

Approved: E. Shore 1-27-93  
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Eugene Shore at 9:02 a.m. on January 15, 1993 in Room 313-S of the Capitol.

All members were present except: Representative Lloyd-Excused

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

Conferees appearing before the committee: Raye Sprague, LaHarpe, KS  
Brian Harris, Walnut, KS  
Ruth Smith, Whiting, KS  
Larry Amon, Netawaka, KS  
Rodney Stauffer, Holton, KS  
Marvin Strube, Whiting, KS  
Kathy Collmer, Minneapolis, KS  
Darren McGhee, Anderson County  
Cale Tredway, Neosho County  
Alice Patterson, Netawaka, KS  
Jerry Jest, Kansas Rural Center, Inc.  
Ivan W. Wyatt, Kansas Farmers Union  
Bill Craven, Sierra Club  
Robert Runnels, Jr., Kansas Catholic Conference  
Franklin D. Williams, Topeka, KS  
Darrell Parks, Manhattan, KS

Chairman Shore called the meeting to order and opened informal hearings for opponents to changes in the current corporate farming law. The Chairman explained that agency and lobbyist conferees would go last, time permitting, as the committee would like to hear from individual producers first.

The first ten conferees were individual hog or cattle producers in Kansas, attachments #1-10. Various reasons were cited for not allowing corporate farming including:

- \* the environmental impact of the concentrated production of livestock
- \* the need to preserve the family farm
- \* the economic impact on local communities; corporate farming will send money back to corporate headquarters instead of spending it in the local community
- \* the imbalance of having the hog industry concentrated in single, large producers
- \* the ability of Nebraska to be a leader even with tough restrictions on non-family farm corporations (Initiative 300)
- \* the imbalance of a competitive playing field

At this point the Chairman asked for questions. Representative Freeborn asked for clarification on the number of members in the KPPC and number of hog producers. Mrs. Patterson stated that 1050 producers are members of the KPPC and 5700 producers are not members.

Representative Swall asked how many producers withdrew from the KPPC as a result of the KPPC position on corporate farming. Mrs. Patterson said she didn't have those figures. Mrs. Collmer stated she had heard the KPPC lost about half of their membership.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE, Room 313-S Statehouse, at 9:02 a.m. on January 15, 1993.

Representative Alldritt asked about the average size of a pork producer. Mrs. Patterson responded about 250 hogs. Representative Alldritt also asked if there is unanimous support of KPPC members on the corporate farming issue. Mrs. Sprague responded about 75%.

The remaining six conferees testified before the committee, attachments #11-16.

Chairman Shore told the committee that the contract Representative Rezac asked about would be on file in his office. Additional testimony will be distributed to committee member's offices, attachments #17-19. The meeting adjourned at 10:25 a.m. The next meeting is scheduled for January 19, 1993.

Testimony to House Agriculture Committee  
January 15, 1993

My name is Raye Sprague. My husband and I operate a 125 sow farrow to finish operation in Allen Co. We belong to the local producers group and are active in the promotion of the swine industry through it. We do not belong to the Kansas Pork Producers Council. Our local group along with others across the state have elected not to be a part of the KPPC since the adoption of their support of corporate hog production and vertical integration. So it is from an independent producer's standpoint that I offer my testimony.

As producers we are very aware of the changes taking place in the industry nationwide and globally. We feel those changes can be competed against with education on improved genetics and cooperative marketing strategy without vertical integration.

For many producers their hog operations have been the cash flow they depend on to allow them to continue their career in agriculture. If we allow corporate, vertically integrated operations to come into the state it will eventually put these independent producers who are not willing to put the substantial capital investment required by contractors on the line out of business, virtually breaking the very backbone of this state. There is more at stake here than just a few hog producers. The loss of even a handful of these operators will greatly increase the economic pressure already being felt in local businesses such as equipment and implement dealers, feed merchants, rural banks, local grain elevators, and the many service oriented businesses that also support this population. Those merchants would not benefit from a vertically integrated operation who would supply everything from breeding stock to feed and financing from their own sources rather than local ones.

If we follow the path of other corporate states we will surely end up with the same problems they have. North Carolina, Arkansas, and others now are facing a desperate situation with depressed rural economics and environmental problems.

Why don't we follow a path that has worked for Nebraska. They currently have one of the toughest anti-corporate laws in the nation yet they have three major packers in their state being IBP, Hormel, and Farmland Foods Inc. They have also increased their hog production in the state since adopting Initiative 300. An overview of Initiative 300 is enclosed in my testimony. It would make more sense to me to copy a state that has obviously improved their situation than to copy one that has brought upon itself more problems.

Allowing corporate production may initially attract a packer but historically those vertically integrated packers will close their doors to outside hogs as soon as they have their own herds set up leaving the independent producer no better off than he is now. I say no to the quick fix. Let's look down the road and invest our money and resources in independent producers who will operate in Kansas, spend their profit in Kansas, and who will remain in Kansas. Let's spread the hog production throughout many small communities rather than only a select few. Let's copy what the corporate producers are doing with pooled marketing and education on improved genetics with independent producers rather than create new problems with corporate operations.

HOUSE AGRICULTURE  
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ATTACHMENT #1

## What Initiative 300 Does

"Initiative 300" is part of the Nebraska Constitution -- it's Article XII, Section 8. It is referred to as Initiative 300 because it was enacted by a vote of the people in 1982 after over 56,000 Nebraskans signed an initiative petition asking that it be placed on the ballot. The number 300 is simply the ballot designation given to the proposed amendment by the Secretary of State at that time.

In a sense, "Initiative 300" ceased to exist the minute it was adopted by the people -- it became Article XII, Section 8 of the Nebraska Constitution. But it's still easier to say Initiative 300, and most people do.

Initiative 300 is a detailed definition of the limits of corporate activity in Nebraska agriculture. Ironically, its opponents criticize it for being both too detailed and too vague. In reality, it is neither, and that is what bothers them.

Basically, Initiative 300 says this:

-- In general, corporations and limited partnerships (which are very like corporations) cannot own farmland or livestock and cannot

operate farms or livestock facilities.

-- However, if a majority of the stock in a corporation (or all the shares in a limited partnership) are owned by members of a family and one of those family members actually lives on the farm or works there on a day-to-day basis, the corporation is exempt from Initiative 300 because it is a family farm or ranch corporation.

-- Land owned or farms operated by corporations at the time Initiative 300 was passed are exempt under a "grandfather" clause.

-- There are also some specific exemptions for research farms, non-farm uses of farmland, poultry operations (which are already corporate dominated), and others.

-- If a corporation or limited partnership is found in violation of Initiative 300, it must sell the land within two years, or lose title to it to the State of Nebraska.

-- If the Attorney General fails to take action in court against a violator, any citizen of Nebraska has the right to do so.

## ...And What It Doesn't Do

One of the things that corporate farm supporters like to say is that Initiative 300 is "protectionist" because it protects family farmers from competing with corporate investors.

It does nothing of the sort. It only places that competition on a level playing field.

Consider the case of CRB. CRB is a general partnership set up by corporate farm supporter Chuck Sand who builds and in some cases owns and operates large-scale hog confinement facilities. CRB is constructing a three-unit hog operation in Holt County, to the legitimate consternation of local people.

Initiative 300 does not prevent CRB from what it is doing, nor was it intended to. Why? Because CRB is a general partnership, its investors get none of the substantial tax advantages they would get if they incorporated or set up a limited partnership.

Just as important, the investors are

personally liable for all the debts of CRB. They get none of the protection from creditors that incorporating or forming limited partnership would provide them.

In other words, they have to expose themselves to the risk of real competition. There is no doubt that they would like to operate under the protective cover of a corporation or limited partnership. But Initiative 300 says "No. They are welcome to compete, but only on fair terms."

The only thing Initiative 300 protects is fair competition.

That doesn't mean that CRB is a good development in our view. Its environmental and social effects may still be bad, and if they are, they should be addressed by legislation. But Initiative 300 wasn't designed to cure all evils -- only its detractors like to say so, so they can point to the existence of any evil as evidence of failure for I-300.

Brian W. Harris  
R.R.#2, Box 45  
Walnut, Kansas 66780  
316-354-6759

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(Corporate Hog Testimony)

What can we as agricultural/swine producers do for the state of Kansas, economically and socially?

As we stand here today, many forces are against the family farmer. We have struggled through many trails, but the one that yet may get us is corporate agriculture. Many producers have not had the willpower to prolong their producing of swine in Kansas. This is mainly due to the unclear element that has been hanging over our heads for the last few years. As we look back, agriculture is what has made this nation a great nation. The ability to produce bountiful amounts of food and fiber. Also the ability to let individuals be part of the democracy and hope of becoming a pillar of their community both through wealth and through their stature in the local community. Churches, stores, libraries; all things that have made life in the United States and Kansas; have come, one time or another, from the sweat of the brow, of some farmer over the last two centuries.

I as a farmer in the 1990's will not stand idly by and watch as it is given away to corporates, in the name of economic development. We cannot let the souls of our fellow producers be taken away because the Legislatures of Kansas cannot see that the family farm system that has brought us through 200 and some years has enabled us to feed our people, plus many more. We will provide jobs, pay for all the cost to keep our local government running; plus, build and rebuild our communities, if given that chance. The economic impact that corporate agriculture could have on Kansas is what brings me here today. We will see benefits given to corporate agriculture that many existing producers will not receive. We have been efficient in our production

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ATTACHMENT #2

(Brian W. Harris)

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methods plus many of my fellow producers have sons or daughters that in the future, would like to have the same opportunity that I have had to farm. The opportunity to live the American dream of land ownership.

Our cities are crumbling. The people of the near future will not find our big cities a place where they wish to raise a family. So I say, if the cities are not the way to go, then why try to concentrate people for the corporates. The willpower of many of the producers that are left is strong, but we must have direction. We cannot live with the constant fear that we will have to compete against those that will receive tax breaks through many ways. We as swine producers of Kansas, can compete if we are not put at an unfair advantage. Kansas swine producers will respond with more production if given hope. Hope that they will not have to look over their shoulders all of the time. When the family farm producers expand their operation, it has been through hard work, efficient production methods, and good marketing skills. This is not to say corporate swine producers don't have this, but in many cases you can add tax breaks.

Farming is a business to all of us but more than a business, it is our way of life. One that has made our nation great.

If I could get one thing from you, the Leaders of Kansas, that would be to remove the cloud of doubt over the heads of the Kansas Swine Producers so that we can move forward and grow; so we can do our part in making Kansas and the United States a better place for our children. Keeping agriculture in the hands of the many and not the few will enable us to supply the necessary food supply for generations to come and out of the hands of those who will wish to control the food supply of the world.

January 15, 1993

Mr. Chairman and members of the Agriculture Committee:

My name is Mrs. Ruth Smith. My husband, Warren and I are semi-retired farmers, living in Whiting, Kansas. Our son, Dennis and wife, Pam, and their two children, Karla and Jason, moved to our family farm, 5 miles NW of Whiting, 8 years ago when we moved to town. We operated a medium sized farrow to finish hog operation there as part of our farm business for 37 years.

