

MINUTES OF THE Senate COMMITTEE ON Agriculture

The meeting was called to order by Senator Allen at
Chairperson

10:00 a.m./~~p.m.~~ on February 6, 1985 in room 423-S of the Capitol.

All members were present except:

Committee staff present: Hank Avila, Research Department
Jim Wilson, Revisor of Statutes Department

Conferees appearing before the committee: Howard Tice, Kansas Association of Wheat
Growers
Harland Priddle, State Board of Agriculture
Bill Fuller, Kansas Farm Bureau
John Blythe, Kansas Farm Bureau
Nancy Kantola, Kansas Co-op Council
Carol Hedges, Governor's Office

Senator Allen, chairman, called the meeting to order. Senator Fred Kerr moved the minutes of the January 30 meeting be approved. Senator Warren seconded the motion. Motion carried.

With the committee consenting, Senator Allen introduced Howard Tice who wished to express support for SCR 1601. (see attachment A). The question ask was, is this resolution proper method to use or should we just ask FGIS to raise standards? Mr. Tice answered that the Kansas Association of Wheat Growers feels FGIS will not change standards unless pressure is put on them, therefore his organization encourages adoption of SCR 1601.

Senator Montgomery moved the committee recommend the resolution be adopted. Senator Gordon seconded the motion. Motion carried.

Senator Allen called for requests for bills to be introduced. Senator Allen discussed a bill for the dairy industry. (see attachment B). Senator Montgomery moved the committee introduce the dairy industry bill. Seconded by Senator Gannon. Motion carried.

Senator Allen called on Harland Priddle who went over legislation requested by the State Board of Agriculture. (see attachment C). Senator Gannon made a conceptual motion the committee accept this requested legislation for introduction. Senator Karr seconded the motion. Motion carried.

Senator Allen called on Bill Fuller. Mr. Fuller expressed the desire of the Farm Bureau for the introduction of legislation by this committee that would develop a grain moisture testing program for the state of Kansas. Mr. Fuller agreed that all organizations are not in agreement with this program but he recommended introduction of this legislation so that all concerned could work towards an agreement on this suggested legislation. Mr. Fuller gave each committee member a copy of "Kansas Farm Bureau Resolutions 1985" and called attention to the paragraph on page 5 about Grain Moisture Testers. (see attachment D). Senator Montgomery moved the committee introduce legislation for the moisture tester. Seconded by Senator Doyen. Motion carried.

Senator Allen called on John Blythe. Mr. Blythe requested introduction of legislation concerning Kansas Uniform Commercial Code. (see attachment E). Senator Allen stated he would appoint a subcommittee to work on this legislation if it were introduced. Senator Montgomery moved this legislation be introduced. Senator Fred Kerr seconded the motion. Senator Fred Kerr requested it be recorded in the minutes that voting to introduce this legislation does not mean final support for this legislation. Motion carried.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Agriculture,
room 423-S, Statehouse, at 10:00 a.m./~~p.m.~~ on February 6, 1985

Senator Allen called on Nancy Kantola who requested legislation concerning grain dealers. This legislation concerns dealers licensing. (see attachment F). Senator Gannon moved this legislation be accepted for introduction. Senator Arasmith seconded the motion. Motion carried.

Senator Allen called on Carol Hedges who explained the Governor's request for introduction of legislation that would establish a farm assistance, counseling and training services program, known as FACTS. (see attachment G). Senator Norvell made a motion the committee introduce this legislation. Senator Allen seconded the motion. Motion carried.

Senator Allen called on Senator Karr. Senator Karr explained the legislation he requested pertained to an amendment to the Cooperate Farm Law relating to several of the Attorney General's opinions carried out last Spring. (see attachment H). Senator Karr moved the legislation be introduced. Senator Gannon seconded the motion. Motion carried.

Senator Allen announced the committee would meet tomorrow for a joint meeting with the House Agriculture and Small Business Committee. The meeting will be in Room 313-S. Frank Mosier will meet with the committees to discuss farm programs and policies. Senator Allen announced the committee will meet February 13 at which time there will be hearing for S.B. 23. Senator Allen declared the meeting adjourned at 10:55 a.m.

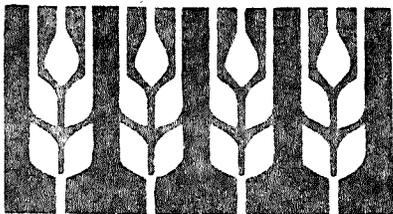
GUEST LIST

COMMITTEE: SENATE AGRICULTURE

DATE: February 6, 1985

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
JOHN HOUSE	112 West 6 th Street	Kansas Legal Serv.
Steve Montgomery	Topoka	Ks Legal Serv. Inc
Tom KKA	TOPEKA	TOPEKA
Douglas NAGEL	Topoka	Div. of Budget
Joe Lieber	Topoka	Ks Coop. Council
Bill R. Fuller	Manhattan	Kansas Farm Bureau
Nancy E. Kantola	Topoka	Kansas Co-op Council
Carol Hedges	Topoka	Governor Carlin's Office
Paul E. Fleener	Manhattan	Kansas Farm Bureau
Kenneth M. Wille	Topoka	Board of Agriculture
Freeman E. Biery	Topoka	Bd of Agri
John K. Blythe	Manhattan	Ks Farm Bureau
Wallace Olson	Olsburg	
Doris Doris Olson	Olsburg	independent
MIKE BEAM	TOPEKA	Ks. LUSTK. ASSN.
LARRY D. WOODSON	TOPEKA	Bd of Ag.
Glen H. Searcy	Topoka	Bd of Ag
JFM MRAG	TOPEKA	Ks Bankers Assoc
Howard W. Ties	Hutchinson	Ks. Ass'n of Wtr. Growers
Randy Bartleson	Columbus	Empire District Electric
Lieb McKee	Topoka	K-L.A.

K S ASSOCIATION
OF WHEAT GROWERS



TESTIMONY

SENATE COMMITTEE ON AGRICULTURE

February 6, 1985

SENATE CONCURRENT RESOLUTION 1601
RELATING TO FEDERAL GRAIN GRADE STANDARDS

Mr. Chairman, and members of the Senate Committee on Agriculture and Livestock:

My name is Howard Tice, and I represent the Kansas Association of Wheat Growers. We appreciate the opportunity to offer testimony in support of this resolution.

In the past few months, the media across the country has carried stories dealing with complaints received by foreign buyers of U.S. grain. As a result of those complaints, the interim committee on agriculture held hearings to determine the need for action by the Kansas Legislature on this matter. Members of this committee, and the House Agriculture and Small Business Committee also participated on a tour of export facilities in Houston and Galveston this past weekend.

As a result of this summer's hearings, and this past weekend's tour, it has been learned that the grain exporting industry feels that they are doing a good job of exporting quality grain under the existing Federal Grain Inspection Service Standards. The response of exporters is that the primary reason sales have been lost, is price. With our competitors selling for less, and the value of the U.S. dollar giving them an added advantage, the competition, according to the trade, is too stiff for us to compete without federal subsidies, no matter how high our quality.

However, speaking for grain producers who are already losing their farms because of continued prices below the cost of production, we feel that every effort must be made to sell our grain at a price that will keep farmers in business. We feel, and the success of the cleaning operation at Gilbert Grain Company of Clay Center, supports our feeling, that we can "package our product" more attractively, and tighten our inspection standards accordingly, as a statement to the grain buyers of the world, that we are willing to improve our image, and our product to answer the criticism we have received, in a positive way.

With all due respect to our friends in the grain storage and export industry, responding to complaints by attacking the credibility of those who make the complaints, is negative. We take on the image of trying to avoid the issue. We in the KAWG feel that if we say to the world that we are willing to respond to their concerns in a positive manner, and work to market the finest possible product, that we can, and will regain some of our lost market share without further reducing our price.

In short, our exporters are meeting, and exceeding the FGIS standards for U.S. No. 2 Hard Red Winter Wheat, but our competitors, chiefly Canada, are going even farther. If we want to compete seriously,

we must compete at all levels, and offer the finest quality product we can, at a fair price.

With the technology available to the industry today, and the ready market for high protein livestock feed which can be made from grain cleanings, we feel this can be accomplished at a profit to the grain handler.

Perhaps though, the most important thing the passage of this resolution can accomplish is to announce to potential buyers of our grain, that we are serious in our desire to meet their needs. In sales, a positive image is of primary importance. Passage of SCR 1601 can help our image.

If the federal government responds with higher quality standards, that image can be enhanced even further, and we firmly believe, sales will increase.

In closing, I would like to share a brief excerpt from a letter received last week at our office in Hutchinson from a member of our Association. His comments will underscore the image our exported grain has among farmers, and among many people who have read the reports mentioned earlier. The letter reads as follows:

"How come foreign buyers are getting such unfit wheat from America? I find, farmers are marketing good wheat from this area. In fact, elevators across the nation won't accept bad wheat. An I.F.Y.E. showed me a jar of wheat received at Pakistan that looked like it was scooped off a gravel road."

No matter who may be at fault for the reported shipments of inferior grain from the U.S., efforts to improve that grain, and our image can only have a positive impact. Speaking for the producers of Kansas wheat, I support passage of this resolution.

SENATE BILL NO. _____

By Committee on Agriculture

AN ACT concerning dairy products; relating to the components of milk; amending K.S.A. 1984 Supp. 65-707 and repealing the existing section.

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

Section 1. K.S.A. 1984 Supp. 65-707 is hereby amended to read as follows: 65-707. (a) (1) Whole milk is the lacteal secretion obtained by the complete milking of one or more healthy cows, properly fed and kept, excluding that obtained within 15 days before and five days after calving, and when offered for sale must contain not less than 3.25% of butterfat and not less than 8.7% of milk solids not fat.

(2) Milk for manufacturing purposes may contain less than 3.25% of butterfat, but must be delivered pure, sweet and clean.

(3) For the purposes of this act, skim milk or skimmed milk shall be considered to be milk from which a sufficient portion of the butterfat has been removed to reduce its butterfat content to less than .5% .25% and which in final package form for beverage use contains not less than 9% of milk solids not fat for a total of not less than 9.25% of total milk solids.

(4) ~~Lowfat milk is milk from which a sufficient portion--of the-butterfat-has-been-removed-to-reduce-its-butterfat-content-to not--less--than--.5%-and-not-more-than-2%~~ milkfat has been removed to result in milk which in final package form for beverage use either (A) has a milkfat content of 1%, within the limits of good manufacturing practices, and contains not less than 10% of milk solids not fat or (B) has a milkfat content of 2%, within the limits of good manufacturing practices, and contains not less than 10% of milk solids not fat.

(5) As used in this subsection, "milk solids not fat"

2/6/85 attachment B

includes partially skimmed milk, skim milk, concentrated partially skimmed milk, concentrated skim milk and nonfat dry milk, used alone or in any combination.

(b) (1) Cream is that portion of milk rich in butterfat which rises to the surface of the milk on standing or is separated from it by centrifugal force, and contains not less than 18% of butterfat.

(2) All cream for manufacturing purposes shall be graded according to the following standards, and each grade shall be kept in a separate container, plainly marked to indicate the grade contained therein: (A) Sweet cream means cream that is clean, smooth, clean to the taste and free from undesirable odors and flavors and contains not more than .2% acid reacting substances, calculated in terms of lactic acid. (B) First-grade cream means cream that is clean, smooth, free from undesirable odors, clean to the taste and sweet or only slightly sour. (C) First-grade cream which is delivered to point of first purchase within four days after date of last sale by any producer, shall be premium cream, and a price differential of not less than \$.03 and not more than \$.05 per pound of butterfat, between premium first-grade cream and other first-grade cream is herewith hereby established and required. (D) Second-grade cream means cream that is too sour to grade as first-grade cream, that contains undesirable flavors or odors in a moderate degree, that is not more than slightly stale, or that is too old to pass as first-grade cream. ~~It shall be unlawful to falsely grade cream, or to mix cream of different grades, or to offer for sale or purchase for use as human food, unlawful cream as herein defined.~~ (E) Unlawful milk or cream shall consist of milk or cream that which is stale, putrid, rancid, moldy, dirty or yeasty, which contains or has contained any foreign matter, or in which has ~~been found~~ insanitary articles or utensils have been found, and such milk or cream shall not be purchased, sold or used for food purposes. ~~It shall be~~

(3) It is unlawful to falsely grade cream, to mix cream of

different grades or to offer unlawful cream, as defined in paragraph (2) of this subsection, for sale or purchase for use as human food. It is unlawful to sell or offer for sale, or ship with the intent of selling, to any purchaser, any milk, cream or other dairy product that has contained or does contain any foreign substance that renders the milk, cream or other dairy product unfit for human food. Persons who are engaged in milk or cream buying, except in the exchange or sale of churning cream between licensed butter manufacturers, ~~are hereby required,--when~~ and who are offered unlawful milk or cream, to shall treat it sufficiently with venetian red or other coloring matter, which is approved by the dairy commissioner for this purpose, sufficiently to show unmistakably that such milk or cream is unfit to be used in the manufacture of human food. (3)

(4) No part of any shipment of milk or cream to be used in the manufacture of food products shall be delivered to a carrier in an unwholesome condition. (4)

(5) All deliveries of cream by the producer, except direct shippers and those made on routes picking up cream at least twice a each week, shall be tagged by the buyer of the cream with a tag showing the date received, and such tags shall remain on the container until removed by the buyer of the next delivery. (5)

(6) All cream purchased by cream buying stations or cream brokerages ~~must~~ shall be shipped to a dairy manufacturing plant within 48 hours after date of purchase between the dates of May 15 and October 1, and at least twice each week the balance of the year, at intervals not to exceed four days.

