansas farmers and ranchers face more than a billion dollars in lost revenues. Crop insurance payments are designed to cover some of fixed costs in a crop failure. Insurance does not cover the catastrophic losses of a multi-year drought. This accentuates the need for federal weather-related disaster assistance.

Agriculture remains the backbone of the Kansas economy, and as such we appreciate the efforts of this committee to garner the Kansas legislature's support for federal assistance.

We appreciate the opportunity to share with you our encouragement for efforts to assist our farmer and rancher members dealing with devastating weather-related losses.

Thank you.

House Agriculture Committee
February 3, 2003
Attachment 3



Office of the President

September 19, 2002

Congressman Todd Tiahrt
US House of Representatives
401 Cannon House Office Bldg.
Washington, D.C. 20515

Dear Todd:

I write to you on behalf of the farmer and rancher members of the Kansas Farm Bureau. Undoubtedly, you know that our members are facing severe financial hardships with the drought conditions. We appreciate the leadership that several Congressional members are taking to coalesce support for disaster assistance to the farm and ranch families who desperately need help. We ask that you continue dialogue with these members to advance disaster assistance in a form that will be favorable to the Administration.

The 2002 drought has taken a significant toll on Kansas agriculture and many rural communities. For many areas of the state, this is the second or third year of less than average rainfall amounts. Kansas State University has estimated the impact of this year's weather events for the crop and livestock sector at over \$1.4 billion. It is critical that Kansas farm and ranch families receive direct disaster assistance before the end of 2002. Your commitment to this endeavor is of great value to farmers from all parts of the state.

Thank you for your continued vigilance and responsiveness to the members of Kansas Farm Bureau. We look forward to working with you and your staff to achieve necessary relief for Kansas farmers and ranchers.

Respectfully,

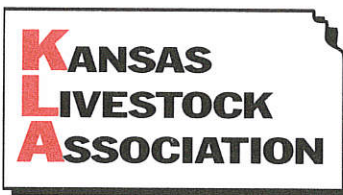
Steve Baccus, President
Kansas Farm Bureau

rs

Kansas Farm Bureau



Helping Feed the World



Since 1894

TESTIMONY

To: House Agriculture Committee
Representative Dan Johnson, Chairman

From: Todd Johnson, Kansas Livestock Association Governmental Affairs Staff

Subject: HCR 5003 - Resolution urging United States Congress to provide disaster assistance to agricultural producers.

Date: February 3, 2003

Mr. Chairman and committee members, I appear before you today on behalf of the Kansas Livestock Association (KLA), to support HCR 5003.

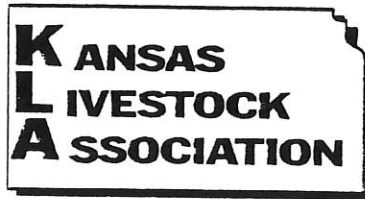
Members of the Kansas Livestock Association have been severely impacted by natural disasters during the past two years. The drought in 2001 and 2002 has had a devastating impact on crop and forage production, resulting in the need for many cattle producers to liquidate or dramatically reduce their herd size.

KLA applauds USDA on their decision to allow the use of Conservation Reserve Program (CRP) land for haying and grazing, in an emergency situation. The availability of this resource softened the blow and slowed the need for mass liquidation of our state's cowherds. In addition, the implementation of the Livestock Compensation Program (LCP) provided needed resources to producers forced to purchase forage for their livestock as a result of limited or no pasture grass.

Although these programs lightened the burden on livestock producers, many inequities existed in the programs. These inequities are highlighted in the attached letter addressed to Secretary of Agriculture Ann Veneman, and dated November 1, 2002. Some of the concerns brought forth in this letter are currently being addressed in Congress. We hope the action taken by your committee, through this resolution, will prompt Congress to act expediently in providing needed assistance to Kansas farmers and ranchers.

Thank you for your positive consideration of this resolution.

House Agriculture Committee
February 3, 2003
Attachment 4



Since 1894

November 1, 2002

The Honorable Ann M. Veneman
Secretary of Agriculture
U.S. Department of Agriculture
200-A Whitten Building
1400 Independence Ave., S.W.
Washington DC 20250.
Fax: 202.720.6314

Dear Secretary Veneman:

The Kansas Livestock Association (KLA) applauds your efforts to assist livestock producers affected by drought the past two years. Your decision to allow emergency use of Conservation Reserve Program land has made available much-needed forage and softened the need for mass liquidation of our state's beef cow herd. In addition, the Livestock Compensation Program (LCP) has provided cattle producers with timely assistance after facing higher feed costs due to the drought. We are concerned, however, about certain provisions of these programs and respectfully request USDA to consider administrative changes that will provide more fairness and accessibility.

Our primary concern with the LCP is that producers with gross revenue (receipts) in excess of \$2.5 million are ineligible. Many livestock producers depend upon purchased livestock as an important part of their operation. This is especially true in Kansas where summer grazing programs and yearling operations are a significant and important segment of the cattle business. A gross revenue definition, that equals gross receipts, means producers cannot offset sales receipts with the purchase cost of the cattle. In a low-margin business like the cattle business, producers are likely to have high gross receipts but low, or even negative, gross income.

KLA believes the current standards make it more likely for a part-time cattle producer with an off-farm job to qualify for LCP payments than a full-time producer whose entire livelihood is tied to the cattle business. We encourage the adoption of a more true representation of gross revenue by making the standard for eligibility gross receipts less the cost of purchased cattle.