We recently sold that family farm to our son, Dennis and his family, and also rent him our other land along with a farm he rents nearby. Dennis continues to raise hogs as an important part of their farming operation.

Our personal concern with large corporate farming is the threat of pollution to surrounding farms such as waste run-off, contaminating soil and water, not to mention the odor at times connected to large operations.

The competition from large operators would be substantial in having an effect on the availability of higher hog prices if the supply to draw from in our small area was hampered by MILLIONS of marketable hogs instead of thousands.

The possibility of father-son operations being able to expand would certainly be less profitable. Family sized farms and hog operations are important to the economy of this state. They foster the desire for young farmers to enter into the hog business with the much needed aid of their Dad or other family member, for instance, thereby contributing to the overall social and economic condition of rural communities in which they live.

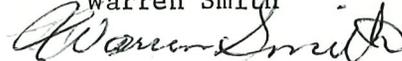
We do not think a relaxation in the restrictions on corporate farming is in the best interest of hog producers in this area. Therefore we voice our opposition to any such action.

Thank you for the opportunity to voice our opinion on this matter.

Ruth Smith



Warren Smith



Box 75

209 De Forest

Whiting, Kansas 66552

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ATTACHMENT # 3

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TO: Ag Committee Members

From: Larry Amon  
R.R. 2 Box 48  
Netawaka, Ks. 66516

I am a farmer, and we operate a diversified farming operation consisting of 1800 acres of row crop, a cow-calf to finish operation and a 250 sow farrow-to-finish operation along with our two sons.

My following opposition and deepest concern about corporate hog farming are as follows:

1. To preserve the family farm, I feel it is essential that we leave the corporate hog structure as it is today. I think we have been lenient enough in allowing contract feeding in our industry, without having the Don Tyson proto-types coming into our local sectors and destroying what we've worked so hard to achieve as a family unit. Being "BIG" doesn't compensate for all the small and medium family farms that would be put out of business in short years to come if corporate laws were changed to permit Dekalb, Tysons, Seaboard, and the like, to operate in Kansas.

2. Pricing structure: Its been stated that the economical advantage would be better prices for producers. I understand if Seaboard were permitted to operate in Kansas, they wouldn't build unless all hogs were contracted to fill their processing plant. All new high tech facilities would be built leaving the family farm operating in the same markets as they are today.

3. Community development: Since when did large corporations buy local? Never have, and never will. Local businesses will not benefit from large corporations.

4. In the end: How can we see down the road 10 years at the end of a contract, and know whether a producer can renew a contract or be able financially to take over the reign of a 1,000 head or bigger farrow-to-finish unit? If not, here's another poultry house sitting empty. Where does the economics go from here? Simply, leave the corporate hog farming out of Kansas, and leave the farming to the family farm enterprise like our neighboring state of Nebraska.

5. Production: Consumers consumption of pork does have its limits. If we continue to build large corporate hog facilities, the demand for pork, and pork prices will fall out of bed. I realize most states have very few restrictions on corporate hog operations, but, do we jump on the ban wagon and get our fair share, or do we try and keep the family farm.

In Summary: I strongly believe in economic growth in our great state of Kansas. However, I strongly oppose the corporate hog structure as a whole, because once they're here, we lose local control, and out of state corporations take over our hog industry. Lets ask ourselves again, does this money stay in state or go elsewhere? How much foreign money is buying up our farmland? How many family farms will be non-existent after 5 years of corporate hog production in Kansas? We may learn these answers way after it's to late!!

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ATTACHMENT # 4

January 15, 1993

TO: Ag Committee Members

My name is Rodney Stauffer, I am a swine and cattle operator and own a diversified farm near Holton. I am against corporate farming in Kansas.

I feel that the laws in Kansas today are sufficient without changing them to make it easier for the corporate farmers to come into our state. I believe that we can, and will produce the amount of hogs in Kansas to meet the demand.

What message are we sending to our young people who are wanting to get into farming, if we allow corporate farming in our state? If corporate farming is allowed in Kansas, how can our present and future young farmers compete with large corporations.

My feelings are that the state of Kansas would be better served by having many hog producers, rather than by corporate producers.

Small and medium size farmers will spend their money for supplies in our local communities. Where would the money from the corporate farms go? To our local communities? No! It will go to the corporate headquarters, and chances of it coming back to the local communities are next to none.

I can honestly tell you, I believe most farmers in Kansas, would rather live next to other farmers, than live next to a corporate farm.

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January 15, 1993

TO: Ag Committee Members

My name is Marvin Strube. I am a small swine producer and a diversified farm operator near Whiting, Kansas. I am in opposition to corporate farming in Kansas. I think the present laws are sufficient to allow anyone to produce hogs in the state. Do we need more hog production?

With the current market price of hogs, maybe we have enough production. If we as Kansans', cannot abide with the Kansas Corporate Law, maybe we should adopt the non-family farm corporate law that Nebraska now has, called Initiative 300. Even with this law in Nebraska, they do have packing plants. I understand that Nebraska has more farmers working on their own farms full time, and there are more farmers entering farming than leaving. If we, as Kansans', were to fully allow non-family corporations into this state, how many small independent hog producers would be replaced by one corporate farm in the years to come? How many 1200 head sow operations would it take to replace the number of small operations now in existence?

So, if Kansas does vertically integrate, how many new jobs will we create, or how many communities and local businesses will we lose?

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ATTACHMENT #6

**House Agricultural Committee**  
**Hearing on Proposed Changes in Kansas Corporate Farm Law**  
**January 15, 1992**

**Testimony by Kathy Collmer, Minneapolis, Kansas**

I am a family farmer. My husband I raise beef cattle in Ottawa County. We hope to start a family and raise our kids on the farm. We hope to send them to school in the town three miles away from where we live. We hope that when they grow up they will have the choice of farming on the land that we work so hard to take care of. I am here today because I believe these hopes and dreams will be shattered if farms continue to get bigger and bigger, so that fewer and fewer people actually live on farms. And that is precisely what will happen if we allow corporations to take over farming.

The proposed changes in the Kansas corporate farm law are an attempt to raid the Kansas pork industry and concentrate it in the hands of a few big corporations. My husband and I don't raise hogs--but some of our neighbors and friends do. If they are forced out of the hog market by huge corporate operations--if they go out of business and have to leave our community--that means our community loses these people's civic contributions such as their volunteer work in 4-H, the county fair, the Extension Council, the churches and many other projects. It means we lose the dollars they spend at local businesses. It means we lose their tax dollars. And most of all, it means we lose dear and valued neighbors.

This is indeed what will happen if corporate hog farms come to Kansas. In every other state that has allowed corporate chicken and hog operations, the corporations rapidly came to dominate the local and regional markets, putting smaller producers out of business. Usually they do this by the sheer force of economic power that the tremendous size of these operations gives them. But they have even squeezed people out by such dirty tricks as canceling contracts for no good reason--and by outright cheating. In 1991, a group of 268 contract poultry growers in the South won a \$16.2 million judgment against ConAgra, one of the biggest chicken processors, for weight fraud. When the growers would deliver their chickens to ConAgra by the truckload, ConAgra was loading the empty trucks with heavy steel grates in order to drive up the tare weight and make it look as if the farmers' net chicken weight was much less than it really was, so that ConAgra wouldn't have to pay them their due.

In this case, the corporation got caught--which is rare--but it just goes to show the extent to which these corporations really do believe that they are above the law, and that they can get away with anything. In his decision, the judge declared that it was a case of "the rich seeking to get richer by stealing from those who could least afford to be stolen from." Do we really want these kinds of companies to have a free rein in our state?

The proposed changes in the corporate farming law are being promoted largely by bankers, utilities and feed-grain growers in the southwestern part of our state. Obviously, what's being planned is a huge swine

(more)

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facility in southwestern Kansas and a shift of pork production from the eastern part of our state to the western part of the state. I have friends in eastern Kansas who raise hogs, and I am worried about what will happen to them--and to the eastern Kansas economy--if the eastern Kansas pork industry is destroyed.

Some people in southwestern Kansas--and around the state--are advocating corporate farming because they believe that if the corporations can't locate in Kansas, they'll just go to one of the neighboring states. I would advise you to look at how much money the state of Oklahoma is giving away to the new corporate swine facility down there in the form of tax breaks, special exemptions, infrastructure improvements and other taxpayer-funded subsidies. We're talking about tens of millions of dollars. If you would give Kansas family farmers those kinds of privileges and bonuses, I guarantee we would be just as competitive as the corporations, if not more so! These corporations like to talk about "efficiency," but notice how they always do it with handouts from state governments. And I'm not even counting the pollution costs from these facilities that the local communities have to pay for.

We family farmers spend money and pay taxes in our communities and in this state. In contrast, the big corporations take our tax money in the form of giveaways, then ship all their profits out of state! Sure, they create some jobs--but what kind of jobs are they? They are usually very hazardous from a health and safety standpoint--which means additional health care costs--and they are very low-paid. Those kinds of jobs are more likely to be a net drain on our state's economy, rather than a boon to it. I challenge you to add up the numbers and show us that the supposed benefits outweigh the social, environmental and economic costs of one of these corporate hog facilities.

I would also advise you to talk to some of the 4,000 out of 5,000 pork producers in this state who are NOT members of the Kansas Pork Producers Council (KPPC)--especially some of the 1,000 or so who quit the KPPC several years ago precisely because of the leadership's support of corporate farming. These producers know that we simply cannot continue to implement policies that destroy family farmers.

For the last 20 years, we've implemented "get big or get out" farm policies. The result is that Kansas lost 37% of its farmers during the 1980s. Dozens of Kansas towns turned into virtual ghost towns. I don't want to raise my kids in a ghost town. I don't want my neighbors to go out of business and leave our community. The vast majority of Kansans feel the same way.

One final thought: Isn't it interesting that in the formerly communist countries of Eastern Europe and the former Soviet Union, they are trying to break up the old huge collective farms into many small, privately owned farms--yet here in the United States, we are doing just the opposite! We are moving toward bigger and bigger farms, controlled by fewer and fewer people. Can't we learn a lesson from the former Soviet Union that concentration of ownership in agriculture simply doesn't work in the long run?

Please say NO to corporate farming and YES to Kansas family farmers.

## CHICKEN FARMERS TAKING ACTION

# Growers say only industry profits

By **CHRISTOPHER SULLIVAN**

Associated Press

ANDALUSIA, Ala. — Six weeks after delivering thousands of day-old chicks to Forest Powell's poultry houses, a ConAgra truck rumbles back to pick up the flock, now grown to four-pound broilers.

The process usually is simple. The truck returns to the processing plant, pulls onto a scale, is unloaded and then is weighed again. The difference determines how much Mr. Powell gets paid. It also can help decide whether he gets another flock, whether he stays in business.

Though his birds seemed as plump as ever a few years ago, Mr. Powell's flock weights were mysteriously falling — or so the records from the ConAgra scales said. He couldn't sleep for worrying about the debt he owed on his three chicken houses and equipment, more than \$80,000 at the time.