(c) (1) Butter is the product made by gathering, in any manner, the fat of fresh or ripened milk or cream into a mass which also contains not less than 30% of butterfat or made in accordance with such standards as shall be established by the United States department of agriculture ~~of--the--United--States,~~ except that the amount of butterfat in the product of any one manufacturer, or in any given quantity of butter, shall be determined as hereinafter provided with reference to renovated or

process butter. Butter may also contain a harmless vegetable coloring matter.

(2) Renovated or process butter is the product which is made by melting butter and reworking, without the addition or use of chemicals or any substances except milk, cream or salt, and which contains not less than 80% of butterfat, or which is made in accordance with such standards as ~~shall-be~~ are established by the United States department of agriculture ~~of--the--United--States~~ ~~except--that.~~ The amount of butterfat in the product of any one manufacturer, or in any given quantity of butter, renovated or process butter, shall be ascertained in the following manner: Five samples shall be taken from five different packages of any one manufacturer or from any one tub or churning of butter, and a careful analysis shall be made by the official method adopted by the association of agricultural chemists. If this analysis shows less than 80% of butterfat, the butter or process butter thus analyzed shall be deemed adulterated butter, and the manufacturer shall be deemed guilty of a misdemeanor, and the butter must be reworked before again being offered for sale. Renovated or process butter may also contain a harmless vegetable coloring matter.

(d) (1) Cheese is the solid and ripened product made by coagulating the casein of milk by means of rennet or acids, with or without the addition of ripening ferments or seasoning. Cheese may also contain harmless vegetable coloring matter.

(2) Whole milk or full cream cheese is cheese made from milk from which no portion of the fat has been removed and contains not less than 50% of butterfat in proportion to total solids.

(3) Skim milk cheese is cheese made from milk from which any portion of the fat has been removed.

(e) It ~~shall-be~~ is unlawful to sell, keep for sale or offer for sale any condensed or evaporated milk, concentrated milk, sweetened condensed milk, sweetened evaporated milk, sweetened concentrated milk, sweetened condensed skimmed milk, sweetened evaporated skimmed milk or sweetened concentrated skimmed milk,

which shall does not conform at least to the minimum standards hereinafter provided. Condensed milk, evaporated milk or concentrated milk is the product resulting which results from the evaporation of a considerable portion of the water from the whole, fresh, clean milk; and contains, all tolerances being allowed for, not less than 25.5% of total solids and not less than 7.8% of milk fat. Sweetened condensed milk, sweetened evaporated milk or sweetened concentrated milk is the product resulting which results from the evaporation of a considerable portion of the water from whole, fresh, clean milk; to which sugar (sucrose) has been added;--~~it~~ and which contains, all tolerances being allowed for, not less than 28% of total milk solids; and not less than 8% of milk fat. Condensed skimmed milk, evaporated skimmed milk;--~~and~~ or concentrated skimmed milk is the product resulting which results from the evaporation of a considerable portion of the water from skimmed milk and which contains, all tolerances being allowed for, not less than 20% of milk solids. Sweetened condensed skimmed milk, sweetened evaporated skimmed milk and or sweetened concentrated skimmed milk is the product resulting from the evaporation of a considerable portion of the water from skimmed milk; to which sugar (sucrose) has been added;--~~it~~ and which contains, all tolerances being allowed for, not less than 28% of milk solids.

Sec. 2. K.S.A. 1984 Supp. 65-707 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after January 1, 1987, and its publication in the statute book.



KANSAS STATE BOARD OF AGRICULTURE

TOPEKA, KANSAS 66612-1280

HARLAND E. PRIDDLE
Secretary

109 S.W. 9th Street
913-296-3556

Memo to: Senate Agriculture and Small Business Committee
From: Harland E. Priddle, Secretary
Kansas State Board of Agriculture
Re: Proposed legislative changes for 1985 session
Date: February 6, 1985

The following is a list of the legislative proposals requested by the agency.

I. Inspections Division

(a) Meat and Poultry -

Summary - Require inspection of buffalo.

Background - Presently the Act does not require inspection of buffalo which are slaughtered and processed into food for human consumption. In 1983, 209 buffalo were slaughtered and processed for human food; much of the resulting meat products were retailed through stores selling buffalo. The Meat and Poultry Inspection Act exempts retail stores only if the meat or meat food products sold by them comes from state or federally inspected and passed carcasses. Such an amendment would close the gap in the current law.

Recommendation - Amend the Kansas Meat & Poultry Inspection Act (K.S.A. 65-6a18 et seq.) accordingly.

(b) Control -

Summary - Stop sale provision in the Agricultural Chemical Act (K.S.A. 2-2201 et seq.).

Background - The agency administratively has used the stop sale provisions in the administration of this Act. Since the decision of the Kansas Supreme Court in Pork Motel Corp. v. Kansas Department of Health & Environment, 234 K. 374, rendered in 1983, it seems advisable to put a specific stop sale provision into the Act.

Recommendation - Amend the Agricultural Chemical Act to contain stop sale provisions.

attachment C
2/6/85

Summary - Amend the Kansas Feeding Stuffs Law, the Kansas Fertilizer Law and the Kansas Livestock Remedy Law to add stop sales provisions.

Background - At the present time, these statutes do not have such provisions and the agency has operated on past policy. To continue to do so without specific authority is not advisable in view of the Pork Motel decision rendered by the Kansas Supreme Court in 1983.

Recommendation - Amend the aforementioned statutes accordingly.

Summary - Amend the Kansas Soil Amendments Act to permit the secretary to require proof of efficacy when no claims have been made for the product being registered.

Background - This Act was enacted in 1976 at which time no proof of efficacy was required. In 1980, the Act was amended to require proof of efficacy whenever claims were made for the product. This existing loophole permits the sale of water or some other product without making any claims.

Recommendation - Amend the Kansas Soil Amendments Act accordingly.

(c) Dairy Inspection -

Summary - Add the definition of adulteration to both the Kansas Grade A Milk Law and the Kansas Dairy Law.

Background - Neither of these acts contain a definition of adulteration. Apparently the legislature felt the definition of this term as found in the Kansas Food, Drug and Cosmetic Act would suffice. All that is required would be a reference to K.S.A. 65-664 which defines adulteration in the Food, Drug and Cosmetic Act.

Recommendation - Amend the Kansas Grade A Milk Law and the Kansas dairy laws accordingly.

II. Weed and Pesticide Division

(a) Summary - Dealer registration for pesticide sales.

Background - Present state laws do not require registration of pesticide dealers. FIFRA, a federal statute, as currently administered by EPA, requires that pesticide dealers maintain records to substantiate that restricted use pesticides (RUPs) are not made available to uncertified individuals. Thus, a certified farmer could not have his uncertified wife or son pick up an RUP at the co-op without violating federal law.

Recommendation - Enact legislation to correct this deficiency by requiring registration of pesticide dealers and maintenance of records by them.

(b) Summary - Chemigation.

Background - The present pesticide law was enacted prior to the time that pesticides were applied through various irrigation systems. This change in farming practice necessitates an examination of the application of pesticides, fertilizers or other chemicals and the safety aspects required to prevent backflow into an aquifer or other source of water.

Recommendation - Enact legislation to regulate this new farming practice.

STATE OF KANSAS



STATE BOARD OF AGRICULTURE
109 S.W. 9th
Topeka, Kan. 66612-1280
HARLAND E. PRIDDLE, Secretary

A SOMEWHAT PERSONAL AND CONFIDENTIAL MEMO

TO: Legislative Leadership
FROM: Kansas State Board of Agriculture
RE: Pesticide Dealer Problems

When the Regional Environmental Protection Agency office informed us of the enforcement actions they were taking against seven of our Kansas Dealers, involving E.P.A. assessing a total of \$35,300 in total fines, our full attention was obtained. We immediately (November 21) wrote a letter to the Region VII E.P.A. Administrator, Morris Kay, asking for clarification.

On December 18, 1984 three of the Board of Agriculture staff, namely, Harland E. Priddle, Secretary, Ken Wilke, Attorney, and Freeman E. Biery, Director, Weed and Pesticide Division, met with Morris Kay and his staff in the Region VII E.P.A. office in Kansas City. The main topic of discussion was "Dealer Regulation". Kansas pesticide laws do not regulate dealers by a registration or a licensing law requirement. This leaves the regulation of dealers a Federal responsibility. Most other states have a "dealer" registration or licensing law. Kansas dealers and farmers are under a different form of control and it has been to the disadvantage of Kansans.

The greatest disadvantage is the fact that only certified individuals can pick up "restricted use" pesticides from the dealers. This equates into a fact that the farmer's wife or hired man can not pick up the pesticide supplies for the certified farmer to use unless they are also certified.

Historically, the farmer's wife has picked up the pesticide, but this was made possible by a verbal agreement with the Regional office to allow such procedure. Recent regulation changes made by E.P.A. remove this privilege.

Before December 18 and since, with great regularity, the Board of Agriculture has been contacted via phone and letters by county agents, dealers and others about their problems stemming from the situation.

The Board of Agriculture assured each person that we would inform the Legislature of the situation.

The attached material is our means of honoring our promises.

We think the material is self-explanatory, but we stand available to any Legislative group to answer questions as to our knowledge and "opinion".

WHY WE NEED A DEALER REGISTRATION LAW

Since Kansas does not have Dealer Registration authority it is unlawful, under Federal law, to make available for use any Restricted Use Pesticide to anyone other than a certified applicator.

How it affects the farmer:

- 1) The wife (son, daughter, husband, hired hand) cannot now pick up a regulated pesticide, unless she/he is currently certified, which causes a real handicap to the farmer applying pesticides.
- 2) At present, there are 16,800 privately certified applicators with this handicap.
- 3) With upcoming changes in classification to restricted status for many of the commonly used Kansas pesticides, it is estimated by 1986 that 30,000 Kansas farmers may be experiencing this handicap.

How it affects the dealers:

- 1) Presently, there is no listing of pesticide dealers compiled as a result of state statutory requirements.
 - a. Therefore, when dealer needs information regarding changes in Federal law affecting their ability to operate legally, no state department has the ability to correspond this needed information to the dealer.
 - b. When pesticide registrations are cancelled or suspended, the State Department of Agriculture, to be able to accomplish responsibilities, must use a search, hit-and-miss procedure to identify the dealers which are affected. This causes costly delays and inefficiencies.
 - c. It is necessary, at times, for the Department of Agriculture to issue "stop sale" seizure of certain improperly labeled pesticides, and there is no way to make it an equitable application of this regulatory function when all of the pesticide dealers are not known.
- 2) Most pesticide dealers wish to comply with the many safety standards which are prepared for their use, but since their dealership is not known, the state has no way to supply this service.
- 3) Presently, the Federal Government regulates dealers but have no staff to give service and information to dealers until the dealer has violated the Federal statute and is subject to large fines or penalties.
- 4) By having a Kansas dealer registration, Kansas can submit a plan for registering dealers, for acceptance by the Federal EPA and, if accepted, the state gives information and service to the Kansas dealers. This plan can be written to allow uncertified persons to pick up restricted pesticides, if proper records are maintained. This is standard practice in states having dealer regulations.

DEALER REGULATION

The State of Kansas has primacy for regulating pesticide use except for regulation of dealers. This has made it necessary for the Federal regulators to do enforcement in Kansas. If Kansas wishes to have more complete primacy, there will need to be a change in the Kansas Pesticide Law.

The following is suggested wording:

(a) Each person who is a pesticide dealer shall register with the State Board of Agriculture. Registration shall be required for each business location distributing pesticides and shall be accomplished on a form to be provided by the Secretary of the State Board of Agriculture. Each registration shall expire on June 30 following issuance unless such registration is renewed annually. A registration fee of twenty-five dollars (\$25) shall accompany the application.

(b) Provisions of this section do not apply to a licensed pesticide operator who sells pesticides only as an integral part of his pesticide application service when the pesticides are dispensed only through equipment used for this pesticide application, nor to any federal, state, county, or municipal agency which provides pesticides only for its own programs nor to any individual who is the final purchaser of a pesticide for application to property or property rights owned, leased, or otherwise acquired by him.

(c) Each registered pesticide dealer is responsible for the acts of each individual employed by him in the solicitation and sale of pesticides and all claims and recommendations for use of pesticides. The dealer's registration shall be subject to denial, suspension, or revocation after a hearing for any violation of this chapter whether committed by the dealer, or by the dealer's officer, agent or employee.

(d) A pesticide dealer shall be any person who sells a pesticide to another person for application.

1985 RESOLUTIONS COMMITTEE

Gerald Lawrence, Chairman Cowley County

Edie Dahlsten, Vice Chairman McPherson County

William Pauly Doniphan County

Jarvis Brink Coffey County

John Gallon Wilson County

Don Small Sumner County

Bill Martin Cloud County

Joe Coover Lincoln County

Hal Judy Reno County

Mark West Lane County

Randal Loder Finney County

Kendal Grecian Graham County

 **Kansas Farm Bureau, Inc.**

Kansas Farm Bureau

Resolutions 1985

2/6/85

attachment D

AGRICULTURE

A Voice for Agriculture

The resolutions and policy guidelines of our organization are determined by farmers and ranchers. Farm Bureau will speak out for farmers and ranchers at every opportunity, giving voice to the concerns of agricultural producers.

Farmer Unity

We commend our President and Board of Directors for the efforts that have been made during the past year to promote understanding and cooperation with other farm organizations. We recognize that more than one organization is needed to give expression to the diverse opinions of individual farmers. However, on many basic principles most farmers can agree. We will give our full support to our President and Directors in seeking opportunities to meet with other farm organizations to determine areas of agreement and to work with other organizations in achieving common objectives. This effort should also be encouraged on a county level.