The June 1, 2002, ownership requirement is blatantly unfair to those who liquidated last winter or this spring because of the 2001 drought or expectations for continued drought in 2002. We suggest that a producer with headquarters in a county named a "primary" disaster county in 2001 be eligible if they owned the cattle during the 2001 drought and sold them prior to June 1, 2002.

Several of our members who graze cattle for others have expressed frustration that they are ineligible. In many situations, these producers take in cattle for others and are compensated by the cattle's weight gain. Because of the drought, many of these cattle were relocated and the producers with the risk of forage loss are left with lease or mortgage payments and other significant expenses. The drought clearly caused them substantial losses, but they have no access to the LCP. Perhaps the LCP guidelines could be amended to allow for compensation if they have a direct loss in forage production due to drought.

We also are concerned with the recent determination that producers with eligible cattle in multiple counties must submit separate applications in each county where cattle were located. This determination is placing an unnecessary burden on producers and also makes it more difficult for local officials to ensure payment limitations are not exceeded. Producers should be able to file one application for all their livestock at their local FSA office.

Our organization supported USDA's release of CRP land for emergency haying and grazing. The determination that CRP owners who give away this forage will not be assessed a 25% reduction in payments has caused considerable concern among producers who utilize their CRP for their own purposes. A fairer approach would be to not assess any CRP owner for emergency use of this forage in 2002. In the future, we believe any emergency use of CRP should be accompanied with a reduction of the annual payment and such payment reduction more accurately reflect the market value of this forage.

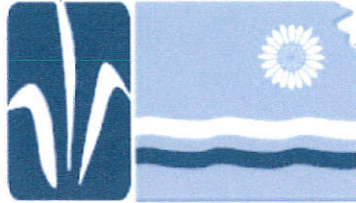
Again, we appreciate your responsiveness in aiding livestock producers severely impacted by drought. The changes mentioned above will enhance this assistance and provide more equity among producers in Kansas and other areas of the country.

Sincerely,



Mike Collinge
President

cc: Senator Sam Brownback
Senator Pat Roberts
Representative Jerry Moran
Representative Jim Ryun
Representative Dennis Moore
Representative Todd Tiahrt



STATEMENT OF THE
KANSAS GRAIN & FEED ASSOCIATION,
KANSAS AGRIBUSINESS RETAILERS ASSOCIATION
AND THE
KANSAS COOPERATIVE COUNCIL
SUBMITTED TO THE
HOUSE AGRICULTURE COMMITTEE
REGARDING HOUSE CONCURRENT RESOLUTION 5003
REPRESENTATIVE DAN JOHNSON, CHAIR
FEBRUARY 3, 2003

KGFA & KARA MEMBERS ADVOCATE PUBLIC POLICIES THAT ADVANCE A SOUND ECONOMIC CLIMATE FOR AGRIBUSINESS TO GROW AND PROSPER SO THEY MAY CONTINUE THEIR INTEGRAL ROLE IN PROVIDING KANSANS AND THE WORLD THE SAFEST, MOST ABUNDANT FOOD SUPPLY.

Chairman Johnson and members of the House Agriculture Committee, this testimony is presented today on behalf of the Kansas Grain and Feed Association, Kansas Agribusiness Retailers Association and the Kansas Cooperative Council.

I appreciate the opportunity to appear in support of House Concurrent Resolution 5003, which urges Congress to move swiftly in adopting emergency disaster assistance for agricultural producers that have suffered crop and livestock losses during the past two years. The on-going drought and subsequent yield reductions in Kansas have negatively impacted grain handlers that store wheat, corn, soybeans and other commodities. The drought has limited sales of crop inputs such as fertilizer and crop protection chemicals provided by local agribusiness retailers. The effects of the drought and its financial deprivation are impacting main street businesses in communities of every size in our state.

Simply put, rural economies in Kansas need energized. When agricultural producers are financially sound, they spend and invest dollars locally with grain elevators, agribusiness retailers, implement dealers, trucking companies, auto dealers, restaurants and the list could go on and on. Much of the local tax base is dependent upon the financial well being of the agricultural producer, especially sales tax collected at the local level.

While I'm certain agricultural producers would rather depend upon rainfall than financial assistance from our federal government, the state of the crisis created by the current drought in Kansas is undeniable and give cause for action by our leaders in Washington, D.C. Thank you for the opportunity to offer our support to this resolution.



KANSAS

DEPARTMENT OF AGRICULTURE
GREG A. FOLEY, ACTING SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

**House Agriculture Committee
February 3, 2003**

**Written Testimony Regarding HCR 5003
Kansas Department of Agriculture**

Good afternoon, Chairman Johnson and members of the committee. Thank you for allowing the Kansas Department of Agriculture to submit written testimony in support of HCR 5003.

Today Acting Secretary of Agriculture Greg Foley is in Washington, D.C. Together with other members of the National Association of State Departments of Agriculture he is learning first-hand about the specifics of proposed disaster assistance for American farmers. At her request, he will share this information with Governor Sebelius. She strongly supports the efforts of our representatives in Congress to provide emergency disaster assistance for Kansas farmers.

The facts are clear. Drought and other extremes in the growing seasons of 2001 and 2002 have left Kansas agriculture in precarious condition. And for many parts of the state the drought is not over. Recovery may take years.

This means economic problems for Kansas farm families and it means more economic problems for the state as a whole. Financial stress on the farm does not just stay in the countryside. It affects agribusinesses and downtown businesses in both rural and urban communities.

The Kansas Department of Agriculture supports emergency disaster assistance to Kansas farmers. Therefore we support the passage of House Concurrent Resolution No. 5003.

House Agriculture Committee
February 3, 2003
Attachment 6