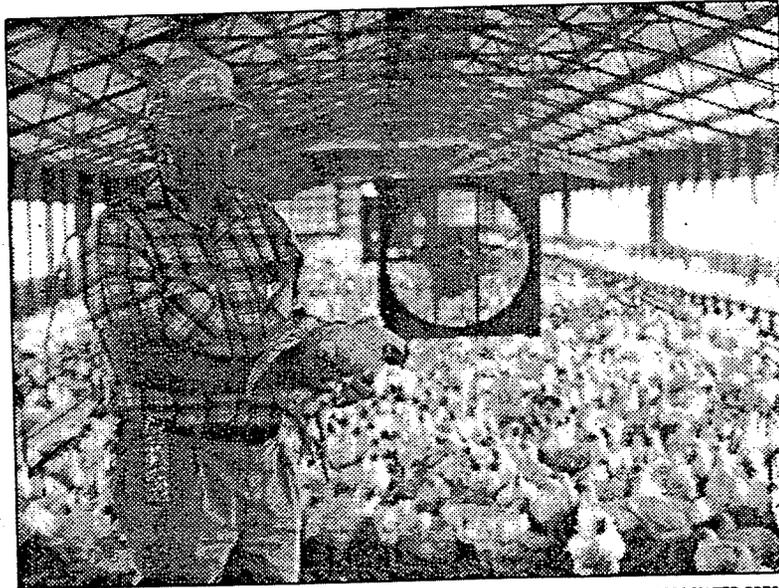
Mr. Powell, consistently a top-rated grower, was told he'd get just one more batch of chicks, one six-week chance to save his livelihood. Under his contract, he'd have no appeal.

"I could have just lost my whole farm," he said.

Again and again, he and his wife pored over the weight charts, "and finally we come up with it."

What they came up with was evidence of systematic underweighing, evidence amplified in the trial one year ago of a fraud suit filed by Mr. Powell and 267 other growers for ConAgra, the nation's second-largest chicken processor.

Witnesses testified that ConAgra workers hiked the weights of "empty" trailers with such tricks as loading them with heavy steel drainage



ASSOCIATED PRESS

**Chicken farmer** Forest Powell stands among his 14,500 birds on his farm near Andalusia, Ala. He is one of 268 growers who brought a fraud suit against ConAgra.

grates or standing on the scales.

A U.S. District Court jury in Dothan, Ala., awarded the growers \$13.6 million, including \$9 million in punitive damages. It was a case, said Judge Myron Thompson, of "the rich seeking to get richer by stealing from those who could least afford to be stolen from." ConAgra has appealed.

That isn't the only example of the rich seeking to get richer at the expense of independent growers, according to some agriculture officials and the growers.

Companies sometimes lure farmers into making huge investments in chicken houses with ads boasting of easy money waiting to be made.

But the reality of the business today is that contracts afford growers no protection against unexpected expenses ordered by the company, such as extra fans, and no protection against sudden firing, they say.

Contracts that companies offer to chicken growers generally run flock-to-flock and permit termination without stated cause, often with as little as 20 days' notice.

"What you've got," said Vreeland G. Johnson, a lawyer for the growers, "is a feudal system, almost. These people are at the total whim and mercy of the processors."

Consider:

- Underweighing and other al-

Please see **GROWERS** on page 9A

## Alabama man lost everything

By **CHRISTOPHER SULLIVAN**

Associated Press

NEW BROCKTON, Ala. — Terry Howell figures he got nothing out of the chicken-growing business except some hard-learned lessons.

"I lost everything I had," said Mr. Howell, 32, who borrowed about \$100,000 at age 19 to set himself up with chicken houses, equipment, a pickup truck and a trailer home for himself and his new wife.

"I lost my vehicle, my house, my land. Everything." He and his wife divorced "because of the money problems." At one point, he said, they pawned their television for cash to buy groceries.

When he went into the chicken business, Mr. Howell was following his father, who cosigned on his loan. The younger Mr. Howell insists he built chicken houses and conducted his business just as required by the company he contracted with, ConAgra.

He blames his failure on underweighing of the flocks he raised. He is one of 268 growers who sued ConAgra and won \$13.6 million last year. ConAgra has appealed.

Mr. Howell would like to use his share of the award, which averaged nearly \$51,000 for each grower, to go to college "and pick up something that I can make good money

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# Growers

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leged inequities have prompted complaints from North Carolina to Texas, the heart of the broiler-growing belt. "Everybody has the same problems, everywhere," said Mary Clouse, who edits *Poultry Grower News*, a newsletter. "It's David and Goliath."

■ Agriculture authorities in Florida, Texas and Minnesota have zeroed in on contract problems. "An oligopoly is developing in which a handful of megacompanies will soon control over 43 percent of the total U.S. poultry meat products market," said a study by the Texas Department of Agriculture.

■ A lawsuit by fired growers in Louisiana, which ended in a sealed cash settlement, accused ConAgra of maintaining "oppressive and one-sided" contracts.

"We have and have had for a number of years good grower relationships throughout the country," said Lynn Phares, ConAgra's vice president for public relations. "We want happy growers. The vast, vast majority do indicate satisfaction."

■ In Arkansas, the leading chicken-producing state, 200 growers turned out in October to organize for better contracts. The meeting was a first. "Growers have been afraid to speak out for fear of being laid off," said Bill Fritts, a leader of the group.

Arthur Gaskins, president of the Northeast Florida Broiler Growers Association, was one who got laid off by Cargill, the Minnesota agribusiness conglomerate.

Mr. Gaskins charged that he was cut off in retaliation for a suit the growers group filed alleging weight falsifications.

# Poultry consumption up

Associated Press

Every week, 115 million chickens are slaughtered to feed the U.S. appetite for cordon bleu, McNuggets and everything in between, according to the National Broiler Council.

Driven largely by a demand for lower-cholesterol, lower-fat meat, poultry consumption has grown to 73 pounds a year per person, up from 49.7 pounds a decade ago, said Bill Roenigk, vice president for the Washington-based council. Beef consumption has fallen during the same period from 76.4 pounds per person to a projected 67.4 pounds this year.

In April, U.S. District Judge John H. Moore II in Jacksonville, Fla., ordered Mr. Gaskins reinstated. The judge found "substantial likelihood" that the growers would succeed in their claims against Cargill.

No trial date has been set.

"We have done nothing to defraud or manipulate growers," said Greg Lauser, a spokesman for Cargill, which is appealing the injunction and denies intentional wrongdoing. Some improper weighing was done by "low-level employees" who since have been fired, he said, adding that growers were compensated, with interest.

But Mr. Gaskins says low-level employees are not the problem.

"The whole contract system is wrote to benefit the integrator. It's a take-it-or-leave-it contract," the farmer said.

The industry denies being unfair and insists that relations between companies and all but a minority of growers are satisfactory and mutually profitable.

"We have a waiting list for grow-

The top 10 broiler chicken producing states, in order, are Arkansas, Georgia, Alabama, North Carolina, Mississippi, Texas, Delaware, Maryland, California and Virginia. Last year, North Carolina farmers raised 523 million commercial broilers with a value of \$848 million.

Tyson Foods is by far the largest processor, handling 75 million of the 400 million pounds processed weekly, the broiler council said. The next largest are ConAgra, 30 million pounds; Gold Kist, 25 million; Perdue, 25 million; and Pilgrim's Pride, 15 million. Cargill ranks 21st at 4.5 million pounds per week.

ers," said Ms. Phares, the ConAgra spokesman.

Grower advocates agree that the job can make money, especially for growers whose chicken house loans are paid and who operate in areas such as Maryland, where they have a choice of processors.

But most areas of the country don't have much competition among the chicken processors, so growers are left at the mercy of one firm. They say their risk comes when they sign 15-year mortgages on chicken houses that can cost \$65,000 each, or make expensive company-mandated improvements with no long-term guarantees.

Lengthening contract periods to match growers' mortgage periods was among reforms proposed by the Texas Agriculture Department study. The report also called for grievance procedures, bonded weighers and "flexible contracts with a set minimum operating margin of profit." It found growers' return on a 20,000-bird flock ranged from \$579 to \$4,835.

# Lose

Continued from page 1A

at. . . . I was totally relying on the chicken business."

Even without weighing problems, such reliance is a mistake, grower advocates say.

Farmers considering the business should be skeptical of company promises, grower advocates say. A Perdue Farms ad published last year in a Maryland newspaper announced in large type: "This Investment Comes Complete With a \$218,000 Security Blanket."

Perdue spokesman Brian Taws said the figure represents revenue for 444 production weeks — more than eight years. He declined to comment on complaints about the ad.

In August, a reform law took effect in Minnesota, mandating that companies give 180 days notice and compensation for cancellation of an agricultural contract that required an investment of \$100,000 or more.

Also, Florida legislators considered a bill after the Gaskins case that would have required 60 days termination notice.

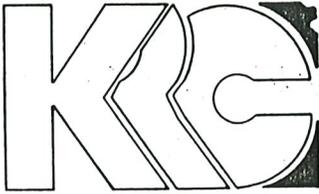
After hearing testimony from both sides, including some growers who said they were happy with present contracts, a committee shelved the bill. But Sen. Karen Thurman, who chairs the committee, said it would be reintroduced if companies don't make changes.

"You really don't want to get involved with free enterprise," she said. "But at the same time you want to make it fair."

Gregg Wilbanks, who runs a Louisiana financial consulting firm for farmers, spoke to potential chicken house investors at a meeting. "A lot of people had the idea they could quit work and make a lot of money," he said.

But on a typical loan for a chicken house, Mr. Wilbanks calculates \$11,750 in annual payments to subtract from \$18,000 revenue. Other expenses will leave the farmer about \$1,500 annually per house, he said.

Although business tax deductions can raise the bottom line, Mr. Wilbanks said, "It's not a full job unless you've got 15 houses."



\*\*\*\*\* FOR IMMEDIATE RELEASE \*\*\*\*\*

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FAMILY FARMERS THREATENED BY  
PROPOSED CHANGES IN CORPORATE FARMING LAW

Efforts to remove restrictions on corporate farming are once again on the legislative horizon. The Kansas Pork Producers Council recently developed a position paper identifying the state's corporate statutory restrictions as a "major impediment to the prosperity of Kansas pork producers." The deflected investment interests of Seaboard, a Shawnee-based shipping company, in a pork packing plant in Kansas further stimulates the push to establish a more "pro-corporate business" climate. The point needs to be made that the Pork Producers Council represents only 1,050 of the state's 5,700 hog farmers.

A wide collection of studies point to a generally consistent relationship between large-scale and/or hired-labor farming and worse socioeconomic conditions in rural communities. These impacts include: a decline in the rural population; greater income inequity; lower standards of living; fewer community services; less democratic participation; more social desegregation; decreased retail trade; greater environmental pollution and energy depletion; and greater unemployment. Proponents of increased concentration in agriculture though, paint a rosy picture. The only thing missing is the farmer.

The Kansas House agriculture committee will be hearing testimony on the issue of weakening restrictions on corporate farming, Thursday and Friday, January 14 & 15th. If you would like to see restrictions maintained and wish to testify before the committee, you must contact Raney Gilliland at 913/296-3181 for a place on the speaker's list. Testimony will be taken at 9 a.m. in Room 313 South at the Statehouse.