Agricultural Chemicals

We will support reasonable regulation of the use of agricultural chemicals to assure adequate standards of public health. We will oppose regulations which are proposed as a result of mass hysteria and are not based on sound judgment and scientific knowledge.

The abundant agricultural production we know today is due in a large measure to timely and intelligent application of pesticides. Many farmers depend on commercial applicators for the control of agricultural pests. We support the continued use of ground and aerial pesticide applicators, who are state licensed and bonded or insured for the protection of the landowner and his neighbors.

No governmental agency should have the authority to ban, or continue the ban on, the manufacture or use of any agricultural chemical unless there is conclusive scientific proof that such use is detrimental to society.

We believe there should be a procedure developed to give a temporary lift of the ban so that some chemicals can, in an emergency, be used by a registered, certified applicator to control chinch bugs, alfalfa weevils and other agricultural pest infestations. We believe the results and supporting data on all environmental tests which have been conducted by agricultural chemical companies should be made available upon request.

We urge continued funding for research programs which could lead to eradication of those insects and pests that are particularly damaging to agricultural production.

Agricultural Commodity Storage

We urge farmers to be informed as to the payment risk involved in contracting for future sales of agricultural commodities already delivered to an elevator or feedyard.

We believe all commercial elevators and grain warehousing facilities in Kansas should be licensed and bonded by the state, and or federal government, and inspected by the Warehouse Division of the State Grain Inspection Department a minimum of twice each year. Grain brokerage firms should be bonded and have proof of financial responsibility.

We believe that if a check has been issued for payment of grain within 14 days of the declared insolvency, and if the check has not cleared the bank, the party to whom the check was issued should be considered eligible for a share of the bond.

Commodity Commissions and International Grains Program

The primary purpose of the wheat, corn, grain sorghum and soybean commissions is to promote the use of and to develop markets for those commodities. The commodity commissions are providing some assistance to Kansas State University for the financing and operation of the International Grains Program.

We most strongly urge all of the commodity commissions to voluntarily increase their financial contributions to the IGP. We further recommend the Kansas Legislature increase appropriations to the

IGP from State General Fund monies to enhance the promotion, market development and utilization of our Kansas grains.

Commodity Pricing Legislation

We sincerely believe that the prices farmers receive for their grains and other commodities are too low. We further believe that legislated minimum commodity prices, if established by one state or several states, would not be practical and should not be promoted. We believe that one state placing a minimum price on one commodity that is grown worldwide and traded internationally will not be effective in raising the price of that commodity for Kansas farmers.

We will work through our organization and commodity groups to develop and enhance marketing strategies and opportunities.

Corporate Farm Law

The Legislature rewrote the Kansas Corporate Farm Law in 1981. Attempts may be made to expand the law to permit livestock breeding operations and allow corporate buy-outs of land from farmers who are struggling with excessive debt loads. We oppose any additional exemptions to the current Kansas Corporate Farm Law.

Ethanol Production

The need for development of new markets for grain is paramount. The development of new industries for rural Kansas should also be assisted.

Ethanol production has a promising future for grain consumption and grain pricing. We strongly support ethanol production and encourage:

1. Establishment of research projects on wet stillage feeding and feed trials, as well as utilization of other by-products of the ethanol production process;
2. Consumer promotion and education concerning ethanol use;
3. A federal tax credit, equal to the nine-cent federal motor fuel (gasoline) tax, for ethanol used in motor fuel; and

4. Continuation of the Kansas motor fuels tax exemption for ethanol until a federal tax credit program is in effect, after which we will support phase-out of the ethanol exemption in Kansas.

Foreign Ownership of Agricultural Land

Ownership or long-term lease of agricultural land and commercial feedlots by individual foreign nationals who are not in the process of becoming U.S. citizens should be prohibited. We will oppose ownership of agricultural land and commercial feedlots by foreign national corporations.

Federal tax laws, and provisions of treaties to which the United States is a party, should assure that tax treatment of landowners is uniformly applicable. We are opposed to preferential tax treatment for foreign landowners or those foreigners who lease, rent, or have in any manner invested in our agricultural land.

Grain Moisture Testers

We recommend and will support legislation to require the State Board of Agriculture to establish rules, regulations, specifications and standards for inspection of moisture testing devices used in commerce in the State of Kansas. We believe the Weights and Measures Division of the State Board of Agriculture should be given this inspection responsibility.

Kansas Brand Laws

We encourage all cattle owners to obtain and use registered brands and to keep a regular count of their livestock, and report all losses to local law enforcement officials.

We do not propose mandatory branding, but for protection of individual owners we do favor a statewide inspection system which makes it mandatory that cattle be inspected for brands at licensed public sales, feedlots and packing plants.

We advocate appropriate punishment for those persons convicted of livestock rustling. The theft of livestock should be considered a Class D felony. We encourage the close cooperation of local law enforcement personnel as well as the KBI with the Kansas Brand Commissioner in apprehension of rustlers.

Kansas Seed Law

The Kansas Legislature has been asked to amend the Kansas Seed Law during the 1985 session. No substantial revisions have been made since the law was first passed in 1935. New developments and technology, including hybrids and protected varieties, have created the need to update the law.

We will support amendments which will serve to update and improve the Kansas Seed Law. We believe provisions of the current state law that prohibit the sale of agricultural seed containing noxious weeds, and require compliance with the federal Plant Variety Protection Act (PL 91-577) are adequate restrictions. We will oppose any effort to prohibit a farmer from selling agricultural crop seed that is grown on land operated by that farmer.

Labeling

We support proper labeling of foods, fibers, and other agricultural products.

We oppose the use of the names of natural farm products on substitutes for such natural foods. We do not object to any new food product entering the market. Such products should stand on their own merits and be correctly labeled.

All products offered to the public in imitation of, or as a substitute for, or in the adulteration of, any farm product or any item processed from a farm product should be labeled to include the names of all ingredients and, where labeled "home grown" or "native," the point of origin.

Meat and Poultry Inspection Program

We believe that a state-administered Meat and Poultry Inspection Program is vital to the continued well-being of locker-type slaughter and processing operations in Kansas.

We believe state-inspected meat should be allowed to move in interstate commerce. We support legislation to require labeling of imported meat and poultry, and the labeling of such imports in processed products, as to country of origin.

Nonagricultural Firms in Agriculture

Because of the entry of outside capital into agricultural crop production and livestock feeding operations, we should:

- (1) Avoid creating tax advantages which encourage such entry;
- (2) Oppose the use of agricultural land as a long-term, tax-sheltered investment by pension and profit-sharing funds;
- (3) Oppose legislation and IRS regulations that permit a taxpayer to offset farm losses against nonfarm gross income in excess of \$25,000; and
- (4) Oppose the use of FmHA funds for entry into the production phase of agriculture by nonagricultural firms.

Noxious Weeds

Noxious weed eradication should have a high priority with state government and with each of our 105 counties. Enforcement should include increased penalties for violation of the law.

Governmental agencies should be prohibited from sowing any cover crop or applying any mulching material on public rights-of-way that contains any restricted or noxious weed seed.

Landowners and tenants should be authorized to conduct timely spraying and mowing to control noxious and other objectionable weeds and grasses on rights-of-way adjacent to their own land.

Predator Control

We believe livestock producers should have the option of using, on privately-owned land, all reasonable means of controlling all predators, including predatory dogs.

The M-44 cyanide gun is a valuable tool for coyote control in Kansas livestock production. We recommend its continued use on privately-owned land whenever its use is recommended by the extension specialist in predator control at Kansas State University.

The coyote is a predatory animal and we are opposed to proposals to designate this predator as a fur bearing animal. Hunting, trapping, or otherwise taking coyotes should be allowed at all times other than by firearms during firearm deer season.

Public Funds for Legal Services

A proposal was made to the Kansas Legislature in 1984, and was supported by the Federal Legal Services Corporation, to provide legal services to farmers who have credit problems with any federal credit agency, including Farmers Home Administration (FmHA), Production Credit Associations, and the Federal Land Banks. Assistance could include loan applications, debt service, and foreclosure procedures. We oppose the use of State General Fund revenues for these purposes.

State Board of Agriculture

The present Kansas method of electing a State Board of Agriculture, which board employs the administrative head of the State Department of Agriculture, is unique among the states. We believe a close study of the history of the Department of Agriculture in Kansas will reveal that agriculture, and indeed the whole state, has been well served because the Department has never been placed in a partisan political position. For that reason, we will support a continuation of the present system.

Weights and Measures

Scales used for agricultural commerce have increased in number in Kansas to the extent that the Weights and Measures Division of the State Board of Agriculture is able to check the accuracy of these scales only once every 36 months.

We recommend that all large-capacity scales (5,000 pounds and over) used in commercial trade be registered with the Weights and Measures Division for a nominal fee, and annually be certified for accuracy by a licensed scale service agency or repairman. The scale service agency or repairman must be licensed and certified by the Weights and Measures Division and the accuracy of their work checked by the Weights and Measures Division. There should be a provision in the law to remove certification of the agency or repairman for failure to perform satisfactory service in accordance with the rules and regulations promulgated by the State Board of Agriculture.

We will support adequate appropriation for the Weights and Measures Division to ensure performance checks on certified large scale service agencies.

ASSESSMENT AND TAXATION

Appraisal, Assessment and Taxation of Real and Personal Property

We believe Kansas should begin the process of reappraisal, and we further believe the new values determined by the reappraisal process should be implemented in all 105 Kansas counties at the same time. Reappraisal procedures should contain provisions for frequent updating of values.

Procedures should be developed to insure against an unfair shift of taxes to agricultural and residential property. We believe that this shift of taxes can be best addressed by classification. The classification issue should not be addressed until reappraisal is completed in all counties.

In 1976, voters approved an amendment to the Kansas Constitution to allow the Legislature to develop use-value appraisal of agricultural land. For eight years we have attempted to enact a use-value appraisal statute. We believe this Constitutional provision should be implemented.

We firmly believe that the income capitalization approach to value is sound and is an equitable method of appraising real property for tax purposes. Statutory or constitutional language should require that all properties valued under use-value, (the income capitalization approach), should have a common capitalization rate based on economic, interest rate and money market factors.

We believe livestock should be exempt from property taxation in Kansas. There are 36 states that presently exempt livestock. Kansas should be added to this list of states so that we can maintain the leadership position in livestock production.

Assessment Ratio Report

Because of the infrequent sale of agricultural land and the fact that nearly all agricultural land sells at a price which has little or no relationship to its ability to produce income, an Assessment-Value Ratio for agricultural land should be established for this class of property by the use of an appraisal using the factors of productivity, earning capacity and income.

Benefit District Assessments

Special benefit districts created to serve developers or a few homeowners who have built in a rural setting are a financial burden to agricultural producers. Such districts have been developed in areas where large acreages have been annexed by cities and towns in Kansas.

We ask that legislation be enacted to prohibit benefit district assessments on land which is zoned for agriculture or is in agricultural production.

Farm Machinery Tax Exemption

We believe the exemption of farm machinery recognizes the importance of agriculture to the Kansas economy, is in keeping with similar actions in 27 other states and the trend nationally exempting farm machinery from property taxation, and should be defended vigorously.

Industrial Revenue Bond Financing and In-Lieu-Of Taxes

We believe Industrial Revenue Bond financing is a positive step for economic, industrial and business, and community development. We believe the ad valorem tax exemption granted for IRB-financed projects should not exceed five years.

We will support legislation to require an in-lieu-of tax payment on property that is developed through the use of Industrial Revenue Bond financing. Such in-lieu-of tax payment should be distributed proportionally among all taxing units in which the property is located. We further believe that the valuation of IRB-property should be included in the total valuation of the school district in which such property is situated, and counted as part of such district's wealth.

Investment Credit and Income Averaging

Kansas tax laws provide some conformity with federal tax laws and regulations. Significant exceptions, however, relate to investment credit and income averaging. We believe increased economic strength for Kansas agriculture, business, and industry would result if Kansas tax laws permitted a

clar investment credit, and allowed income ave.

We urge the Kansas Legislature to provide an appropriate allowance on Kansas tax returns for investment credit appropriately claimed on federal returns, and to give full benefit of income averaging provisions.

State Budget, Spending and Taxation

State expenditures in a fiscal year should never exceed projected revenue receipts for that fiscal year.

Zero-base budgeting is essential to fiscal planning and should be required for all state agencies as well as all local units of government.

Across-the-board percentage reductions in state agency funding is appropriate when revenues and estimated receipts are low. The State General Fund should have adequate balances or reserves. Before any additional tax is imposed the Legislature and the Governor should closely examine all programs to eliminate unnecessary spending.

State and Local Fiscal Needs

It is time in Kansas to write a basic tax policy of taxing people for services to people and taxing property for services to property.

State Sales Tax

Because all citizens are consumers of food and are uniformly taxed on the food they purchase, we will oppose legislation to exempt food from the state sales tax.

COMMERCIAL AND FINANCIAL INSTITUTIONS

Banking Facilities and Services

We believe there should be no further development of detached facilities or services by banks or other financial institutions. We are opposed to branch banking and to the acquisition of banks or other financial institutions by multi-bank holding companies.

Investment Authority of Local Government

The investment authority of local units of government is limited to those moneys not immediately required for the purposes for which they were collected. We support that limitation. We are opposed to permitting local unit public funds deposits in branches of savings and loan associations and detached auxiliary banking facilities.

CONSERVATION AND NATURAL RESOURCES

Energy Sources and Supplies

Short-term programs of energy conservation must be developed in such a manner as to assure equitable distribution of fuels and energy supplies to all segments of our economy.

