

MINUTES OF THE SENATE AGRICULTURE COMMITTEE.

The meeting was called to order by Chairperson Derek Schmidt at 8:30 a.m. on March 14, 2001 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
 Betty Bomar, Secretary

Conferees appearing before the committee:

Greg Foley, Assistant Secretary of Agriculture
Dean Carlson, Secretary, Kansas Department of Transportation
Wendy Harms, Kansas Aggregate Producers Ass'n
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Constantine Cotsoradis, Director, Weights and Measures
Mike Beam, Kansas Livestock Association
Representative Sharon Schwartz
Leslie Kaufman, Kansas Farm Bureau
Greg Krissek, Kansas Corn Growers Association
Chuck Stones, Kansas Bankers Association
Jim Grauerholz, Farm Credit Bank, Wichita

Others attending: See attached list

HB 2102 - Unlawful acts and annual testing requirements involving weighing and measuring devices

Greg Foley, Assistant Secretary, Kansas Department of Agriculture, testified in support of **HB 2102**, stating the legislation proposes to modify statutes relating to the implementation of the Weights and Measures Program. Section 1, standardizes the repair time for all measuring devices; Section 3, allows KDA to take action on an entity that has committed unlawful acts, including businesses that rent or lease weighing or measuring devices; Section 4, exempts from annual testing requirements certain volumetric provers which are stationary or which exceed the testing capacity of the state metrology lab due to engineering design or the capacity of the prover; and Section 5, requires the testing of motor fuel dispensing devices at least once within every 18-month period rather than the current 12-month requirement.

Mr. Foley stated the Department worked with the House Agriculture Subcommittee relating to an issue raised by the Kansas Aggregate Producers in relation to vehicle scale tolerances. The amendment, adopted by the House Committee, and found in Section 2, specifically addresses the minimum tolerance on vehicle scales. The proposed tolerance is +/- 100 pounds on scales used solely for weighing aggregate products. The existing tolerance for all other weighing devices is +/- 20 pounds per each 10,000 pound increment. This variance is in effect for a period of three years and provides the industry an opportunity to request a change of the national standard from the National Institute of Standards and Technology.

New Sections 6, 7 and 8 were House floor amendments and KDA believe the amendments are redundant and confuse current authority. KDA supports the exclusion of New Section 9. (Attachment 1)

Dean Carlson, Secretary, Kansas Department of Transportation (KDOT), testified in opposition to **New Section 9 of HB 2102**, stating the floor amendment prohibits the Secretary from requiring that plans and specifications for any proposed highway or bridge project be submitted to the Department utilizing the metric system of measurement. The KDOT transition from the U.S. customary system to the metric system has taken seven years. Many contractors and consulting engineers have found the simplicity of the metric system beneficial. KDOT estimates the department has spent \$4.5 million dollars on its conversion to the metric

system.

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Mr. Carlson stated that **HB 2102 with New Section 9** will have a negative effect on the completion of scheduled projects. A change from the metric units to U.S. customary will require a greater amount of time, resources, and additional money, associated with increased administrative expenses and inflationary adjustments. ([Attachment 2](#))

Wendy Harms, Associate Director, Kansas Aggregate Producers' Association, testified in support of **Section 2 of HB 2102**, which grants the aggregate industry a limited exemption from the tolerance requirements mandated by the National Institute of Standards and Technology (NIST) Handbook 44, which Kansas has adopted by reference. This amendment allows a relaxation of the standard up to 50,000 lbs after 50,000 lbs, where most transactions occur, the aggregate producers are in full compliance with the NIST Handbook 44. ([Attachment 3](#))

Mike Beam, Executive Secretary, Cow-Calf/Stocker Division, Kansas Livestock Association (KLA), testified in opposition to **HB 2102**. The new definitions for "active contractor", "passive contractor", and "production contract" found in new sections 6 - 8, potentially conflict with the Kansas Uniform Commercial Code that governs all contractual agreements. These definitions may easily cast a net on producers operating in various alliances or cooperative agreements. KLA urged the Committee to carefully consider the inclusion of these new sections as their impact may well have unintended consequences. KLA requests New Sections 6, 7 and 8 be removed from the bill. ([Attachment 4](#))

There being no further conferees, the hearing was concluded.

HB 2103 - Increasing total aggregate loans under agricultural production loan deposit program

Representative Sharon Schwartz, testified in support of **HB 2103**, stating the legislation expands the funds available for the Agricultural Production Loan Program by \$50 million. **HB 2103** modifies a section of current law that allows the Director of Investments to invest state moneys by changing the limitations to the lesser of 13 percent from the current 10 percent, or \$120 Million from the current \$80 Million. Additionally, it requires the interest rate be recalculated on the first business day of July in addition to the current recalculation requirement on the first business day of January.

Representative Schwartz stated the expansion of the Agricultural Production Loan Program provides funds at a reduced cost to producers. ([Attachment 5](#))

Leslie Kaufman, Farm Bureau, testified in support of **HB 2103**, stating allocations for the loan program are justified when the following factors are considered: 1) the \$50 million authorized last July was gone the first few hours the money became available; 2) net farm incomes continue to be negatively impacted by various conditions under which producers have no control; 3) agriculture continues to be the backbone of the Kansas economy; and 4) lower interest rates available through the program is a positive for producers. Farm Bureau strongly supports **HB 2103**. ([Attachment 6](#))

Greg Krissek, Director of Operations, Kansas Corn Growers Association, testified in support of expanding the total aggregate limits for the Kansas Agricultural Production Loan Deposit Program to \$100 Million as provided in **HB 2103**. Lower operating costs, as encouraged by this program through smaller interest loans, is one way farmers can offset a small portion of the increased costs to their operations. ([Attachment 7](#))

Chuck Stones, Senior Vice President, Kansas Bankers Association, testified in support of **HB 2103**, stating the program has assisted about 450 Kansas farmers with an average loan size of approximately \$115,747. The fiscal note ignores the economic impact of money being utilized in the marketplace. When money is deposited in local financial institutions and loaned to customers, that money rolls over several times creating an economic impact that is hard to quantify. It is conservatively estimated the money rolls over at least 4 times. Mr. Stones urged the committee to enlarge the program. ([Attachment 8](#))

James L. Grauerholz, Sr. Vice President, Administration, Farm Credit Bank of Wichita, submitted written testimony in support of **HB 2103**. ([Attachment 9](#))

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Peggy Hanna, Assistant State Treasurer, submitted a list of the number and amounts of Agricultural Production Loans made by County and by financial institution. (Attachment 10).

The hearing was concluded.

The meeting adjourned at 9:30 a.m.

The next meeting is scheduled for March 20, 2001.