The industrial mechanisms that changed chicken production are moving into hog farming - tremendous consolidation in the markets, vertical integration, segmentation of production, contract farming, streamlined and consolidated production, and concentrated environmental overloading. Don Tyson, president of Tyson Foods, the nation's largest farm with sales of \$1.7 billion, states that his approach to business is to "segment, concentrate, and dominate." And his advice to others is to "find your niche and devote your resources to driving out the suppliers." Tyson is expanding beyond its chicken empire and finishing a second 30,000-sow factory farm. Tyson intends to vertically integrate into pork slaughtering after the production base is developed.

There is a solution for rural communities other than factory farming. Nebraska, ten years ago, passed the nation's toughest restrictions on non-family farm corporations, Initiative 300. The Kansas corporate farm law is much weaker and exempts feedlots from most corporate farm restrictions. Yet, Nebraska remains a national leader in cattle and hog production. Nebraska has 460% more cattle feedlots than Kansas. Because of their diversified production, Nebraska farmers are significantly more likely to work full time on their own farm. Furthermore, Nebraska has more farmers entering into farming than leaving. Kansas, on the other hand, has only seven new farmers for every ten that leave. Initiative 300 is popular in Nebraska and has withstood repeated legislative and legal efforts to overturn it.

7-5

Mr. Chairman and members of the committee, Good morning. My name is Darren McGhee. I own and operate with my father a diversified livestock and crop operation in Anderson County. Our operation currently employs one to two hired hands year round. Our hog operation currently supplies the needed work and cash flow to make their employment possible during the winter months. We belong to the local producers group and are very active in it. This local group has elected to no longer be a chapter of KPPC since their adoption of support of corporate hog production and vertical integration.

In listening to several testimonies given on January 14 I tend to differ in opinion on several issues.

1. The first being the advantage to having one lone packer in the middle or the western part of the state. A vertically integrated packer would not create a competitive market for the hogs in the state which is much of the problem facing the KS. swine industry. I have seen a time when there was a competitive market in my area and times when there has not. Locally, a year ago we only had one buyer in Anderson Co. We have because of our local producers group attracted another buyer. The original buyer has since raised his base bid because of the market competition.

2. The environmental impact of concentrated production of large livestock facilities is becoming a problem. In our local area we have a once small dairy that when it was first put into operation was well outside the town of Iola. Now that dairy has expanded from a small herd to one of approximately 700 head. During the years the town has grown to where this operation is practically inside the city limits. With the increased production the waste from that updated facility is now being spread through their irrigation system. This has caused many problems for the city and the people living there. Disposing of waste in this manner is rather smelly, and not just to those within a one mile area around them, it carries much farther than that. My point being that although this method of disposing of waste through sprinkler irrigation systems may work in sparsely populated areas of western Kansas, this will pose a serious problem in more densely populated parts of the state.

3. Local banks in our area are concerned that this corporate issue will put their customers out of business and that contract feeders will finance through their corporate backers which is the case with at least one proposed contract facility in my area. What if you had \$1 million to loan to hog producers, would it be to your benefit to allocate that money to one producer or to several producers?

In closing I just want to say that as an independent hog producer vertical integration will not benefit my operation or any others like mine across the state. I understand the packers wanting more consistency in the quality of hogs they process but I feel like we can be more beneficial to the KS. swine industry as independent producers using pooled genetics and pooled marketing.

HOUSE AGRICULTURE

1-15-93

ATTACHMENT #8

Hello. My name is Cale Tredway. I am 28 years old. I am married and have 3 children. I have lived in Neosho County all my life and started farming at the age of 14. I am an independent pork producer, President of the Southeast Area Pork Producers, and operate a diversified farming operation, including wheat, corn and beans, along with a 35-sow farrow to finish operation, which we were hoping to triple within the next 2-3 years. We market our corn through the pigs since the majority of the elevators in our area are owned by one company. Since we are a small operation, our break-even is \$32.00 per hundred weight, which is much lower than the State average.

Although my wife does work in town, we use the hogs as our primary monthly income. Our goal is to bring that monthly cash flow up enough to allow my wife to stay home with the children, as well as help me.

I am not a member of KPPC because I feel it does not represent my opinion on corporate hog farming in Kansas. If corporations are allowed in Kansas it could destroy independent producers such as myself. In order for independent producers to stay in business, as I see it, we would have to begin contracting our hogs, which would entail building new facilities and investing much more money than I feel comfortable with. The way I understand it, Seaboard Corporation could have come into Kansas and built a packing plant, but one of the reasons it did not was because it could not process it's own pork. I am afraid that if corporations were allowed in Kansas, they would only buy from people contracting hogs with them, leaving independent producers without a place to market their hogs. I am not willing to take the risk of independent producers being shut out since there are other states where family farms seem to be doing well and packing plants are still buying their hogs even with corporate farming laws.

After seeing what happened to the poultry industry, I am afraid that the pork industry will follow the same route as far as being dominated by corporations.

In Southeast Kansas producers such as myself are looking into pooling hogs and using like genetics to meet packer demands for quality and uniformity. I feel packers would buy our hogs as long as they don't have their own hogs to process first. If corporations are allowed in Kansas, our hogs processed may be impossible.

In conclusion, rural America was built around farm families - not corporations. What would our country be like without "farm families"?

HOUSE AGRICULTURE  
1-15-93  
ATTACHMENT #9

Good Morning members of the Agriculture Committee,  
My name is Alice Patterson. I am representing  
my husband Joe our son Steve and daughter and  
their farms and families.

I am asking you to leave the Kansas Corporate  
bill as is for the following reasons:

1. To do otherwise would be to destroy the family  
farm as no farmer can compete on the scale of the  
giant conglomerate Corporations. They have so  
many tax loopholes that they can stand to lose  
on a farm operation by way of tax switching.  
A few large corporations would soon have a  
monopoly regulating the price, quantity and quality  
of food.

2. We need only to look at the Agriculture picture  
in Russia to know the incentive that motivates  
farmers begins with very young boys and girls.  
Farming is an occupation that needs to be  
learned at the fathers side plus the addition of  
a good education. To let a few rule the industry  
is courting disaster! Is this what our country needs?

3. Don Tyson, of the Chicken empire, is expanding to  
the hog industry. His motto is segment, concentrate,  
then dominate. His advise to others is to find  
your niche and devote your resources to driving  
out the suppliers! 60,000 sow operation of  
Tyson has killed many family farms!

4. These large-scale hired labor farming operations  
only worsen the social-economic conditions in a  
rural community with greater environmental

HOUSE. AGRICULTURE

1-15-93

ATTACHMENT #10

pollution and energy depletion.

The point needs to be made that The pork producers Council represents only 1050 of the 5700 hog producers in the state of Kansas.

Why is it that Nebr. is able to have more full time farmers and be a leader both in hog and cattle production when Nebr. has the nations toughest restriction on non family farm corporations.

You <sup>only</sup> need to drive through southern Missouri and Arkansas to see the farm shells left after corporate farming took over. Today you can buy ground turkey and turkey legs cheaper than dog food in this area.

Please, I'm asking you to consider carefully what changing the corporate laws of Kansas could do to our state in 10-20-30 years down the road and be sure we do not follow an example set for us by Russia when they took control <sup>and</sup> of the family farms were destroyed.

Thank you  
Alice Patterson  
Netawaka Ks.

# THE KANSAS RURAL CENTER, INC.

304 Pratt Street

WHITING, KANSAS 66552

Phone: (913) 873-3431

Testimony for the House Agriculture Committee

January 15, 1992

The Kansas Rural Center is a private, non-profit organization that promotes the long term health of the land and its people through education, research and advocacy. The Rural Center cultivates grassroots support for public policies that encourage family farming and stewardship of soil and water. The Center is committed to economically viable, environmentally sound, and socially sustainable rural culture.

**The Kansas Rural Center recommends that Kansas pass corporate farming restrictions similar to Nebraska's Initiative 300 that prohibit non-family farm corporations from purchasing cropland or livestock.** Large meatpackers and grain/feed corporations should be prohibited from feeding their own livestock. Corporate reporting requirements should be open to the public and sufficiently detailed to determine compliance with the law. Every tax incentive available to a large corporate farm should be equally available to the small- or medium-sized farmer.

**The basic rationale for the law is that, to the extent that agriculture builds on self-employment and local ownership, rural communities benefit as profits and decision-making are retained within the local community.** Corporate farming is associated with industrial approaches to agriculture where decision-making is removed from the field and capital inputs are substituted for management and labor. Industrial or factory farming is often associated with reduced quality of work and community disintegration.

A wide collection of sociological studies reveal that, as self-employment in agriculture is replaced by hired labor, the socioeconomic conditions within the community deteriorate. These impacts are: a decline in the rural population; greater income inequality; reduced standards of living; less community services; less democratic political participation; lower community social participation and integration; decreased retail trade; environmental pollution and energy depletion; and greater unemployment (Lobao, 1990).

**The issue today before us is not about progress -- it is about market power.** Family farmers can be more efficient than large factory farms.

Better management of resources is very important to profitable hog operations. However, this doesn't have to be associated with size. Farrow-to-Finish operations with 100-200 litters per year had an almost 15% better cash flow than herds with over 200 litters. A comparison of high- and low-return hog producers in Iowa, which produces one quarter of the nation's hogs, shows that the average size of the top third is 112 sows per herd, only ten sows larger than the bottom third of the producers. This top third lowered their cost per hundredweight by 28%. These top operators had lower feed costs, lower labor costs, lower death losses, more pigs weaned per sow, and better feed conversion rates. The key to this difference was not herd size but management (KSBA, pg. 17, 44).

**Concentration and vertical integration within agriculture markets hurts family farmers, consumers, and laborers.**

A Clemson University study estimates that for every one percent increase in the four largest packers market share, hog prices drop by two cents per hundredweight. The Helming Group forecasts that by the turn of the century, the top four firms will slaughter over 70% of the nation's hogs. Bruce Marion, economist at the University of Wisconsin-Madison, states that as the number of hog buyers shrink in numbers and increase their dominance in local procurement markets, the prices paid to hog producers eventually will decline (Krebs, pg. 378).

Overcharges to consumers as a result of this market concentration is estimated to be between \$26 to \$29 billion in 1987. This cost is estimated to have more than doubled since then states Willard Mueller, University of Wisconsin economist and former chief economist of the Federal Trade Commission (Interfaith Rural Life Committee, pg. 5).

The Ark City plant in Kansas followed a familiar pattern within the meatpacking industry of closing down a plant only later to reopen with substantially lower wage rates. Rodeo Meats, a unionized subsidiary of John Morrell and Co., closed down the Ark City plant in 1982 because of its high labor costs. It reopened a few months later as Ark City Packing Co. offering only \$5 an hour to its new labor force. This was in stark contrast to \$11 paid by the defunct Rodeo Meats (Stanley, 1988).

**The unfair advantage corporate factory farms have over family farms is market power that provides access to better market prices and capital.**

The loss of hog farmers over the years has been a result of disadvantages in the marketplace for smaller, independent producers. National Hog Farmer revealed that large producers received \$1.45 more for their hogs than smaller operators. Large producers also paid less for their soybean meal amounting to a 39 cent per hundred weight advantage in the cost of raising hogs (Center for Rural Affairs, 1988).