In the long-range best interests of energy and fuel supplies, we believe government and private industry should work cooperatively to develop all possible sources of energy and fuel supplies.

Environmental Standards

We will oppose legislation which would permit harassment of agricultural producers because of unsubstantiated allegations regarding damage or probable damage to the land, water or air. We believe no legislation should be enacted, nor should an environmental regulation be promulgated, unless it is based on factual information and scientific knowledge.

Hunting and Fishing Regulations

We believe the hunting season for upland game birds should be reduced in length and not begin before Thanksgiving Day. Early hunting season for dog training should be eliminated. We recommend the opening day of hunting should be the same for prairie chicken, pheasant and quail.

We urge enactment of legislation requiring those who hunt and fish to possess written permission, signed by the landowner or operator, stating the days hunting or fishing is permitted, and giving a description and location of land on which permission is granted. Such written permission should exempt the landowner or operator from liability for accidents.

All hunting and fishing licenses issued by the Fish and Game Commission should include the printed statement, "Written permission must be obtained from landowner, tenant or other agent."

We urge the Fish and Game Commission to increase deer and antelope permits. We believe each farmer, whether landowner or tenant, who requests a permit should receive one. When special "landowner" deer and antelope permits are issued, such permit should restrict the holder to hunting on his own land or that on which he is tenant or operator. We also believe that special "landowner" permits should be issued at no cost, or at least a reduced cost.

We ask that legislation be enacted that would require the Fish and Game Commission to conduct deer population control measures or pay for damages upon petition from landowners and/or operators.

Land Use Planning

We oppose legislation which would authorize or permit federal agencies to direct management decisions in the field of land utilization. Those who own or operate land should have the major responsibility for its development.

We urge farmers to become involved in planning and development of zoning ordinances to prevent undesirable land use patterns. We favor voluntary land use authorities formed for specific periods of time, in which farming may be designated as the priority use and other users may remain in, or move into these zones without recourse to abate the practices which are common to farming.

Landowners' Rights

Landowners' rights must be safeguarded and protected. Equitable payment must be made for any land, in any "taking," or "partial taking" by eminent domain power. We believe eminent domain procedures should include development of an agricultural impact statement, complete with public hearing, appeal, and a determination of compensation for disruption of normal farming practices.

We believe safeguards should be developed for landowners to protect against costs involved in bringing an abstract up-to-date when these costs are

the result of transactions generated or incurred by a gas or oil company.

Some groups have proposed that the public be given free public access to private property adjacent to river and stream beds. We will strongly oppose any such proposal and will likewise oppose the addition of any rivers or streams in the category of "navigable streams."

Natural Gas

We recognize the importance of natural gas to Kansas agriculture for fertilizer production, feed processing, grain drying, irrigation, and related agricultural industries.

There is a great deal of misinformation regarding the results of natural gas deregulation on agricultural producers and consumers.

We support legislation which promotes competition while recognizing the need to protect the agricultural consumer from monopolistic situations without rate review.

We oppose legislation which would result in dramatic price changes to agricultural producers.

Prairie National Park

We oppose creation of a Tallgrass Prairie National Park on privately owned land. We recommend that the Kansas Legislature consider the practicability of giving to the appropriate state agency the authority to provide adequate rest areas, observation towers and other maintained facilities for the benefit and pleasure of travelers along the route that has been designated as the "Prairie Parkway," and along other highways which traverse our native grassland.

Soil and Water Conservation

We believe the owners and operators of agricultural land can best be served by a voluntary approach to soil conservation using federal and state cost-sharing funds as an incentive for developing and maintaining farm plans, and constructing and maintaining soil and water conservation structures. We ask the Kansas Legislature to adequately fund the state share of cost-sharing programs.

Extensive educational program conducted by the KSU Agricultural Extension Service, in cooperation with the Soil Conservation Service, the Soil Conservation Districts, and county Farm Bureaus, could improve our rangeland and cultural practices on cultivated acres.

We believe KDOT and county highway departments should require that highway construction procedures are conducted in such a way that soil conservation practices are implemented. We further believe pipeline companies, as well as electric and telephone utilities, should be required to preserve and replace top soil, and to reseed those portions of native grass pastures disturbed during construction of underground facility projects.

State Water Agencies

Water is one of our most precious and important natural resources. All segments of our population and all component parts of our economy require an adequate supply of water.

We will continue to oppose changes in Kansas water laws that would result in major reorganization of state water agencies. We believe that a separation of powers and a system of checks and balances in the administration of water programs gives Kansans a better result than any further consolidation would produce.

State Water Policy

We support development of a State Water Plan for Kansas. We believe the Kansas Water Authority should have responsibility for development of the State Water Plan. The Authority should be the agency for water management in Kansas.

The State Water Plan should promote conservation of water by all users. It should also contain far-sighted, well-conceived, and carefully controlled use of international, interstate, and intrastate transfers of water to benefit agricultural producers and all other Kansans.

We urge the KWA to incorporate into the State Water Plan a strong conservation ethic, and methodology for recycling water to extend the life of this limited resource.

Water Districts

We recognize the benefits of Rural Water Districts. Those benefits should be assured by legislation and regulations that guarantee and protect water rights for original rural water district patrons.

We will support legislation—both on a national and state level—that will make funds available for grants to be used in the construction of Rural Water Districts.

We will support legislation—both on a national and state level—that will finance, through federal funds (Farmers Home Administration), Rural Water Districts from watershed structures.

Water Management in Kansas

Kansas farmers and ranchers recognize the importance of securing a Kansas water right as provided by law.

We support the Kansas Ground Water Management District Act, as amended in the 1978 Session of the Kansas Legislature, which gives local water users a voice in determining the use of ground water. Irrigation wells within a GWMD should not be subject to "user fees."

We encourage our members to participate in the organization and management of Ground Water Management Districts. Through participation they will be in a position to have an effective voice in calling for any needed changes, additions or deletions to the Ground Water Management District Act.

Water Quality Standards

We recognize the need for reasonable standards to protect and maintain the quality of our surface waters and groundwater. We are not convinced that establishment of "minimum desirable streamflows" is the solution to water quality problems. We believe additional study of the economic and environmental impact of legislation or regulation requiring minimum streamflow is necessary. We oppose additional minimum streamflow designations until such studies are completed.

We urge the Legislature to make adequate appropriation of funds, to assure that the agency or agencies responsible for issuance of well drilling

per and the maintenance of water quality are enforced, existing statutes and regulations relating to salt water disposal and proper plugging of dry holes.

The Kansas Corporation Commission and the Department of Health and Environment should, prior to giving approval for disposal of salt brines, determine that the proposed method of disposal will assure that there will be no contamination of any fresh water. No well drilled on leased property should be used for disposal of salt water from wells on other property without consent from and compensation to the landowner. The power of eminent domain should NOT be granted for the purpose of salt brine disposal.

We ask that legislation be enacted to require that surface pipes shall be set to a depth sufficient to protect all fresh water formations from contamination.

Watershed Programs

There are many urgently needed watershed structures yet to be built in Kansas. We request that funding for those structures, furnished by the state and supervised by the State Conservation Commission, be increased to facilitate and encourage this statewide program.

In order to expedite planning and construction of watersheds, we urge the Kansas Legislature to consider permissive legislation authorizing the levy of one mill on the acreage of potential watershed areas for a period no longer than two years for the purpose of creating a trust fund, with the annual interest earned from such trust fund to be used for planning expenses involved in new watershed projects.

Zoning

We oppose any extension of the power of cities to zone beyond their borders until there has been a thorough legislative study of this subject. Specifically, we oppose any change in the present authority of city and county zoning commissions, with the exception that no county zoning shall be implemented without a referendum of the people affected.

EDUCATION

Agriculture in the Classroom

Agriculture, the number one industry in Kansas, with annual gross receipts of \$6 billion, is receiving valuable promotional support from the Kansas Foundation for Agriculture in the Classroom.

We believe today's young people, who will be tomorrow's decision makers, must have an opportunity to understand agriculture and its relationship to the total economy. We support the concept of teaching the importance of agriculture through the teaching of math, science, history, economics, and business courses within existing school curricula in grades K-12.

We support "Ag. in the Classroom," and we commend the Foundation for its efforts on behalf of agriculture.

Basic Education Requirements

It is our belief that citizens of Kansas and the Kansas Legislature should conduct in-depth examinations of the operation, the goals and objectives of our public schools. In an effort to optimize educational opportunities for our children at an affordable cost, we propose:

- * Continuation of competency testing of students in Kansas schools;
- * An adequately increased salary for classroom teachers;
- * A more efficient use of classroom assistants and volunteers;
- * A reduction in the number of administrative personnel employed by USDs;
- * Stringent requirements for graduation from colleges and universities training our teachers;
- * Curtailing, or limiting to after the regular school day, extra-curricular activities;
- * More efficient use of classroom instructional hours within the present 180 days or 1,080 hours of school;
- * Encourage local public support for more diligent effort by local school boards to control costs;
- * Spending and budget lids on USDs;
- * Examination of teachers certification requirements; and

examination of the organizational structure, staffing patterns, budgeting and operation of Unified School Districts to determine opportunities for efficiency and economy.

CPR Training

Applying CPR - Cardiopulmonary Resuscitation - saves countless lives every year. We ask the State Board of Education to encourage all school districts to incorporate voluntary CPR training into the public high school curriculums.

Home Schools

An increasing number of parents are teaching their children at home. With safeguards to assure competent teaching and an educational opportunity for the student in a home school substantially equivalent to the local public school, we can support home schools.

We believe curriculum requirements for home schools should include subjects which the State Department of Education believes are fundamental for a well-rounded education. The State Department of Education should design a monitoring, reporting and testing system to check the quality of education given in home schools. Any additional expenses to monitoring home schools shall be the responsibility of the parents involved.

Kansas State University

We believe that agriculture must be the highest priority at Kansas State University. We commend the Legislature and KSU for the vital contributions which have benefited all segments of society through teaching, research and the Cooperative Extension Service.

We encourage close cooperation between county Farm Bureaus and county Extension Councils in order that beneficial services to rural families, and the excellent relationships that have been established over the years, may be continued in a most effective way.

We urge higher priority and increased appropriations for both facilities and staffing for the Departments of Agronomy and Animal Sciences and Industry.

We strongly recommend expanding the International Grains Program to enhance market development and exports for Kansas producers. We support broadening the scope of the IGP to include establishment of a cooperative, comprehensive Grains and Livestock Research and Export Trade Center at Kansas State University which would enhance export opportunities for livestock as well as grains.

We believe the Kansas Board of Regents should authorize, and the Kansas Legislature should provide funding for, development at KSU of an intensive international marketing and export curriculum to train students in foreign trade.

Kansas has an outstanding College of Veterinary Medicine located at Kansas State University, Manhattan. In order to maintain the excellence of the College of Veterinary Medicine, and to provide for the stated needs of the College to enhance veterinary teaching, research and service, we urge the Governor and the Kansas Legislature to fully fund the budget of the College of Veterinary Medicine.

An opportunity exists to broaden and strengthen the research and teaching of the College of Veterinary Medicine in cooperation and partnership with the State of Nebraska, the University of Nebraska, Lincoln, and the Meat Animal Research Center at Clay Center, Nebraska. We encourage development of this partnership. We urge the Governor of Kansas, the Kansas Legislature and the Board of Regents to support and foster with their counterparts in Nebraska creation of a Regional College of Veterinary Medicine which we believe would be cost-effective and mutually beneficial to agricultural producers, the animal industries, and the citizens of both states.

Postsecondary Education

We believe educational and vocational-training needs have been unfulfilled for many in our state due to fragmented post-secondary programs. We believe there are many opportunities to coordinate vocational, occupational, academic and college-preparatory programs within our community colleges. These individual components of post-secondary education should have equal status.

We believe mergers, within reasonable geographic guidelines, of existing area vocational-technical schools and community junior colleges would be in

the interest of students and the taxpaying public. We would support implementing legislation to achieve such mergers. The resulting institutions should, we believe, be considered an integral part of our system of higher education and, as such, should be placed under the existing or an expanded Board of Regents. We believe the state should then assume responsibility for financing these institutions through non-property tax revenues.

School Finance

We believe the Kansas Legislature should develop a school finance formula to assist in the delivery of and funding for a "basic education" for every child enrolled in public schools in each unified school district in the state.

We continue to believe that there should be minimal reliance on the property tax for support of our elementary and secondary schools. As long as property is used as a measure of wealth, then intangible property should be a part of such measurement of wealth.

We support legislation to create a school district income tax to be collected by the state from every resident individual and returned by the state to the school district of residence of the individual taxpayer.

We will support legislation to increase the state sales tax by one cent (1¢), PROVIDED the revenues from such increase are used for financing elementary and secondary schools and to reduce property taxes now levied for school finance.

State General Fund revenues should be enhanced for school finance purposes by increasing the rates of income and privilege taxes imposed on corporations, financial institutions, insurance companies, and non-resident individuals.

We believe that federally and state mandated programs should be fully funded by the federal or state government, whichever mandates a given program.

We have opposed in the past, and we will continue to oppose efforts to establish a statewide property tax levy.

Teacher-School Board Relations

We believe the authority of locally-elected boards of education should be recognized, supported and

maintained. We cannot support legislation which would erode the legal authority of school boards. We will oppose legislation which requires a school board to yield its authority to a mediator, an arbitrator or disinterested third party. We are opposed to teacher-tenure.

Vocational Education

We will continue to give our strong support to vocational education programs which meet demonstrated needs and which lead to some employable skill. We believe it is the responsibility of the state, through assurance of course offerings and non-property tax financial support, to provide quality vocational education programs. We recommend the state provide additional financial support for vocational programs at the secondary level.

Agriculture is the firm foundation for the Kansas economy. We believe there continues to be a need for vocational training in agriculture, agri-business, and farm mechanics. We urge adequate vocational training programs to meet these needs.

GOVERNMENT

Capital Punishment

We believe capital punishment to be a deterrent to violent crime. Capital punishment should be reinstated in Kansas and the Kansas law should be in keeping with the U.S. Supreme Court ruling and guidelines for imposition of capital punishment. We support the right of Kansas citizens to vote on a Constitutional Amendment allowing Capital Punishment.

Citizen Participation

Citizen participation in government is the very foundation and strength of our form of government in this state and nation. The Kansas Legislature and the Congress of the United States should be composed of representatives from all walks of life. We deplore the trend toward a professional, full-time Legislature and Congress.

From time to time citizens are asked to serve on a board, committee, commission or task force created by the Legislature, the Governor, the Congress, or

the government. Such service should carry with it for lay citizens the same rights to participation, discussion, deliberation and voting as with other elected or appointed members of such board, committee, commission or task force.

County Government in Kansas

We support the philosophy, which holds that government closest to those governed is best. In line with that philosophy, we will resist efforts to make any fundamental changes in, or consolidation of, any of our present 105 counties. We resist the argument that consolidation is necessarily an improvement. We will oppose legislative attempts to redraw county lines.

Permissive legislation has been passed which could be utilized by local units of government to provide cooperation between or among counties, or between cities and counties. We believe there are opportunities for government economy in providing such services as penal institutions, public health services, mental health services and engineering services on a cooperative basis.

District of Columbia Representation

We will vigorously oppose ratification by the State of Kansas of the proposed constitutional amendment to provide House and Senate seats for the District of Columbia.

Drug Abuse and the Drinking Driver

We strongly support actions that will bring about a solution to the problems of drug abuse and the drinking driver in Kansas and across the nation.

There are no easy solutions to this problem, but three issues need to be addressed:

1. **Education.** All citizens need to be informed on the effects of alcohol and drug abuse in regard to the operation of a motor vehicle. Education for children should commence in Kindergarten and be continued through grade 12. Funding for such alcohol and drug abuse education should be provided by the state or federal government from taxes on alcohol and related industries.

2. **Enforcement.** Kansas statutes need to be strengthened and adequately enforced so violators will be apprehended and will be subject to all provisions of the law if they are found guilty.
3. **Rehabilitation.** An effective rehabilitation program needs to be implemented so the alcohol or drug abuser may be treated and rehabilitated.

The operation of a motor vehicle on our streets, roads and highways carries a large responsibility. Driving is not a right but a privilege that must be continually earned.

Estate Planning

Farmers and ranchers, for their own benefit and for the benefit of their heirs, should work closely with legal, financial and accounting professionals in estate planning. We believe federal estate taxes and Kansas inheritance taxes should be reduced substantially. A conservator should be permitted, subject to court approval, and based on past practice and intent of conservatee, to make gifts on behalf of a conservatee in the care and maintenance of property and estates.

Fish and Game Commission

We support the present statutory requirements for appointment to the Fish and Game Commission. We believe consideration should be given to appointments of bona fide farmers to the Commission.

We would favor an established land-leasing policy giving first-choice farm tenancy privileges to the original landowner. Should the original landowner not desire to lease Fish and Game property, a uniform procedure for bid-basis land leasing should prevail through all Fish and Game service regions.

We are opposed to the Fish and Game Commission having the authority to use the power of eminent domain.

We believe the Kansas Fish and Game Commission should pay property taxes, or make an in-lieu-of tax payment to the county and school districts in which Fish and Game property is located.

We recommend that the Fish and Game Commission conduct a study to determine if

brucellosis, other livestock diseases, and noxious weeds are transmitted by deer, other wildlife, and livestock.

Government Organization, Responsiveness and Finance

Governmental regulation and bureaucratic involvement in the lives of our citizens must be reduced. Laws, resolutions, programs and activities of government—at any level—should be: cost-efficient, necessary, useful and effective. There should be a cost-benefit analysis of every regulatory agency.

Parimutuel Wagering: Constitutional Amendment

We support the right of Kansas citizens to vote on a Constitutional Amendment allowing the Legislature to provide for development, regulation, licensing and taxation of parimutuel wagering at county local-option, non-profit horse racing facilities in Kansas.

Political Campaign Financing

We are opposed to the use of public funds for financing political campaigns at any level of government.

We believe personal contributions to political campaigns should be encouraged. There should be reasonable limits placed on the amount of money any one person, business, corporation, labor union, association or political action committee may contribute to any one candidate. Such limitation should include a monetary value placed on in-kind services that may be contributed to a candidate. We believe the value of resources available to incumbents . . . staff and other privileges . . . should be included in the calculation of campaign contributions.

We believe political campaigns have become far too costly and would, therefore, support a limitation on the time allowed for conducting campaigns in order to reduce the amount of money spent.

Regulatory Reform

We believe excessive regulation represents a deterrent to the competitive enterprise system, and will eventually destroy it.

We urge the legislative branch of government, at the state level and at the national level, to legislate clearly and to legislate by statute. We deplore legislation by administrative regulation.

We hereby resolve to intensify our efforts to educate and to inform our members and all of the electorate concerning regulatory actions which tend to restrain competitive enterprise, or which tend to place in the hands of non-elected employees the development of regulations which govern our lives.

Trespass and Vandalism

We believe that trespassing on and vandalism of private property is of growing concern to Kansas farmers. Under present laws, it is difficult to successfully prosecute individuals who intentionally trespass on privately held ground. We recommend that the Legislature strengthen the statutes concerning trespass and vandalism and increase the penalties for these offenses.

We urge county Farm Bureaus to become actively involved in working with local law enforcement officials to aggressively enforce trespass laws.

Uniform Commercial Code

We support repeal of the agricultural exemption from the Uniform Commercial Code.

Voter Registration

We are strongly opposed to election-day voter registration. We are equally opposed to proposals which seek to give organizations the right to act for, or on behalf of, individuals in the registration process.

Voting

We believe that in local, state, or national elections, military personnel, and college students

who have a permanent address or home of record other than that of the student's parents, should vote in the community of such permanent address or home of record.

We are strongly opposed to any proposal to permit voting by mail in national, state or local elections, except for absentee ballots.

Electors in Kansas have an opportunity to vote in statewide elections for four constitutionally prescribed executive branch officers and for two statutorily prescribed officials. We support the right of Kansans to vote for candidates for all these offices. We will oppose legislation or executive action which would eliminate that voting opportunity.

Election laws regarding pollwatchers should be strictly enforced.

LABOR AND INDUSTRY

Public Project Wages

The Kansas Farm Bureau supports repeal of the Davis-Bacon Act at the federal level of government. We also believe the Kansas statutes requiring payment of prevailing wages on public works projects are inflationary and should be repealed.

Right-to-Work

We reaffirm our strong support for the "right-to-work" concept. We will oppose the repeal of legislation implementing the "right-to-work" in Kansas, and we will vigorously oppose the repeal of Section 14(b) of the Taft-Hartley Act.

Workers' Compensation

We continue to support exemption for agriculture from the industrially-oriented Workers' Compensation Act. We will oppose removal of the exemption, or any attempt to bring agricultural workers under that Act.

An agricultural workers' compensation plan, if one is devised after adequate study, should provide a payroll threshold of \$50,000 or such amount as would cover full-time, nonfamily-member employees and the occasional part-time labor so necessary in the family farming operations of Kansas.

PUBLIC HEALTH AND WELFARE

Emergency Aid

We would encourage the Kansas Legislature to amend that portion of Kansas Statutes referred to as the Good Samaritan Law. It is important that every citizen making a good faith effort to render emergency care and assistance at the scene of an accident be exempt from civil damages.

Health Care Cost Control

Spiraling health care costs warrant serious consideration by private citizens and health care professionals alike. Government mandated cost-containment legislation will not provide the best answer to this dilemma. We continue to support voluntary leadership in the area of health care cost control. Additional cost control measures can and must be undertaken so that appropriate, affordable health care is available to all. We urge the development of more local Home Health Care organizations.

Health Care and Professional Liability

We believe there is a threat to health care in this state because of the cost and availability of professional liability insurance coverage for health care providers.

The increased incidence of medical malpractice claims has caused the cost of insurance coverage to soar, reduced the availability of coverage, and contributed to higher patient fees. We believe health care delivery would be improved and the medical malpractice insurance problem corrected by the enactment of state legislation which would:

1. Prohibit publication of the dollar amount sought in a medical malpractice suit;
2. Limit the amount of money which can be recovered in a medical malpractice suit;
3. Modify and restrict the use of the contingency fee system by the legal profession; and
4. Reduce the statute of limitations and time of discovery for an alleged act of negligence or omission.

Health Care for the Elderly

We urge citizen volunteers and paid health professionals to cooperatively work to meet the needs of the growing elderly population in Kansas. It is important that local programs for Kansas senior citizens maximize the independence of the elderly as long as possible.

For many of our elderly, however, nursing home care will become a necessity. We believe nursing home regulations should be limited to only those that protect quality of care.

Nutrition Education for Health Professionals

There is evidence that many health care professionals have not had sufficient educational course work in nutrition and its relation to the treatment of disease.

We believe nutrition training and courses should be required in medical and health-related education curricula.

Nutrition Education for School Children

Very little formal education is provided in Kansas schools to help our youth learn how to fit needed nutrition into the era of fast-food restaurants.

We urge county Farm Bureaus to support and encourage nutrition education and training programs in Kansas schools. School food personnel need nutrition education as well.

We strongly urge monitoring the use of federal funds for nutrition education in order to assure that students and food service personnel receive the benefits of such nutrition training programs.

TRANSPORTATION AND UTILITIES

Automobile Safety

We deplore the blackmail tactics of the federal government to bring about seat belt use laws. We should have a seat belt use law in Kansas, not because the federal government requires it, and not because our highway funds and user taxes are held hostage, but because the use of seat belts saves lives.

County Bridge Construction

We believe there should be county, state and federal government cost-sharing and financing so that bridge construction and bridge replacement may proceed without further delay. Specifications and standards for bridges should be determined cooperatively by state and local engineers to meet local needs. Where practicable, we would urge the use of prestressed, precast materials, as well as dirt fills in connection with conservation dams, for bridge construction, as opposed to costly "over-designed," over-built bridges. We further believe that in some cases, low-water bridges would be adequate.

County Highway Fund Distribution

The present Kansas law which distributes highway user revenues to counties uses a formula which gives excessive weight to motor vehicle registrations. This results in glaring inequities of fund distributions. We will support an amended formula with major weight given to miles of county federal-aid secondary, rural road and highway travel, plus consideration of miles of roads that must be maintained by county highway departments.

Highway Development and Funding

We believe upgrading and improving existing roads and highways is preferable to building additional freeways, limited access highways, toll roads or turnpikes.

We urge that efficiencies be achieved in the operation of the Kansas Department of Transportation and that assurance be provided to protect against misuse of funds through bid-rigging or any other fraud.

We support the concept of highway users paying, through gallonage taxes and vehicle registration fees, for the construction and maintenance of highways, roads and bridges.

Toll road and turnpike construction in Kansas should not be contemplated unless a feasibility study on any such project shows the toll road or turnpike will pay its own way.

We are opposed to the use of any highway revenue or State General Fund revenue to guarantee toll road or turnpike bonds.

Highway design and planning should avoid, where feasible, diagonal routing. Diagonal cuts are most disruptive to agricultural operations.

Highway Littering

We deplore the increasing abuse and disregard for state laws relating to littering roads and highways. Broken glass, metal containers and garbage found along our roadsides are a nuisance and a hazard.

We recommend that steps be taken for more vigorous enforcement of state litter laws. We support recycling and the use of reusable and biodegradable containers. Non-returnable glass soft drink and beer containers should be prohibited.

Rail Car Safety Markings

We believe all railroad cars operating in Kansas should be equipped with sufficient iridescent material in patterns so they will reflect the headlights of a motor vehicle at grade crossings. This requirement should apply to all new cars when placed in service and to all existing cars when returned to service after maintenance.

Trucking Deregulation

We believe trucking (motor carrier) regulations are counter-productive and without benefit to shippers. Economic deregulation could provide greater competition in transportation. Energy conservation could result from backhaul opportunities. It should not take an action by a regulatory body, at the national or state level, for entry into a private enterprise endeavor such as trucking.

We urge the Kansas Legislature to deregulate the trucking industry.

MISCELLANEOUS

Agricultural Hall of Fame and National Center— Bonner Springs, Kansas

The Agricultural Hall of Fame and National Center at Bonner Springs, Kansas, is set up as a shrine to honor those who have contributed to our great agricultural industry, and to preserve and display agricultural machinery.

Since this is an Agricultural Shrine, we would ask every farmer and rancher in Kansas to make a financial contribution to the Agricultural Hall of Fame.

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AN ACT concerning the Kansas Uniform Commercial Code: Amending K.S.A. 84-9-307(1) by removing the exclusion of the "farm products" exception from the "Buyer in ordinary course of business" rule.

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

Section 1. K.S.A. 84-9-307 is hereby amended to read as follows: 84-9-307. Protection of Buyers of Goods. (1) A Buyer in the ordinary course of business (Subsection 9) of Section 84-1-201 ~~other than~~ including a person buying farm products from a person engaged in farming operations takes free of a security interest created by his seller even though the security interest is perfected and even if the buyer knows of its existence. ~~For purposes of this section only "farm products" does not include milk, cream and eggs.~~

Section 2. K.S.A. 84-9-307 is hereby repealed.