DeKalb Swine Breeders, a large breeding hog operation, received industrial revenue bonds worth several million dollars to locate near Plains, Kansas (Representative Carl Holmes testimony to Kansas legislative committee, July 8, 1987, personal notes).

There are choices other than factory farming. **Nebraska, ten years ago, passed the nation's toughest restrictions on non-family farm corporations -- Initiative 300.** The Kansas corporate farm law, in comparison, is much weaker and exempts feedlots from almost all restrictions. Nebraska, under Initiative 300, continues to thrive as a national leader in cattle and hog production.

Again the issue is market power, and the strong Nebraska law has helped family farms to retain a significantly greater portion of the livestock production. Under Initiative 300, the largest feedlots, those with greater than 32,000 head, contribute only 7% of total fed cattle in Nebraska. In contrast, here in Kansas, the largest 14 feedlots market 1/3 of all fed cattle. Cattle feeding is good business and Nebraska spreads the economic benefits over four times as many feeders as Kansas (Agriculture Statistics Board, USDA).

Consider the period from 1985 - 1991. Nebraska lost 10.7% of its pork producers, increased its total production by 17.9%, and expanded hog slaughter by 9.1%. Kansas, in comparison, lost 32.5%

of its hog producers, just below the national rate. Its hog inventory expanded slightly by 4.6%, while it lost nearly three-quarters of its slaughter capacity. Meantime, North Carolina, the corporate hog model with an estimated one-quarter of its hog production controlled by one individual, increased hog production by 83% and increased the state's slaughter by 33%. But that did not help family farmers in North Carolina as 51.1% of its producers went out of business -- well above the national average (Center for Rural Affairs, 1992).

Mere growth in numbers of cattle and hogs fed are a poor indicator of agricultural health if it is accomplished at the expense of the independent family farm. Raising livestock is the logical means for family farmers to diversify their operations. Livestock add on-farm value to crops as farmers can feed their grain and walk the crop off the farm. Livestock permit farmers to be more fully employed throughout the year. The Nebraska example again is instructive. **Nebraska is able to fully employ nine more farmers out of 100 than Kansas.** While the number of farmers exiting in Kansas actually increased from 1978-1987, Nebraska cut its farmer loss rate in half.

The numbers of farmers entering the vocation is even more revealing. **In Nebraska, more farmers are entering farming than leaving.** In Kansas, only 7 new farmers enter for every 10 that leave. An open door for corporate agriculture would skim off the most profitable portion of diversified family farms and donate it to investors often living outside the state. Opening the door to corporate hogs closes the door to young Kansans wishing to find a livelihood on the family farm.

Factory farms do not bring greater efficiency. They respond to market power and concentration. Factory farms do not create new jobs. They replace jobs in other communities and regions. The corporate farm law debate is about restructuring agriculture so that a few rural communities gain economic advantage at the expense of many other communities. The health of agriculture continues to rest in a broadly-owned, diversified structure of agriculture that benefits the entire public rather than a privileged few.

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## Comparisons between Kansas and Nebraska

	Kansas	Nebraska
% change in number of annual exits from 1978-1987	+5	-44
Cattle on feed, January 1, 1992	1,990,000	1,820,000
All cattle inventory, January 1, 1992	5,800,000	5,650,000

### 1991

Land in farms (acres)	47,900,000	47,100,000
Total number of cattle marketed	4,960,000	4,160,000
Cattle feeders	1,900	7,400
Cattle slaughtered (head)	6,027,200	6,310,000
All hogs inventory, December 1 (head)	1,500,000	4,500,000
Annual hog marketings	2,469,000	7,313,000
Hog farmers	5,600	12,500
Commerical hog slaughter (head)	450,600	5,513,700
All wheat produced (bushels)	363,000,000	67,200,000
Grain sorghum produced (bushels)	176,400,000	85,800,000
Ave. acreage value of farmland & buildings	\$467	569
Average size of farm (acres)	694	841
Total number of farmers	69,000	56,000
Irrigated crops (1990 acres)	2,489,000	5,928,000
Ratio of farmer entry to exit	.70	1.02
Total net farm income	\$929,400,000	1,954,900,000
Total production expenses including operating	\$7,025,800,000	7,821,900,000
Average rainfall (inches)	23.72	22.64
Average temperature (degrees F)	56.0	50.8

### National ranking in 1991

Cattle slaughtered	2	1
All cattle and calves on farms	3	2
Red meat production by commerical slaughter plants	3	2
Cattle and calves on grain feed	3	2
Commerical grain storage	5	4
Exports of farm products	6	5
Hogs on farms	10	5
Corn grain produced	11	3
Corn silage produced	16	6

### National ranking - 1990

Sorghum for grain	1	3
Sorghum for silage	2	3
Soybeans for beans	10	8
Winter wheat	1	7
All hay	8	4
Cash receipts from livestock products	6	2
Total cash receipts	7	4
Government payments	5	6

Statement

of

Ivan W. Wyatt, President

Kansas Farmers Union

on

The Issue of Development of Kansas Corporate-Contract Pork Production

before

The House Committee on Agriculture

January 15, 1993

Mr. Chairman, Members of the Committee:

Again, it is obvious by the interests of the independent pork producers of the state they are a viable part of Kansas agriculture. These are the fiber of Kansas agriculture. They are taxpayers that have come to speak for themselves, no paid spokesperson or high priced lobbyists speak for them.

I realize there is a smaller well-financed and well-promoted group that claims to speak for all pork producers of the state. I say well-financed and well-promoted because they receive funds from a government mandated check off, and assistance from K-State personnel. At their annual meeting a considerable number of K-State personnel were in attendance. I have noticed at some state sponsored (funded) meetings KPPC members were charged a lessor entry fee than the independent non-member pork producers.

However this is not uncommon, we now see many commodity groups being dominated through assistance in funding, orchestrated by non-producers, as they attempt to set themselves up as spokesperson for all producers of that particular commodity, this includes state funded commissions, advocating political positions on issues.

Over the years, we have witnessed taxpayer funded faulty studies used to argue for one particular side of an issue, such as that of corporate investors looking for a "hand out".

Since this is an economic issue that can have a major impact on rural communities, it is time we take a realistic look at the issue of Rural Economic Development in Kansas. We hear much rhetoric on this issue but little else. That is why I present to this committee the Farmers Union call For Development of Economic Communities, an alternative to corporate nomination of the marketing of our rural resources."

HOUSE AGRICULTURE  
1-15-93  
ATTACHMENT #12

## A Call For Development of Economic Communities

According to a recent report circulating in state governmental circles, Kansas is anti-business. Contributors to that study were the Kansas State Board of Agriculture and the Kansas State University, Department of Agriculture Economics.

No doubt this study reflects much of the "flawed" O'Day Study that the Board of Agriculture perpetuated upon the agricultural community a few years ago.

Claims were made that the lagging development of meat packing facilities in Kansas is due to an anti-business climate in Kansas. Such statements indicate the tendency of these two groups to put the economic cart before the horse.

This tendency among "bureaucratic experts and economists" is to view economic development, in this case meat processing and marketing, as a means to build a creature of a size of scale that establishes monopolistic control over the procurement and retailing of a product, yet hides many inherent inefficiencies of a monopoly.

An example of this is their reference to the concentration of beef processing in a localized area of the state. A system that leads to the control of price discovery of a resource of a multi-state area, that allows the major portion of the profits generated from the processing and marketing to be transferred far from the source of production and processing, while it loads many of the related social and infrastructure costs upon the host taxpaying community.

A system similar to that of international colonialism. A system that leaves large masses of third world nation's population living in an environment of poverty and disease.

For the past decade, there has been a growing acknowledgment of the need for an economic solution to the economic decline of the state's many rural communities.

The contributors to the above mentioned study indicate that anyone who may support an alternative to their thought process are "anti-business". They indicate that we must look only to large absentee conglomerate corporate development of the processing and/or marketing of the state's major agricultural production.

One could well reverse that assumption and say, anyone, including the contributors to this study, who support large corporate control of the states processing and marketing of its major agricultural resources are "anti-Kansas". Anti-Kansas because their proposals lead to the rapid removal of

capital profits from the state, leaving only exploited, low paying labor employment opportunities, and the decimation of a competitive marketing system.

There are alternatives to be found for the financing of competitive marketing and processing facilities. Alternatives other than a corporate welfare handout of state funds and local government "free-bees" of utility costs, taxes and reappraisal giveaways.

One has to ask, where is all this corporate efficiency we hear about, if the first thing they have to ask for is a massive taxpayer hand out? Ask the independent producer do we give them a hand out? No, they go to a banker, they pay interest, support, schools, local and state government. They are tax-payers - not tax takers.

Is it not ironic, because the Kansas taxpayer, would not more than double the amount of a corporate welfare hand out to the alien seaboard corporation, the people of Kansas are now labeled "anti-business" by those who live off the taxpayer dollar, the State Board of Agriculture, and Kansas State University Department of Agriculture Economics who shared input in the new report circulating state governmental circles.

It is time we take a look at the people who have brought new meaning to the word efficiency, the Japanese.

Recently, while in Japan I witnessed community joint ventures that provided "dispersed, economic development". An economic development program that provides not only local employment opportunities, but also avoids monstrous environmental problems, and provides a competitive marketing system for local resources, (non-monopolistic for those who may have forgotten what competitive marketing means). An Economic Development System that is a locally operated joint venture, of local and outside capital, including producer and consumer investors, assisted with local and state governmental cooperation. In this case we saw a pork processing plant that not only provides a local slaughtering facility, but provides a competitive auction facility for the local producer's production after it is slaughtered.

Similar proposals have been made for local manufacturing development in Kansas, yet, these proposals have been totally ignored, more accurately opposed, in many of the states agricultural circles.

The Japanese plants are a "multi-county" community effort capable of slaughtering up to 1300 head of hogs a day.

Because the Japanese are not now, and realize they will

never be, self-sufficient in pork and other agricultural production, they are very much interested in discussing similar community sized, producer-consumer joint ventures with local Kansas communities, local investors, including local producer investments.

Nebraska has a 12 year success story of developing a local market built on being a dependable supplier of quality, consistency and flexibility.

It is a given that conglomerate corporate livestock operations and processing don't create new markets. They soak up independent packer business by eliminating or curtailing the competitive marketing system for the independent and farmer feeder of livestock.

Nebraska is a proven example that states don't have to go, hat-in-hand, bribing the conglomerate, transnational corporations to thrive as a national leader in cattle and hog production. The Nebraska success stories make a lie of this recent "warmed-over" study, that would have us believe that we as a state have to bow to the "corporate investors" threats of coercion. It is a success story that says we should be investing taxpayer time and money in a study developing our own economic communities, instead of turning our rural communities into colonies of an absentee conglomerate.

It is time the Kansas State Board of Agriculture and the Kansas State University Department of Agricultural Economics cease acting as "point" persons for large, conglomerate, corporate exploitation of Kansas resources, while at the same time using Kansas taxpayer funds to drive our independent producers out of business.