Section 3. This action will take effect and be in force from and after its publication in the statute book.

attachment E
2/6/85

Article 5. GRAIN DEALERS

34-501. Definitions in part. The definitions of K.S.A. 34-233 shall apply to this Article.

34-502. Public grain dealers' license; application; fees, how determined; examination of records; payment of costs.

(a) Any person desiring to engage in business as a public grain dealer in this state shall, before the transaction of any such business, present to the Kansas state grain inspection department, as established by K.S.A. 34-101, on a form designated by the director of said department, a written application for a license as a public grain dealer. Such applicant shall state the individual name and address of each person interested as a principal in the business (and in case the business is operated as or is to be operated as a corporation, the names and addresses of the president and secretary, as well as the name and address of each person holding more than 5% of the outstanding shares of stock, or 5% of the outstanding capital if the corporation is non stock and such further information as the director may require).

(b) Every application for a public grain dealers license shall be accompanied by a current financial statement. The statement shall include such information as required by the director to administer and enforce the public grain dealer laws of this state, including but not limited to a current balance

sheet, statement of income (profit and loss), statement of retained earnings and statement of changes in financial position. The applicant shall certify under oath that the statement as prepared accurately reflects the financial condition of the applicant as of the date specified and presents fairly the results of operations of the applicant's public grain dealer business for the period specified. The financial statement shall be prepared in accordance with generally accepted accounting principles and shall be accompanied by: (1) A report of audit or review conducted by an independent certified public accountant or an independent public accountant in accordance with standards established by the American institute of certified public accountants and the accountant's certifications, assurances, opinions, comments and notes with respect to the statement; or (2) a compilation report of the financial statement, prepared by a grain commission firm or management firm which is authorized pursuant to rules and regulations of the federal commodity credit corporation to provide compilation reports of financial statements of warehousemen.

The director, upon request of an applicant, may grant a waiver of the requirements of this subsection for a period of not more than 90 days if the applicant furnishes evidence of good and substantial reasons for the waiver.

(c) (1) Every applicant for a license to operate as a public grain dealer and every person licensed to operate shall at all times maintain total net worth liable for the payment of any indebtedness arising from the conduct of such business of at

least \$25,000 and (B) any deficiency in net worth required above the \$25,000 minimum may be supplied by an increase in the amount of the applicant's or licensee's bond as provided by K.S.A. 34-503 and amendments thereto.

(2) In determining total net worth: (A) Credit may be given for insurable property such as buildings, machinery, equipment and merchandise inventory only to the extent that the property is protected by insurance against loss or damage by fire and (B) capital stock, as such, shall not be considered a liability.

(d) No license shall be issued to a person or entity not previously licensed in this state and making application for an original license who, in this state or any other jurisdiction, within the 10 years immediately prior to the date of the application of the person or entity for a license, has been convicted of or has pleaded guilty or "nolo contendere" to any crime which would constitute.

(1) Embezzlement:

(2) Any felony defined in any statute contained in article 37 of chapter 21 of the Kansas Statutes Annotated.

(3) Any felony defined in any statute contained in chapter 34 of the Kansas Statutes Annotated; or

(4) a violation of the United States warehouse act (7 U.S.C. 241 et seq.).

(5) Engaged in any active or conduct which would disqualify the applicant from registration as a licensed grain dealer's agent in accordance with Section 517 of this Article.

(e) The director may investigate any applicant making

application for an original license for the purpose of determining if such person would be qualified to receive such license under the provisions of this section.

(f) (1) Every application for a public warehouse license shall be accompanied by a license fee which shall be determined and fixed by the director by rules and regulations.

34-503(a) Bond; amount, conditions, actions or bonds, additions bond, attorneys fees as costs, when. Every applicant for a grain dealer license shall promptly, upon notification by said director of the amount of bond required, file with the said director his bond with good corporate surety qualified under the laws of the State of Kansas in a sum determined by the director by taking into consideration:

(1) The total volume of grain the applicant intends to deal with during the next twelve (12) months, as well as the total dollar purchase value of such grain;

(2) The total volume of grain the applicant handled during the previous twelve (12) months as well as the dollars purchase value of such grain;

(3) Highest month's volume of grain handled the previous twelve (12) months

(4) The solvency of the applicant and such other factors as the director shall deem pertinent. Provided however, that the amount of such bond shall not be less than the greater of ten thousand dollars (\$10,000) or twice the highest month's volume of grain handled by the applicant or license the previous twelve

(12) months. Nothing in this subsection shall be construed to authorize a refund for any unused portion of an issued license.

(b) If any applicant for a license or a licensee at any time does not have the total net worth required by Section 502(c)(1) of this Article and amendments thereto, an amount equal to the deficiency shall be added to the amount of the bond required by subsection (a).

(c) The bond shall be in favor of the state of Kansas for the benefit of all persons interested, their legal representatives, attorneys or assigns and shall be conditioned on the faithful performance of all the licensee's duties as a public grain dealer. Any person damaged or injured by the breach of any obligation of the grain dealer may commence suit on the bond in any court of competent jurisdiction to recover damages that the person has sustained, but any suit commenced shall either be a class action or shall join as parties plaintiff or parties defendant or other persons who may be affected by such suit on the bond.

(d) Whenever the director determines that any bond given by any grain dealer is inadequate and insufficient security against any loss that might arise under the terms of the bond, the director shall require any additional bond that the director considers necessary to provide an adequate security. If the director considers the financial condition of the surety upon any public grain dealer and the grain dealer's bond to be impaired, the director shall require any substituted or additional bond that the director considers necessary.

(e) In all actions hereafter commenced in which judgment is rendered against any surety company on any surety bond furnished under the provisions of this section, if it appears from the evidence that the surety company has refused without just cause to pay the loss upon demand, the court shall allow the plaintiff a reasonable sum as attorney fees to be recovered and collected as a part of the costs. When a tender is made by the surety company before the commencement of the action in which judgment is rendered and the amount recovered is not in excess of the tender, no such costs shall be allowed.

(f) The licensee, if dissatisfied with the order of the director, may appeal in the manner provided by law.

34-504. Licensee to operate as a public grain dealer, issuance, when, temporary suspension; cancellation and revocation; notice, hearing, appeal; procedure (a) upon receiving such application it shall be the duty of the said director to make an investigation of the applicant and inspection of the business practices and procedures used or to be used by the applicant, including the applicants books and records, account procedures and procedures for internal control. The director may issue a license to the applicant if:

- (1) The applicant furnishes the bond required by this act;
- (2) The applicant complies with all requirements for licensure prescribed by this act and rules and regulations adopted under this act.

(b) Every license shall be dated and shall designate the

name of the licensee and the location of its principal place of business.

(c) Each license shall expire one year from the date of its issuance except that, for the purpose of equitably distributing application dates of licenses throughout each calendar year, the director may issue licenses for periods longer than one year but not longer than two years. Licenses for periods longer than one year shall be charged the annual license fee, plus a monthly fee in proportion to the annual license fee for the number of months the license is issued beyond one year.

(d) Any licensee making application for renewal of a license shall submit the application, together with the licensee's financial statement and any additional information required, at least 30 days prior to the date of expiration of the licensee's current license. For each day that the licensee is late in submitting the application and required information, the licensee shall be penalized an additional fee of \$3.

(e) The license shall be posted in a conspicuous place in the office room of the licensed public grain dealer, and all correspondence and contracts issued by the grain dealer shall conspicuously state: that the grain dealer is licensed pursuant to this Article; that the grain dealer is bonded, and the amount of such bond.

(f) If a licensee is convicted of any violation of the provisions of this act or if the director determines that a licensee does not comply with any requirement for licensure or has violated any provision of this act or of the rules and

regulations adopted under this act, the director may at the director's discretion suspend or revoke the license of the licensee. All proceedings for the suspension or revocation of licenses shall be before the director. No license shall be suspended or revoked except after hearing by the director with reasonable notice to the licensee and an opportunity to appear and defend. The director may temporarily suspend a license for good and reasonable cause before notice of hearing but the licensee shall be entitled to a hearing on the temporary suspension without undue delay. Whenever the director suspends or revokes any license, the director shall prepare an order so providing which shall be signed by the director or a person designated by the director, and the order shall state the reason or reasons for the suspension or revocation. The order shall be sent, by certified mail, by the director to the licensee.

(g) The licensee, if dissatisfied with the order of the director, may appeal in the manner provided by law.

34-505. Hearings; powers of director. The director shall have power in the conduct of any hearing authorized to be held by him or her to examine, or cause to be examined, under oath, any person, and to examine or cause to be examined, books and records of any licensee; to hear testimony and take proof material for his or her information in the discharge of such duties under this act; to administer or cause to be administered oaths; and for any such purposes to issue subpoenas, to require the attendance of witnesses and the production of books which shall be effective in

any part of this state; and any district court, or any judge thereof, either in term time or in action, may by order duly entered, require the attendance of witnesses and the production of relevant books and records subpoenaed by the director, and the court or judge may compel obedience to its or his or her order by proceedings for contempt.

34-506. Injunction proceedings. How prosecuted. The director may enjoin any person from violating or continuing to violate the provision of Article 5 Chapter 34 of the Kansas Statutes Annotated, and acts amendatory thereof or supplemental thereto, and the rules and regulations adopted by the director pursuant to said laws by filing injunction proceedings in the district court. Such injunction proceeding shall be prosecuted by the attorney general or the county attorney of the proper county upon request of the director.

34-507. Penalty for failure to obtain license; refused to reissue revoked license, when. (a) Transaction of business as a public grain dealer without a currently valid public grain dealers license or without having the license displayed as required by section 504(e) of this Article is a Class C misdemeanor. (b) The director may refuse to renew any license or grant a new one to any person whose license has been revoked.

34-508. Purchase limits, security interests limited.

Notwithstanding any other provision in this act, no public grain

dealer shall purchase grain with a total dollar purchase price in excess of the bond which such grain dealer shall have posted in accordance with Section 503 of this Article, except that grain for which the grain dealer has made payment in cash or its equivalent shall not be included in the total dollar purchase price. No grain dealer may grant a security interest, lien or other encumbrance whatsoever in or to grain purchases, or the proceeds of the sale of such grain, or for the receivables for said grain in a dollar amount in excess of the dollar amount of the bond required of the grain dealer by this act, and any security interest, lien, or other encumbrance granted in excess of such bond shall be void and of no force and effect.

34-509. Provisions of Chapter 34 apply. The provisions of Chapter 34 Articles 1, 2 and 3 which apply to this act (Article 5) are: K.S.A. 34-101, 34-101(b), 34-101(c), 34-102, 34-102(a), 34-102(b), 34-103(a), 34-103(c), 34-105, 34-106, 34-107, 34-111, 34-121, 34-122, 34-123, 34-124, 34-223, 34-228, except to the extent that said provisions are inconstant with this Act.

34-510. Grain dealer defined. As used in this act: "Grain Dealer" means any person, corporation, firm, partnership or other business entity which is engaged in the business of buying or purchasing grain, as defined at K.S.A. 34-233, within this state, and selling or offering grain for resale to third parties.

34-511. Exemptions. This provision of this Act shall not apply

to grain handled that is produced by the applicant, licensee or grain dealer; to grain handled by a grain broker or other person who does not take or acquire title or possession of the grain but who offers grain for purchase or sale to third parties for a commission; to any person who accepts delivery of grain for transportation only, provided that such person is a licensed public carrier and provided that such public carrier does not offer grain for sale and does not accept or contract or agree to accept payment for grain as an agent of the owner; to the purchase of grain, not for resale, but for the purchaser's own use; to the purchase of grain by a public warehouseman licensed by The Kansas Warehouse Act, K.S.A. Chapter 34 or by the Federal Warehouse Act.

34-512. Inspection; procedures; access; confidentiality of certain information, exceptions, penalty for disclosure.

(a) The director shall inspect, or cause to be inspected by a duly authorized examiner, every licensed grain dealer, the business thereof and the mode of conducting the same at such times as the director deems necessary. The books, records, accounts, papers and proceedings kept by such grain dealer, so far as they relate to the operation or management of business of a public grain dealer, which have reference to the quality, quantity, sales, purchases; and transportation of grain shall be subject to examination and inspection by the director or the director's duly authorized examiner at all times during regular business hours.

(b) No inspector or employee of the state grain inspection department shall disclose any information obtained by such inspector or employee in the course of employment which is relative to the affairs or transactions of any grain dealer, other than as permitted by this act, without first having obtained the express permission in writing of such grain dealer or of the director, except when ordered to do so by a court of competent jurisdiction. Upon application of any person, the director may disclose or direct any inspector or employee of the Kansas state grain inspection department to disclose any information which, in the opinion of the director, the person making the application is entitled to receive. If any inspector or employee discloses any such information except as permitted by this act, the inspector or employee shall be guilty of a misdemeanor.

34-513. Duties of Grain Dealer. Every grain dealer in this state shall make payment to the owner for all grain delivered to the grain dealer, or to a third party for the benefit of the grain dealer, or to a third party who has purchased the grain from the grain dealer, in cash or its equivalent, within twenty (20) days of such delivery, unless the grain dealer is permitted by this act to withhold or delay payment to the owner.

34-514. Grain Dealer has reasonable time to determine validity of claims or compel interpleader. If someone other than the person who sold grain to the grain dealer asserts a claim to the

title or possession of the grain the grain dealer shall be excused from liability for refusing to make payment for said grain to the grain dealer's seller or to the adverse claimant, until the grain dealer has had a reasonable time to determine the validity of the adverse claim or to bring legal proceedings to compel all adverse claimants to interplead.

34-515. Interpleader of adverse claim. If more than one person claim the title or possession of the grain, the grain dealer may, either as a defense to an action brought against him for nondelivery of the grain, or by an original suit, whichever is appropriate, require all known claimants to interplead.

34-516. Same; separation from other records; inspection. All such records and accounts shall be kept separate and distinct from the records and accounts of any other business, and shall be subject to the inspection by the director or his duly authorized representative at all reasonable times.

34-517. Registration of grain dealer's agents, application, examination, approach, hearing.

(a) Every licensed public grain dealer shall register with the director each and every agent who negotiates, enters into, or has authority as agent to contract or bind the grain dealer to contracts of purchase or sale, or who is authorized to represent him in transactions involving the consignment, purchase, or sale of grain, except that no person who holds a valid grain dealers'

license shall be required to register or be registered as an agent in order to do business in the name in which said license is issued.

(b) No grain dealer shall pay in the form of salary, wage, fee, brokerage, commission or otherwise, any person for services rendered as a grain dealer's agent unless such person is a licensed public grain dealer or is duly registered as said dealer's agent.

(c) Any licensed grain dealer desiring to register an agent shall make application on forms furnished by the director, which application form shall contain sufficient information to provide a positive identification of the person to be registered, including the person's full name, address, date of birth, social security number, and such other information necessary to assist in making proper determination as to whether or not the person meets all qualifications as set forth in this Act.

(d) The director shall, within reasonable time, examine each application for public grain dealer's agent and consider the information submitted therewith, and shall also consider the past history of any applicant individually and in connection with any prior grain dealer, or other business with which the applicant shall have been connected in any capacity.

(e) An application for registration as a licensed grain dealer's agent may be disapproved if the person for whom registration is requested has:

(1) A record as an individual or in connection with any grain dealer, copartnership, corporation, association or other

business unit, showing unsatisfactory debts, or operation or orders with respect to prior dealings in grain.

(2) Violated or aided or abetted in the violation of any law of Kansas or any other state or federal statute applicable to warehousemen or grain dealers.

(3) Been found guilty of a crime against the laws of this or any other state or government, involving moral turpitude or dishonest dealings.

(4) Committed any act or conduct of the same or different character as enumerated herein which shall constitute fraudulent or dishonest dealings.

(f) The director may investigate any applicant making an application for registration as a licensed grain dealer's agent for the purpose of determining if such person would be qualified to receive such license under the provisions of this section.

(g) Hearings on disapproval of applications for agent registration shall be held in accordance with the hearings procedure provided in this act for licensed grain dealers.

34-518. Rules and regulations by chief inspector. The chief inspector of the Kansas grain inspection department is hereby authorized to make and enforce reasonable rules and regulations, in conformity with the provisions of this act, governing the duties of public grain dealer and registration of grain dealer's agents the manner of conducting the business of a public grain dealer and of keeping and preserving the papers and records of such grain dealers.

34-519. Action for possession by director; audit and investigation; receivership, when; recovery of expenses.

Whenever it appears to the satisfaction of the director of the state grain inspection department that a licensed public grain dealer is unable to cover outstanding contracts of purchase or sale issued or assumed by him, or when such grain dealer refuses to submit his records to a lawful examination, the director may give notice to the grain dealer to comply with all or any of the following requirements: (1) Cover such shortage; (2) give additional bond as requested by the director; (3) submit to such examination as the director may deem necessary.

If such grain dealer fails to comply with the terms of such notice within twenty-four (24) hours from the date of its issuance or within such further time as the director may allow, the director may petition the district court of any county in which is located one of the principal places of business of the licensed public grain dealer for an order authorizing the state grain inspection department to take possession of all pertinent records and property and for an order for the appointment of a receiver of the licensed public grain dealer.

At any time within ten days after the grain inspection department takes possession the grain dealer may file with the Court a response to the petition of the director stating why a receiver should not be appointed. The Court shall set the matter for hearing on a date not less than five nor more than fifteen days from the date of the filing of the grain dealer's response.

All necessary expenses incurred by the grain inspection

department or any receiver appointed under this section in carrying out the provisions of this section may be recovered from the licensed public grain dealer in a separate civil action brought by the director in the said district court or may be recovered at the same time and as a part of the seizure or receivership action filed under this section. As a part of the expenses so incurred, there is authorized to be included the cost of adequate liability insurance necessary to protect the grain inspection department, the receiver, and others engaged in carrying out the provisions of this section.

34-520. Invalidation of any part of this act. That if any clause, sentence, paragraph, or part of this act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall be returned.

34-521. Interpretation of act. This act shall be liberally interpreted and construed to effectuate its general purpose.

34-522. Records of account to be kept. Every grain dealer shall keep, or cause to be kept, in a place of safety complete and correct records and accounts of all grain bought and sold by the grain dealer, including the names and addresses of all purchasers and all sellers; all contracts of purchase or sale; all future

contracts or other contracts with brokerage firms which are used to hedge the grain dealers long or short position. Such records shall be retained for such period as may be prescribed by the director.

34-523. Penalties for violation of act; hearings; revocation of license. (a) Unless otherwise provided in this act, any person or entity that violates any provision of this act is guilty of a class A misdemeanor. (b) If, after a hearing of which the warehouseman concerned shall be given five days' notice, the director of the state grain inspection department finds that the provisions of this act have been violated by any person holding a license to conduct a public warehouse in this state, the director shall revoke the person's license and no new license shall be granted to the person whose license is so revoked or to anyone engaged, either directly or indirectly, (in) the public warehouse business with that person for a period of one year.

34-524. Same; no defense in criminal action. Nothing in this act nor any action under this act shall be a defense or partial defense in any prosecution under any criminal statute.

34-525. Same; severability. If any provision of this act or the application thereof to any person or circumstances is held invalid, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

BILL NO. _____

AN ACT establishing a farm assistance, counseling and training program.

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

Section 1. Inasmuch as the economy of this state is based, to a large extent, on agriculture and inasmuch as the economy of the individual farmers, ranchers and agribusinessmen in this state is placed in jeopardy as a result of low commodity prices, high interest rates, the declining value of land used for agricultural purposes, the federal budget deficit, the forces of nature and the increasing rate of farm foreclosures, it is therefor declared that the purpose of this act shall be to establish a program to directly assist farmers, ranchers and agribusinessmen in avoiding and alleviating economic distress.

Sec. 2. (a) The secretary of the state board of agriculture shall establish a farm assistance, counseling and training program. As a part of the program, the secretary shall provide internal staff and facilities which shall: (1) Receive requests for assistance; (2) analyze the requests received; (3) determine the eligibility of the requesting person and the priority of the nature of the request as set forth in rules and regulations prescribed by the secretary; (4) provide assistance directly or refer the requesting person to the appropriate agency or party for direct assistance; and (5) analyze current and proposed federal programs for compliance problems and potential impact in Kansas.

(b) Persons shall be eligible to receive assistance pursuant to this act if they: (1) Are primarily engaged in the business of farming, ranching, agribusiness or other agriculture-related activities as further defined in rules and regulations prescribed

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by the secretary; and (2) need assistance to avoid or alleviate economic distress as further defined in rules and regulations prescribed by the secretary.

(c) The assistance to be made available to eligible persons shall consist of farm management, legal assistance, financial planning, employment services, business planning and other support counseling.

(d) The secretary shall provide legal assistance through a contract for legal services with any private, nonprofit corporation organized under the laws of this state and which receives funding directly pursuant to 42 U.S.C. § 2996. The funding provided for legal assistance under this act shall be utilized exclusively for the legal services specified in this section. The legal assistance to be provided eligible persons shall consist of: (1) Legal representation in any action or proceeding involving a lending institution other than any state or federally chartered bank, savings and loan association, credit union or any corporation owning a bank under Kansas law; and (2) legal counseling and advice.

(e) The secretary shall prescribe rules and regulations which: (1) Specify the criteria to determine when persons are primarily engaged in the business of farming, ranching, agribusiness or other agriculture-related activities; (2) specify other eligibility criteria to be met by persons requesting assistance; (3) specify the priority of eligible requests for assistance; and (4) are otherwise deemed necessary to carry out the purposes of this act.

(f) The provisions of this act shall expire on June 30, 1987.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

FARMERS ASSISTANCE, COUNSELING AND TRAINING SERVICE
FACTS

FACTS is the acronym for a program Governor Carlin has recommended be funded through the Board of Agriculture. The recommended funding for this program is \$409,000.

The office would be equipped with a toll-free Hot-Line. Farmers could call this number to receive information about and locations of people and organizations around the state that are providing services the farmer may need.

There are many on-going efforts which are providing all kinds of assistance, from financial consulting to job retraining, to peer identification programs. Today, many farmers are faced with no options but to sell the farm, declare bankruptcy or drastically reduce their operations. Some are not lucky enough to have even these options. Many more farmers are reaching the point that something has to be changed or they, too, will run out of options.

The realization that the farm is in trouble is difficult to face. It is no longer just the "bad" farmers that are experiencing financial difficulty but also those "good" farmers who have often thought themselves immune from economic pressure of this degree. These individuals need an array of services that address the various needs of people going through a transition of this kind.

The FACTS program will help match people's needs with services being offered. A data base of existing programs will be established for areas of the state. For example, when a farmer calls from Cherokee County, they will be informed of the programs available in their area. A preliminary assessment will be made of their needs and programs offering assistance which could be helpful will be recommended.

The staff at FACTS, in complying this data base, will determine what kinds of programs are being offered by whom and they will work to coordinate programs where duplications exists or where a particular service is lacking. FACTS will be the conduit for information among those needing help and those offering it.

One service that many farmers in financial trouble need is advice of an attorney. The legal ramifications of actions by lenders and farmers alike are vast. Too often these disputes end in foreclosure or bankruptcy when other options are available. If foreclosure proceedings are begun, advice of an attorney is even more critical. Included in the \$409,000 recommendation is a contract for \$135,000 to provide legal assistance to farmers. Kansas Legal Services, Inc. will provide those legal services through their eleven branch offices located throughout the

state. There are some outstanding services being offered to farmers through Cooperative Extension and a joint effort of churches through the Ecumenical Council of Kansas, but none of these programs provide attorneys for farmers.

In addition to compiling the list of ongoing programs, referring farmers to those programs and coordinating existing programs, the staff at FACTS will examine programs being proposed by the federal government and analyze current programs to determine the guidelines for compliance and estimate their effectiveness. Currently, no state agency is charged with analyzing proposed programs to see if they will meet the needs of Kansas farmers. Further, no analysis has been done by the state of current programs to decide the best way to apply and receive the benefits offered. The FACTS staff would do this analysis and share it with the people offering the services, the Legislature, the Governor and farmers so that Kansas voice can be heard in Washington as they devise and amend programs. This kind of service could be invaluable in ensuring that the maximum amount of federal tax dollars paid by Kansans is returned to Kansas through such programs.

FACTS is not designed to save every farmer or to encourage them to leave the business. It is designed to smooth the transition through this rocky economic time that the entire industry is facing.

Budget Summary for FACTS

Total State General Fund Expenditure \$409,245

Salaries and Wages	187,326
(1 Attorney II, 2 Attorney I, 2 Management Analysts 1 Clerk Typist II and 1 Clerk Typist III)	
Fees-Professional Services	135,000
(contract with Kansas Legal Services Inc.)	
Printing and Advertising	10,000
Communications	14,120
(Toll-Free Hot Line)	

Communicating for

January, 1985

Agriculture

Vo. 8, No. 10

'Helping farmers and ranchers survive in a crisis

During the recent long political season, candidates and spokesmen representing both major political parties noted that any real or alleged national economic recovery has not been shared by agricultural America.

The subject of farmers with severe financial problems — those who are losing their farms or are in danger of losing them — has received much attention over an extended period of time from the agricultural media. Now, the impact of the hit movie, "Country," has brought the subject to the attention of the general public, as well.

The Farmers Home Administration (FmHA) and other financial agencies and institutions have been accused of being unresponsive to the financial problems of farmers. However, to a large extent, these agencies and institutions are bound by a number of limitations and restrictions. There is a limit to the help they can give.

Is anything being done to show individual farmers what they can do about their particular financial problems? The answer to that question seems to be a qualified "yes, to some degree, in some places."

CA has been engaged in an intensive research project to find out what is being done to point financially-troubled farmers in the right direction, and the findings show that some very ambitious programs are taking place in some states, while more limited efforts exist in others. All 50 states were contacted.

Beyond the programs at the state level are many grassroots self-help efforts sponsored by organizations and individual groups and networks of farmers, some of which are national or semi-national in scope.

This particular article deals with state-level programs and will only mention one that is sponsored by an organization, because it is partially funded by the state in which it operates (Nebraska). Other organizational and grassroots programs will be dealt with in a future article.