If these state funded institutions would focus a fraction of their time and state funds on developing "economic communities" in Kansas, Kansas could in a few years lead the way in state-to-state exports to consumers in foreign countries. These are markets that would not only generate a more fair return for Kansas resources through a competitive marketing system but would also assure food deficient nations a reliable source of quality food they must have.

Early in my statement, I referred to the colonization of third-world countries by large corporations, and the resulting poverty and misery of their people. We don't have to look to foreign third-world nations for examples of colonization. A recent story in the Wall Street Journal brought this issue much closer to home. Three or four decades ago, there were communities in this country that provided, for their people, hospitals, schools and a viable

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infrastructure. However, their state government overlooked the fact they were allowing the profits of their natural resources to be carted off to the benefit of institutions and businesses far removed from their community sources of labor and resources.

Today, amid poverty, disease and deteriorating schools, these people now have to turn to desperate efforts to survive. Today, these peoples' only means of survival are to go on welfare, or to "work like mules, cultivating marijuana" in the hills.

R.B. Campbell, Chairman of the Hyden Citizens Bank, was quoted in the Wall Street Journal as saying "when he encounters state troopers on a mission to eradicate the marijuana cultivation....", he tells them, "you're destroying our bank". Then he adds, "I'm kidding of course".

But it is no joke what marijuana, the states biggest cash crop, means to Kentucky, particularly in the Appalachian mountain area. A discount store owner in nearby Stinnett was quoted as saying monthly sales rise by \$20,000 at marijuana harvest time. This is the result of opportunities lost.

Yet, here we are, not considering our states marketing opportunities, but rather deliberating legislation on how we can bribe foreign corporations to deprive the independent entrepreneurs of our pork industry the opportunity to build and enhance economic opportunities in our rural communities.

If such a scheme was contrived to divert state funds to an individual within the state in such a manner, there would, rightfully so, be a hue and cry for criminal investigations. Yet, when such a scheme is contrived, by employees of the state, to propose a glorified raid on the states treasury, transferring taxpayer dollars to an out-of-state foreign corporation would, these "Rocking Chair Economic Developers" call it progress.

That's the bottom line. How do we define progress? Do we encourage a progressive, individualistic competitive agriculture in Kansas, or do we set in our "rocking chairs" satisfied with an agricultural community made up of corporate dependent, captive piece workers, and call it "progress"? Or should we call it taxpayer funded, "corporate socialism?"

Thank You

*Ivan W. Wyatt*

SIERRA  
CLUB



730 Polk Street San Francisco, CA 94109 415-776-2211 Fax: 415-776-0350

Sierra Club Corporate Farming Testimony  
William J. Craven, Sierra Club Legislative Coordinator  
January 15, 1993  
House Agriculture Committee

Thank you, Mr. Chairman, for giving the 3,000 members of the Kansas Sierra Club an opportunity to voice their opposition to proposed changes in the Kansas corporate farming law. I understand that no bill has yet been introduced, and that this hearing is informational. Because the 1993 session is beginning this week, I appreciate the fact that you are beginning to do the committee's work early in the session.

Two days ago, I was part of a legal team which argued in federal court that the elections for the Kansas State Board of Agriculture should be enjoined because not everyone in the state gets to participate in those elections. One of the major complaints of my clients is that the Board is supposed to act in the public interest but it is accountable only to certain private interests, specifically the private groups whose members get to participate in the Board's elections. The court, as you know, agreed with my clients, and enjoined those elections.

To a certain extent, the same issue is before you today. The corporate hog farming interests want to move into Kansas, in a bigger way. Everybody knows that these economic interests think the changes they propose are in their own interests. The question you have to resolve is whether those changes are also in the public interest. For the reasons which follow, the Sierra Club asks you to consider the reasons which lead it to oppose this proposal.

Kansas has long-maintained public policies which favor competition in business, the development of rural economies, and environmental protection. At the same time, the state has long been opposed to market concentration, vertical integration of industry, and the misuse of market power. The bill before you today would reverse those policies, with irreversible results in certain sectors of the state's economy.

In a nutshell, this bill would erode the sustainable agricultural goals which are important to the Sierra Club—both the national Sierra Club and the Kansas Sierra Club—and would give free rein to corporations which have no allegiance to the values of Kansas or to improving the economies of rural communities and family farms.

The Pork Industry in Kansas Today.

HOUSE AGRICULTURE

1-15-93

ATTACHMENT #13

Based on statistics from the Kansas State Board of Agriculture, Kansas currently produces 1.5 million head of pigs. About 450,000 head were slaughtered here in that year. Kansas ranks 10th in the nation in terms of states raising hogs on farms, and that translates to about 2.5 percent of the nation's total.

In other words, pork production is already a substantial business in Kansas. The question before you is whether this bill is a good way or a bad way to make that business bigger.

I want to make it clear that the Sierra Club is aware that Kansas unfortunately has lost a segment of its pork producers, just as it has lost a segment of its family farmers. But those losses can't be regained by this proposal. Instead, this bill would virtually guarantee further losses in the number of family farmers, including those involved in pork production in Kansas.

#### Environmental Effects.

There is nothing sacred about permitting corporate agribusiness giants to take advantage of Kansas' ideal agricultural base. There is something sacred in protecting rural economies, family farmers, fragile water supplies, and other natural resources which are threatened by massive feedlots.

Liberal, Kansas' National Beef Packing plant is a classic example. There, one of four groundwater wells has been found to be contaminated, with the company facing potentially expensive cleanup operations.

Pork producers have similar problems. After National Farms built its facility in Nebraska which was supposed to raise 350,000 hogs each year, it had to face the issue of what to do with its waste. The company decided to install sprinkler irrigation systems, which would pump slurry over corn fields. The theory was that it would reduce waste-removal costs and lessen fertilizer costs.

No one really knows the full environmental costs of such a strategy, but National Farms neighbors knew—or smelled—a problem as the slurry was applied to fields. They filed suit asking the company to figure out some other way to dispose of the waste. The company argued that if it couldn't dispose of waste this way, it would be shut down. The court didn't order the business shut down, but it did order the company to pay one couple \$125,000 for the loss of satisfaction in their home.

There have been other examples. In South Dakota, plans for a 20,000 head/year facility eight miles from the state capital were blocked by farmers who protested the feared water pollution, the damage to recreational fishing, and decreasing property values.

In Michigan, the fear of corporate hog farming because of odor, groundwater pollution, and other environmental issues has been a long-standing fight. A senior state environmental official called the question "the hottest environmental issue in the state."

#### Corporate farming is not sustainable.

Corporate farming brings nothing to Kansas citizens except short-term employment. There may be modest improvements in the tax-base, but there is

no indication whatsoever that corporate farming is, in the long-term, sustainable.

I use the term sustainable agriculture to refer to systems in which agriculture is ecologically sound, economically viable, socially just, and humane. Such a system is productive in both the short and long-terms while enhancing our environment, our food quality, and our health.

Corporate farming is like lots of other major businesses. They go where they can do the most for their stockholders, at the cheapest price. There is no way the legislature can require these company's to become good corporate citizens, or to support Main Street businesses.

Another problem is that corporate farming is a way to compete directly with smaller producers and family farms.

Corporate farming sounds modern, but in fact, it is a throwback. It relies on genetic hybrids, high levels of chemical inputs, and large amounts of capital. Corporate agriculture is highly energy consumptive and depends on taxpayer subsidies such as cheap grazing rights and subsidies for water consumption.

Kansas people are the farmers in Kansas, not corporations with offices in glassed-in citadels. It is Kansas farmers who the legislature should be trying to help. Farmers are hurt by federal programs which oversubsidize corporate farms while at the same time, real farmers have been unable to achieve increases in minimum prices for many products. Farmers and consumers have little influence on commodity pricing policies or agribusiness boards such as the Kansas State Board of Agriculture.

#### Diversification of farming is a better solution.

What is emerging from many years of study is that the most efficient farms are those which are diversified. Diversification is an efficient strategy because it allows the more complete use of some inputs, such as general purpose tractors and buildings. It also allows farmers to use their time better.

The same principle has been recently rediscovered in the field of industrial economics. The advantages of diversification include using the same facilities to produce more than one product, and doing several things together. In terms of efficiency, doing several things together exceeds the efficiency of doing each of them separately.

Corporate farming may generate bigger numbers in the short-term, but don't confuse those maximum numbers with what is optimum performance. If I may be permitted to mix my metaphors, corporate farming may produce a basketball player who is a better slam-dunker, but the question is: Can the guy also play defense?

Large farms are less flexible, have higher debt ratios, and rigid production patterns. The goal is minimum cost per unit produced, not what is best for the soil, for the hired hands, or the communities near which they are located. Once a big new hog building is constructed, it must be fully used to be used efficiently.

A 1982 survey in Iowa showed that the one-third of the pork producers with the lowest profitability had almost twice as much fixed cost per farrowing crate as the one-third with the highest profitability. In addition to these higher fixed investments, the low-profit group used their facilities less thoroughly, weaning an average of six fewer pigs per crate per year than the high-profit group. As a result, their fixed cost per pig actually produced was higher than that for the high-profit group by an even wider margin than their fixed cost per crate. These high-investment farmers had almost \$12.50 more fixed costs for each pig that did their more efficient counterparts.

Corporate farms are less flexible. Farms that operate at a scale large enough to reach theoretical peak efficiency are able to operate efficiently only at that volume of production. They can produce efficiently only at one speed—full throttle. Any less vigorous pace reduces efficiency and profits, increases costs, and could increase losses.

Family farms, or smaller operations, have fewer long-term investments, fewer annual fixed costs, and more flexibility. They can cut back on production and operate profitably, even if at less than full efficiency. Because of this ability, they may weather economic storms better and compete longer than their corporatized, large-scale brethren.

Corporate farms are too rigid and specialized. They tend to use single-purpose equipment, buildings, and machinery, and they tend to invest in land at prices that obligate them to produce a high-value product.

#### Concentration in the pork industry.

During the 1980's, the largest beef packers began entering the pork market. Such giants as IBP, ConAgra, Excel and Beatrice entered the market through buyouts and purchases of existing firms. Now, 92 percent of the nation's hogs are slaughtered by eight percent of the plants, but the Big Three slaughter 30-40 percent. One study by the Helming Group estimates that by the year 2,000, four firms will be slaughtering more than 70 percent of the nation's hogs.

University of Missouri economist Glenn Grimes has noted that in 1988, 70-75 percent of all pork came from hog farms that sell 1,000 or more butcher hogs yearly, an increase of 120 percent since 1978.

An Iowa study showed that of more than 15 percent of the hogs sold there are not owned by the farmers who raised them.

If Kansas permits these firms to build monster plants capable of slaughtering millions of hogs per year, we will be contributing to the erosion of the local family farmers market. Prices paid to hog producers are likely to decline, at least in the long run.

The bottom line is that corporate farming leads to a concentration in the industry which results in low prices for producers, low wages for workers, and higher prices for consumers.

Based on 1987 Census of Agriculture figures, the 32,000 U.S. farms with sales of \$500,000 or more brought in 38 percent of all farm commodity sales,

including 23 percent of hog and pig sales. These farms own 13 percent of the farmland in this country.