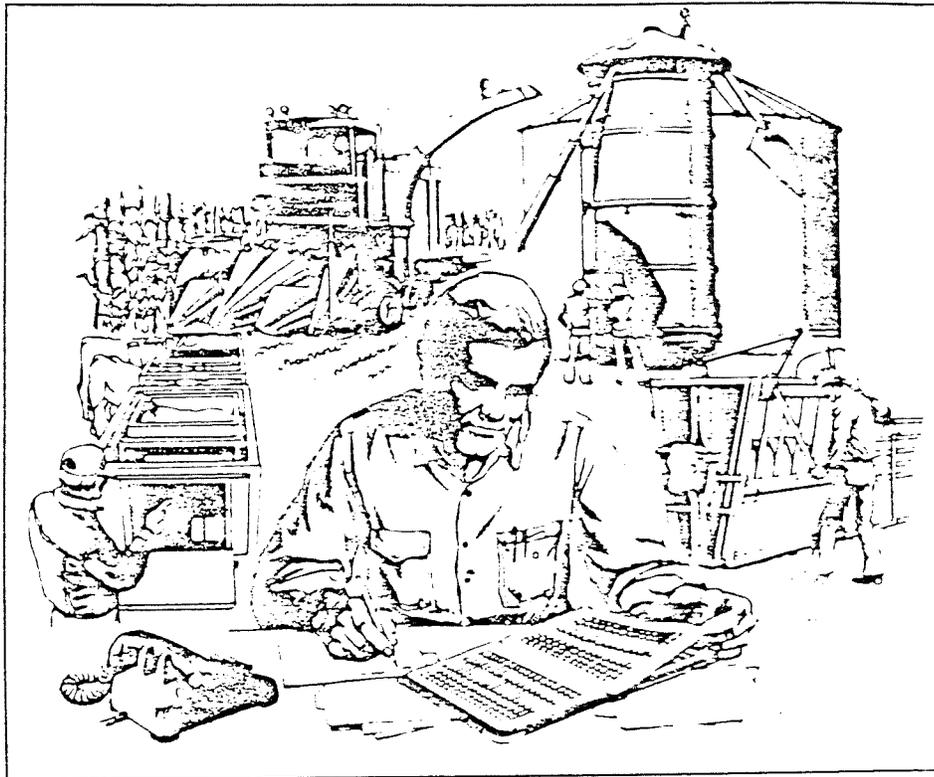
The more ambitious state-level farm financial counseling efforts seem to be in midwest and upper midwest states.

Minnesota has a toll-free farm crisis hotline number, 1-800-652-9747, and a program through the Office of the Attorney General, coordinated by Roger Cuihane, through which attempts are made to find out what is available for farmers in specific situations. Counselors provide a number of services, such as providing legal assistance and aid with filling out FmHA papers.

Meanwhile, at the University of Minnesota Extension Service, an intensive program to help farm families with financial planning, stress management and support is being developed. The program, called Project Support, will be coordinated by the Extension office in each Minnesota county. Community networks will be organized to offer support to farm families, according to Patrick J. Borich, dean and director of the university's Agricultural Extension Service.

"We've had training on stress management, farm family financial management and community networking support for all of our agents," Borich said.

The program's short-term goals are to help farm families in two categories:



1. For families that have recently left farming or will do so shortly, help will be offered in the transition to non-farming careers and coping with stress associated with leaving farming.

2. Help will also be available for families who need help analyzing their short-term financial situation. Some of these families will be able to continue farming if they receive financial planning assistance, according to Borich.

A third group — families who will continue to farm — are slated for longer-term help with farm financial planning. "The goal is to help these families remain financially healthy in the future," Borich said.

Examples of organizations that will be involved in the program include agricultural lenders, farm organizations, ministerial and county medical associations, mental health services, job service agencies, and adult vocational agriculture instructors.

"Our agriculture, home economics and 4-H youth development agents will be trained to function as teams to work with farm families," Borich said. "Project Support is intended to respond quickly and with care to those who request help."

North Dakota has a farm credit counseling program, modeled after the one in Minnesota. It is "available to all farmers who think they need help, including those who are backed up on loans," according to Jeff Weisphenning of the state's Department of

CA to survey all members

Communicating for Agriculture National Membership Surveys are scheduled to be mailed to all CA members in the very near future.

This year's survey addresses a variety of concerns to persons involved in agriculture and small business, and provides opportunity for the prioritizing of CA benefits, goals and activities.

Communicating for Agriculture is guided in all of its activities by input provided by its members through its computerized survey system. CA regularly surveys its members in various parts of the United States on specialized subjects, and polls all of its members each year in its National Membership Survey.

Members are urged to complete their survey forms and return them to CA National Headquarters, post paid, by Feb. 10.

Agriculture. Counselors are state-voiced adult farm management instructors. Callers are given alternatives, which can include debt consolidation, further work with the FmHA or banks, or partial liquidation, according to Weisphenning. The state also has a farm stress program.

North Dakota State University also has a program through its Extension Service. It sponsors advisory workshops (48 were scheduled throughout the state in December and January) for farmers who want to know what options are available. The Extension also trains farm financial analysts to work with farmers on a one-to-one basis. "A lot of business is out there," said North Dakota Extension Director Myron Johnsrud. "We're trying to do the best we can to meet the farmers' needs."

The South Dakota Department of Agriculture has had a financial counseling service since Oct. 15 (hotline 1-800-223-5254) and during its first week, it received 168 calls. Callers give their names, addresses and brief details about their situations. Then, the director of the program, Ben Hancock, puts them in touch with appropriate counselors, who have expertise in working with banks, FmHA, etc. Many of the counselors are retired bankers and FmHA people.

"We said we would follow-up with each of our callers and we're doing just that," Hancock said. "We recently sent out a survey to the first 220 people our counselors visited and are awaiting their responses." Of the first 62 surveys returned, 17 farmers (27 percent) indicated their counselors had helped them avoid filing for bankruptcy.

Hancock said early responses from many of the counselors indicate the program is doing what it set out to do. "We are helping farmers and ranchers survive during a crisis situation. Many counselors have called back excited about their opportunity to help people get their debts restructured in some way."

Lending institutions are also being supportive of the program, Hancock said. "The counselors are indicating an excellent response from various lending institutions. Most lenders are happy to receive any help we are able to provide their customers. Some lenders are even referring their customers to us," he said.

In Nebraska, the Department of Agriculture is involved in a project in cooperation with various organizations, under the direction of Interchurch Ministries of Nebraska. (Chuck Schroeder, special assistant to the Nebraska director of Agriculture, stresses that although the program is partially funded by the state, it is not a state program as such.) The program has a counseling service with a hotline number, 402-846-5578. Staffers are paid, and their salaries are provided by money taken in by donations. "They (volunteers) will talk to them (farmers)

about their problems and the field staff will go and see them and put them in touch with people who can help," said Schroeder. Counseling includes financial, legal and emotional.

Missouri is just beginning a program to help farmers suffering financial stress. Known as the Missouri Financial Advisory and Resource Management Support (MO FARMS), it is designed to enlist the help of farm management teams to work with individual farm families who request assistance.

The teams will consist of farm management specialists, credit specialists and farmers who will receive special training to assist in developing individual farm management plans for farmers in financial peril. The goal is to help farmers manage their way back to stable footing, or if it is determined that financial viability is not possible, to help the farmers find alternatives, said Missouri Gov. Kit Bond.

Referrals to the program are being processed on the University of Missouri-Columbia campus, which is handling the project jointly with the Missouri Department of Agriculture. A toll-free number (800-662-2767) is available for families who wish to contact the program office directly.

The Iowa Extension Service is involved in financial advisory work with financially troubled farmers, according to Extension Economist William Edwards. "We're doing a lot of the same things we've always been doing, only more of it," he said. "We have put together a program called ASSIST." The program provides individual counseling — both financial and emotional — at 100 county extension and 12 area extension offices in the state. The Extension offices are called points, and all offices are available for counseling, said Edwards. ASSIST is partially funded by special appropriations from the state, through which special counselors have been hired.

Texas Department of Agriculture Credit Specialist Craig Bryant handles farm financial problems and debt referral for the state, at 512-475-2760. Bryant said he takes calls from people in trouble, sends them materials to review, and then either meets with them personally or sends them or holds further discussions by phone on what can be done. The Department also sponsors financial management seminars. "We will try to assist in any way we can," said Bryant.

The Mississippi Department of Agriculture has one person, Stanley Cooper Walton, assigned to work full time with farmers who are having financial problems. Walton is a 40-year veteran of the FmHA. "He knows the ropes," said Agriculture Commissioner Jim Buck Ross.

The North Carolina Extension Service handles individual financial problems and tries to give callers appropriate advice, and also works with coordinated financial statements, according to R. C. Wells.

Washington has no agricultural financial counseling service, but the state has a Rural Rehabilitation Program, which offers disaster loans, using money from a trust fund.

South Carolina has had a pilot project of counseling and advocacy for financially-troubled farmers. "We're (currently) limited in the number of people we can help, because we have such a small staff," said a spokesman for the project.

The Virginia Agricultural Credit Committee had previously offered a pilot project in farm financial counseling in one county, handled by the county Extension agent. The program worked well, because the county agent handled it well, according to James Kee of the Department of Agriculture. Currently, Kee said, materials are being developed in hopes of implementing the program state-wide.

New York, Pennsylvania and Maryland have no formal programs aimed at farm financial counseling, but their departments of agriculture attempt to respond to the assistance requests they receive in this area, and try to refer callers to appropriate resources, according to department of agriculture spokesmen in the three states.

Ohio has two agricultural financial referral services currently at the state level, but concept has been proposed at the legislative level.

Illinois and Kansas currently do not have programs at this point, but studies are being conducted to determine the extent of state needs, according to agricultural department spokesmen. The possibility of setting up a program is also being discussed in Indiana.

The Montana Department of Agriculture has a program to counsel financially-troubled farmers in the planning stages, and will have it ready to present to the legislature in January, according to Frank Murphy.

Lease-Back Example with Buy-Back Option

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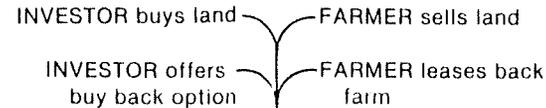
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At this time there are many opportunities to invest in agriculture—the basic resource of our nation. There are many tracts of prime farmland in the agricultural heart of the nation now available to purchase at attractive prices.

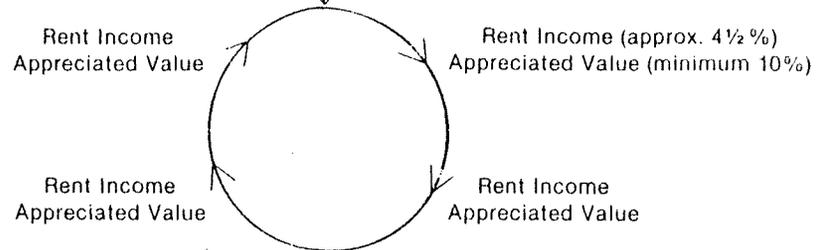
Due to the economic condition in agriculture today, this investment represents an excellent opportunity for growth through appreciation with numerous tax advantages.

Agricultural Investment Consultants will assist you with your decision making through:

- Custom designed agricultural investment programs
- Tax-favored investment accumulations
- Short term (3 to 5 years) or intermediate term roll over
- Positive ownership of property
- Individual or collective investment
- Professional management of your property
- Crops and livestock specialists are available for your planning



1. Farmer sells land to Investor at 80% or less of value.
2. Investor leases farm back to Farmer.
3. Farmer has option to buy farm back anytime up to 4 (?) years.
4. Farm appreciation value geared to Treasury Bill rates on January 1 and July 1.



Example:

Farm Value = \$100,000.

January 1, 1983 — Investor buys farm and leases farm back to farmer. 10% minimum to July		\$80,000.00
July 1, 1983 10% minimum to January 1, 1984	4,000.00	
January 1, 1984 10% minimum to July 1, 1984	4,200.00	88,200.00
July 1, 1984 10% minimum to January 1, 1985	4,410.00	92,610.00
January 1, 1985 10% minimum to July 1, 1985	4,630.50	97,240.50
July 1, 1985 Treasury bill = 12% to January 1, 1986	4,862.00	102,102.50
January 1, 1986 Treasury bill = 12½% to July 1, 1986	6,126.15	108,228.65
Buy back option at 3½ years =	6,764.30	\$114,992.95

If the buy-back option is exercised on July 1, 1986, (3½ years), the farmer would pay:

\$80,000	original sale price
34,993	increase in value
<u>\$114,993</u>	

This simplified example illustrates a method to obtain, over time, a predictable return as capital gain instead of ordinary income. The example is for purposes of illustration only, and is not intended to show actual performance.

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1. the number of acres and location, listed by section, range, township and county of agricultural land in this state owned or leased; and
2. whether any of the agricultural land held and reported under the above provision was acquired after July 1, 1981.

Corporate Farming

S.B. 298 repeals the existing corporate farming law (K.S.A. 17-5901) and establishes new guidelines for the direct or indirect acquisition or possession of agricultural land in Kansas.

The bill prohibits any corporation, trust, limited corporate partnership or corporate partnership, other than a family farm corporation, authorized farm corporation, family trust, authorized trust or testamentary trust, from either directly or indirectly, acquiring, obtaining or leasing any agricultural land in Kansas.

These restrictions do not apply to agricultural land acquired:

1. as an encumbrance taken for security;
2. as a gift by a nonprofit corporation;
3. by a corporation for the operation of a non-farming business;
4. by a corporation in the collection of debts;
5. by a municipal corporation;
6. by a trust company or bank in a fiduciary capacity or as a trustee for a nonprofit corporation;

7. by a corporation, corporate partnership, limited corporate partnership or trust either: (a) prior to July 1, 1965; (b) which was not in compliance with K.S.A. 17-5901 prior to its repeal, provided that in both (a) and (b) these entities must not own or lease any greater acreage of agricultural land than was owned or leased prior to this act; or (c) which was not in compliance with K.S.A. 17-5901 prior to its repeal, but is in compliance by July 1, 1991;
8. by a corporation for use as a feedlot;
9. by a corporation in the production of timber, forest products, nursery products, or sod;
10. to conduct scientific or experimental farming;
11. for the growing of crops for seed purposes or alfalfa by an alfalfa processing plant within 30 miles of the plant site;
12. by a corporate partnership or limited corporate partnership in which either natural persons, family farm corporations or authorized farm corporations are associated; and
13. by any corporation, organized for coal mining purposes which engages in farming on any tract of land owned by it which has been strip mined for coal.
14. by a corporation through the lack of fulfilling the buy-back agreement provisions of a purchase/lease-back contract with the deed being held in escrow.