Recent data from the University of Missouri, released on Dec. 12, 1992, indicates that "big swine operations are getting larger, fast, and more hogs are being grown under contract." It was also stated that more than three-fourths of the 88 million slaughter hogs marketed in the U.S. last year came from fewer than 33,000 farms. There are 256,000 hog farms in the country. Contract hog production now accounts for 15-16 percent of the total, estimated a university economist.

The 41 largest operators, which the university called "mega-producers," sold more than 50,000 hogs apiece last year. Their total production was 8.9 million hogs, or more than 10 percent of the total U.S. production.

From 1990 to 1991, these mega-producers markedly increased their size. Swine contractors with more than 50,000 hogs per year increased their marketings by 25 percent in one year. In the same time, the independent operation in the 50,000-and-over class increased marketings by 23 percent.

"The growth of 20.7 percent for all contractors far exceeded the 7.3 percent for the surveyed independents," University of Missouri agricultural economist Jim Rhodes said.

The university study also noted that large hog producers are feeding out more of their own hogs. Hogs fed out by contractors finishing their own hogs increased by 137 percent since the last survey was made in 1988.

Rhodes called that increase "eye-popping."

There are some growers who like working for corporate farm companies. But independent producers, according to the University of Missouri survey, have learned to be skeptical. In 1992, 56 percent said they would never become involved in contract production, a six percent increase from 1989.

#### The corporate farming approach.

It used to be true, and probably still is, that hogs were the beginning farmer's best money-maker. While it is labor-intensive to take care of pregnant sows, there is always some income from it. Only minimal investment is required, and pigs, as most of us know, are very efficient in converting corn into meat. There are plenty of farms which started with two dozen sows.

Recently, however, new technology to control disease and automate both feed and manure handling have made it possible to produce hogs on a much larger scale. Buildings which hold 500 sows are not uncommon, and farms with dozens of these buildings aren't unknown.

Corporate hog production envisions contractual arrangements in which a company contracts with a farmer for farrowing or finishing hogs. It also envisions arrangements in which these same companies are involved in the genetic breeding of swine, and in which these same companies own all, or almost all, of the entire slaughtering, processing, and production avenues involved in pork production.

Under a typical swine contract operation, the contractor supplies the hogs, feed, and management to a grower who supplies the labor and the facilities. Under the bill presented here today, however, the contractor would be able to own the land, and all that would be necessary is to employ hired hands.

These operations do save an impressive amount of labor, but there are downsides. Poorer breeding habits, higher death loss due to crowded facilities, and higher maintenance and utility costs head the list.

In hog production, the "best" technology available for producing hogs is a system of very specialized buildings and equipment that, when fully used, produces hogs in conveyor-belt fashion. But the buildings are designed to that and only that. If hog prices were sharply reduced and the hog producers who own these facilities tried to produce other crops for awhile, they would find themselves with an empty, expensive building. The building won't do for cattle, sheep, or poultry without substantial remodeling. In fact, the buildings are sometimes so specialized that one designed to fatten adult hogs isn't suitable to nurse young pigs, and still another can be used effectively only to handle pregnant sows.

In corporate farming, human capital is nothing less than another input, something which is expendable and replaceable. Farmers become nothing more than competing production units whose sole goal of efficiency is a system that rewards those who can use the political process to create bigger economic units. Bigger is not always better, a rule which is particularly true in farming, a rule which is particularly true in developing sustainable models of farming.

Rather than encouraging a sense of community, corporate farming leads to the further breakdown of rural society. The values in rural life, once the backbone of our larger society, are lost. Farmers are turned into hourly workers, not much different than piece workers in a factory.

#### Conclusion.

There is considerable common ground between Kansas' environmental groups and farmers, although there are those who try to capitalize on the differences between them. This issue is one in which the Sierra Club hopes the legislature reaches conclusions which support family farmers and the environment. Family farmers are generally better stewards of their land and water resources than faceless corporations headquartered out of state.

Thank you for considering the Sierra Club's views on this important issue.

## TESTIMONY

House Agriculture Committee

Friday, January 15, 1993, 9:00 a.m./Rm 313S

### **CORPORATE FARM LAW**

By Robert Runnels, Jr., Executive Director  
Kansas Catholic Conference

Thank you Chairperson Shore and members of the House Agriculture Committee.

My name is Bob Runnels, Executive Director of the Kansas Catholic Conference. I speak under the authority of the Roman Catholic Bishops of Kansas, who are the spiritual leaders of approximately 400,000 Catholics in Kansas. I am here today to voice our opposition to a change in the Corporate Farm Law and its subsequent effect on the family farms. Your committee is so vital to the future of Kansas and because of your key position in our future I am pleased to have the opportunity to speak with you.

Surely you stand for the prosperity of Kansans and for the best interest and welfare of all its citizens.

You seek to establish a climate through legislation which will benefit our state and our rural communities.

You understand that what seems to be a venture which opens what appears to be a new opportunity can be very detrimental to our farming community.

It is our evaluation that the changes being proposed in favor of corporate farming open the door to a malady that strikes at the very heart of our strength in Kansas, the family farm.

HOUSE AGRICULTURE  
1-15-93  
ATTACHMENT #14

Testimony  
House Agriculture Committee  
January 15, 1993

2

If in 1993 you allow corporate breeding of swine then wouldn't it follow the gain of a small minority interest would adversely effect the livelihood of the state's 5,200 plus hog farmers and accelerate the decline of family farming.

It is our belief that a change in our law is wrong for our rural communities ... for the health of our family farms we ask you to view any liberalization of our corporate farm law unfavorable.

A PASTORAL STATEMENT OF  
THE CATHOLIC BISHOPS OF KANSAS  
"WHO SHALL OWN THE LAND"

1. Kansas is a rural state. Rural 'Mid-America' is a very important part of our great nation. God has blessed America, especially Kansas, with His precious gifts of fertile land, pure air, clean water, moderate climate to provide food and the necessities of life.\*\* And since "the earth is the Lord's" (Ps. 24) and is His gift to all people, the millions of peoples throughout the world are entitled to share in the earth's bountiful harvests.

2. Land, its ownership and control, are the most basic issues in every society. Whoever owns and controls the land owns and controls the production of food and the necessities of life. This amounts not only to land control but life control. This affects and controls the lives of people. The ownership or control of the land are not absolute rights. These rights are restricted by the right of all people to food and the necessities of life.

3. Today, the huge concentration of land ownership or control by a few people and corporations, whether American or foreign, is a most serious social and moral issue that demands the attention of all Americans. The grave effects of monopolistic ownership or control of the land in the history of mankind are



evident for all to see: poverty, oppression, injustice, death -- crime, unrest, revolution -- the loss of human dignity and the very life and culture of a nation. It is a unique kind of slavery.

4. Food and necessities of life should not be seen as just another commodity to be bought and sold in the public marketplace. Every human person has a basic right to food and the necessities of life. The present practice of ownership and control of "land and agriculture" is making it a commodity to the highest bidder.

5. If we continue a public policy of preserving or legally extending the rights of the few and permit farms to grow in size and dominance, we will destroy ourselves as the State of Kansas, Mid-America, all America. The greatest and only lasting resource we enjoy as a state is our people -- not production and wealth as important as these may be.

Our nation was populated by the many, many immigrants who chose to live on "Family Farms." Slowly, through the years as the mechanization developed, the larger and more prosperous farms bought out the smaller and weaker. What began as a 'way-of-life' has grown into a philosophy that 'Bigger is Better'. It is now a monstrous industry that produces by insisting upon increasing profit for faceless and nameless stockholders. The result: depopulation of the rural areas; the questionable assurance of high quality food at a reasonable price; power in the hands of the few; disturbance of the balance of nature; and the desecration of God's creation.

6. We, as a state or even as a nation, may not be able to roll back history and restore our virgin lands and our immigrant beginnings or even its status of fifty years ago. However, little as we may want to, or as desirable as that may be, we do have



it within our form of representative government to preclude the ever worsening evils of an unrestrained or unrestricted form of economic and political society.

We do have it within our power to legislate for the best interests of all Kansans and all peoples rather than in favor of the few. We have it within our potential to preserve what we still have of the family farm system, and to assure the future stability of our families, our rural communities, our urban centers for future generations -- with quality food and an assured system of renewable agriculture.

Good stewardship requires that we preserve the earth's natural resources of fertile land, clean air, pure water. These can be assured only by cooperation of farmers and by responsive and responsible legislative channels of government. Reverence and care for God's gifts go hand-in-hand with reverence and concern for our neighbors.

7. Regarding land, short term vision is long term disaster. History tells us this story. Either we choose that form of rural life that is best for all Kansans, and all peoples planning the future through sound legislation, or we assure the demise of our state through inaction/actions in favor of the few.

Ownership and control in the hands of the few is not in the best interests of our State or America. Consumers' rights, environmental protection, conservation or natural resources will be destroyed unless we the people protect them.



The answers to three questions will determine the future of rural and urban life in Kansas, our nation and the world:

- a. Who shall own the land?
- b. What will legislation do "for" the people and their land of Kansas; what will it do "to" the people and their land of Kansas?
- c. Will our state legislature repeat history, or will it chart a new course guarding the well-being of the people and their land of Kansas?

Signed: KANSAS CATHOLIC CONFERENCE

+Most Reverend Ignatius J. Strecker, D.D.  
Archdiocese of Kansas City in Kansas

+Most Reverend Marion F. Forst, D.D.  
Archdiocese of Kansas City in Kansas

+Most Reverend Eugene J. Gerber, D.D.  
Diocese of Wichita

+Most Reverend Stanley G. Schlarman, D.D.  
Diocese of Dodge City

+Most Reverend George K. Fitzsimons, D.D.  
Diocese of Salina

\*\*

In 1988 Kansas' rank in U.S. Agriculture was: First in wheat production, first in sorghum grain production, first in cattle slaughtered, first in sorghum silage, second in prime farmland acres, sixth in sheep production, eighth in corn production, tenth in hog production, eleventh in soybean production.



FRANKLIN DEE WILLIAMS  
R.R. # 1. or 13.  
C/O 3212 S.W. Eveningside Drive # 31.  
TOPEKA, KANSAS 66614  
(913) 272-5392

January 15, 1993

Eugene L. Shore  
Route 2.  
Johnson, Kansas 67855  
(316) 492-2449 or (316) 492-2277

C/O Secretary Kay Johnson for Eugene L. Shore  
Capitol Building - - Room 446N  
Topeka, Kansas 66612  
(913) 296-7677

RE: Proposed 313-S interference  
Circumventing Agricultural  
authority, earlier granted:

Dear Secretary Kay Johnson for Eugene L. Shore:

Please see that Eugene L. Shore receives this and my exhibits  
timely; and

In time past I have appeared at the Capitol, offering to assist  
all to know and understand how Agricultural and Kansas issues  
might best be served.

Kansas Law Chapter 58 Law 1855, remains clearly set-out and  
unamendable and unrepealable to date.

Attorney General Opinion No. 86- 176 leaves no measure of doubt  
that the lawful board is and remains the Kansas Territorial  
Agricultural Society Board and none other.

That any decision for change ly strickly with the Society Board.

It is time for you to offer to cooperate, and not pretend to, and  
not lend favor to the Clandestine Board, while yet you should  
make immediate other offers of and to the lawful Board operating  
in good faith and none other.

Our Nation and our State needs your attention now and it is time  
for your to get busy and act and react to that which is true and  
Proper.

No Kansas Corporate Farm Law should ever be considered and any  
that has been addressed that is void should be forthwith removed.

Attachments: 13 *2/15*

Respectfully submitted,

*Franklin Dee Williams*  
Franklin Dee Williams, Citizen

cc: Kansas Territorial Agricultural Society Board  
Kansas Am. Ag.

Others

HOUSE AGRICULTURE  
1-15-93  
ATTACHMENT #15

*F. D. Williams*

*6024 Sw. 25th 272-5392  
Topeka, Ks 66614*

February 18th, 1988

Senator Jim Allen  
Chairman Ag. Committee  
and Ag. Committee  
Kansas State Capitol  
Topeka, Kansas 66612

Re: Legislative interference  
with proposed Legislation  
Circumventing Agricultural  
authority, earlier granted.

Dear Senator and Committee Members:

In time past I have appeared before you, offering to assist you  
in knowing how Agricultural and Kansas issues might best be served.

Kansas Law Chapter 58 Law 1855, remains clearly set-out and  
unamendable and unrepealable to date.

Attorney General Opinion No. 86- 176 leaves no measure of  
doubt that the lawful board is and remains the Kansas Territorial  
Agricultural Society Board and none other.

That any decisions for change ly strickly with the Society Board.

It is time for you to offer to cooperate by not pretending to  
lend favor to the Clandestine Board and to make other offers of  
and to the lawful Board operating in good faith and none other.

Corperate Hog operations by any bill of yours would be usurption  
of the rightful authority and could only lead to Kansas and Kansans  
disfavor with you and higher costs to consumers in the future.

Our Nation needs your attention now and it is time for you to  
get busy and act and react to that which is true and proper.

Respectfully Submitted,

*Franklin Dee Williams*  
Franklin Dee Williams  
CITIZEN

cc: Kansas Territorial Agricultural Society Board  
Kansas Am. Ag.  
Others

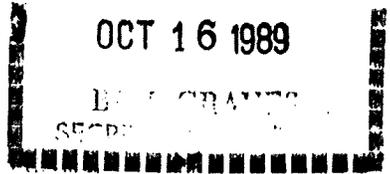


KANSAS TERRITORIAL AGRICULTURAL SOCIETY-Law Est: 1855

October 16, 1989

FRANKLIN DEE WILLIAMS  
6024 S.W. 25th Str.  
Topeka, Kansas 66614  
(913) 272 5392  
President

Sherman A. Parks Jr.  
C/O Office of the  
Secretary of State of Kansas  
Capitol Building  
Topeka, Kansas 66612  
(913) 296 2236



ALVIN MATZKE  
715 Lincoln  
Wamego, Kansas 66547  
(913) 456 7240  
Northern Judicial District  
Vice President

Re: Copy of List required to be duly  
Certified by the Secretary of  
State of Kansas for each Platform  
Committee or in the alternative  
Certificate that NO platform  
Committee met according to your best Records:

VIRGIL PREWETT  
Rt. # 2. Box 141  
Cherokee, Oklahoma 73728  
(405) 431 2334  
Southern Judicial District  
Vice President

Dear Mr. Sherman Parks Jr.:

HARRY CROWLEY  
% 1020 N. Walker  
Olathe, Kansas 66061  
(913) 764 1435  
Eastern Judicial District  
Vice President

According to the Statutes providing to the Office  
of Secretary of State since July 1, 1972 certain  
statutory provisions have been required before  
allowing Political Parties could retain Ballot  
status, and I am once again seeking Certificated  
verification from you of the proof that all such  
Ballot status has been lawfully met by any or all  
claimed political Party status since 1972 when  
the Statute was passed or a Certification of those  
provisions fail to be shown and that NO Platform  
Committee met according to your best Records.

RUSSELL RAULSTON  
506 East Oak  
Oberlin, Kansas 67749  
(913) 475 2303  
Western Judicial District  
Vice President

As we spoke Friday the 13th of October 1989 this  
Certification or Certifications have been earlier  
requested and we have not to date received such  
and this is needed in a Suit filed in the Supreme  
Court of Kansas.

KAREN FOSTER  
R.R. #7. Box 48  
Osborne, Kansas 67473  
(913) 346 2083  
Recording Secretary

*P.S.: PLEASE HAVE READY  
FOR MY INSPECTION  
DECLARATIONS OF  
CANDIDACY FOR RETENTION  
IN OFFICE 12 YEARS FROM  
20-3006. R.D.W.*

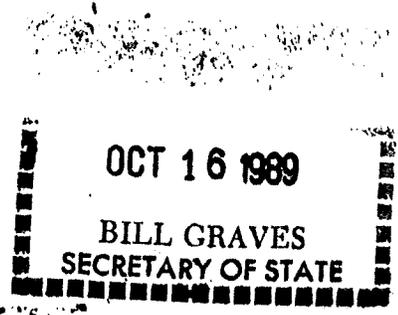
Respectfully submitted,

GLENDA L. MELLIES  
R.R. #1.  
Morganville, Kansas 67468  
(913) 632 3252  
Corresponding Secretary

*Franklin Dee Williams*  
Franklin Dee Williams  
President 1989-90

DWAIN L. MELLIES  
R.R. #1.  
Morganville, Kansas 67468  
(913) 632 3252  
Treasurer

cc: Wendy Alison Nora  
Bissessarnath Ramcharan-Maharajh  
Others



DOND FOSTER  
R.R. 2. Box 48  
Osborne, Kansas 67473  
(913) 346 2183  
Parliamentarian

FRANKLIN DEE WILLIAMS

5212 S.W. Eveningside Dr. # ...  
Topeka, Kansas 66614

(913) 272-5392

August 5, 1992

OFFICE OF SECRETARY OF STATE OF KANSAS  
Capitol Bldg.  
Topeka, Kansas 66612 and

FAX. 913 296 4570

OFFICE OF SHAWNEE COUNTY  
ELECTIONS  
911 SW 37th  
Topeka, Kansas 66611

(913) FAX 266 0299

Re: Objection and Continued  
reminder of earlier Objections  
not heretofore Noticed and or Heard:

July 1986  
(i.e) Nov, 3, 1986

To Whom It May Concern:

As you know I have continued to remind the above named offices personnel of all earlier Objections not to date Noticed or Heard, which appears of RECORD.

As you also must know that we are faced with two (2) separate hearing reviews not yet had.

I am also hereby and herein informing you that I do not waive any actions or rights to actions reserved by me now or in the future nor have I ever knowingly waived any in the past nor have I ever intended to so waive.

If I do not hear from you in 10 days (ten) it will be understood that you agree with me and that the earlier notices and hearings are considered to be that which is yet to be Noticed and Heard. On the other hand If I do hear from you any address of any nature will be considered to be an admission that any hindering or delay will fall within an expected action and damage or liability to be collected upon by those who suffered harm or delay.

Respectfully submitted,

Franklin Dee Williams

cc: David Horn  
Others



**KANSAS TERRITORIAL AGRICULTURAL SOCIETY-Law Est: 1855**

MAY 31st, 1988.

Nancy L. Ulrich  
Attorney General Asst.  
Kansas Judicial Center  
Topeka, Kansas 66612  
(913) 272 5392

**KARIN FOSTER**  
R.R. #2, Box 48  
Osborne, KS 67473  
(913) 346-2183  
Recording Secretary

**GLENDAL L. MELLIES**  
R.R. #1  
Morganville, KS 67468  
(913) 926-3631  
Corresponding Secretary

**IRVING BOLDRIDE**  
RFD  
Atchison, KS 66002  
(913) 367-6501  
Eastern Judicial District  
Vice President

**RUSSELL RAULSTON**  
506 East Oak  
Oberlin, KS 67749  
Western Judicial District  
President

**DEE KIRK**  
P.O. Box 363  
Cairo, Neb. 68824  
(308) 485-3456  
Northern Judicial District  
Vice President

**DWAINE L. MELLIES**  
R.R. #1  
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Treasurer

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6024 S.W. 25th Str.  
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(913) 272-5392  
President

Re: Chapter 58 Law 1855 and  
Charter, and Charter  
Pursuant to 88-61945-S;  
and No. 56,880:

Dear Nancy:

This letter for your attention comes at the direction of attention drawn by my election to the President of "The Kansas Territorial Agricultural Society" and the earlier elective positions held by me, and the meetings, and conversations held with Mr. Melvin L. Johnson and myself with Gregory Hough, and the reflection of how Two Territorial Charters, both belonging to Society Control and One (1) being constantly being defended by this Office and now also being interviened by the United States Attorney Jeffrey Robert White, while the other being wrongfully ignored.

You will find letters and documents provided this Office will set forth other and further duty concerns, for which prove the Supreme Court of Kansas has fully set out for the protection of and by original Mandamus and Quo Warranto actions remain ruled upon and ordered spread upon the Lower Courts of this State and have to date been circumvented and ignored to date, for which have caused further harm to be wrongfully suffered and for which continue to cause Society to Suffer.

I ask you to seek that which is proper and to act at once to take action upon any vitiative actions or inactions to prevent any further delay in correction, and abatement.

Let me now know of any questions you might have that need to be answered for you as to the 1986 election vitiative of elections to be protected.

Respectively Submitted,

  
Franklin Dee Williams  
Obligated Fiduciary Officer

cc: Mr. Melvin L Johnson  
Board of Agriculture  
Others

THE  
GENERAL STATUTES  
OF  
KANSAS.

[ANNOTATED.]

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CHAPTER 1.—ADMISSION.

Joint Resolution of the Legislature of the State of Kansas, accepting the terms imposed by Congress upon the admission of the State of Kansas into the Union.

PROPOSITIONS CONTAINED IN ACT OF ADMISSION ACCEPTED.

*Be it resolved by the Legislature of the State of Kansas:*

(1) That the propositions contained in the act of Congress, entitled "An act for the admission of Kansas into the Union," are hereby accepted, ratified, and confirmed, and shall remain irrevocable, without the consent of the United States. And it is hereby ordained, that this State shall never interfere with the primary disposal of the soil within the same by the United States, or with any regulations Congress may find necessary for securing the title to said soil, to *bona fide* purchasers thereof; and no tax shall be imposed on lands belonging to the United States. Approved, January 20, 1862.

Act of Congress, 12 U. S. Stat. at L., p. 126. Act of Admission, cited or construed, *The State v. Stringfellow*, 2 Kas. 263; *Clay v. State*, 4 Kas. 49; *McCullom v. Pipe*, 7 Kas. 195; *Parker v. Winsor*, 5 Kas. 367; *id.*, 372; *Douglas Co. v. U. P. R'y*, 5 Kas. 624; *Chase Co. v. Shipman*, 14 Kas. 537; Organic Act, organizing Territory of Kansas, 10 U. S. Stat. at L., p. 283; cited or construed, *Simmons v. Garrett*, *McCahon's R.* 85; *Lochnane v. Martin*, *id.* 60; *Dewey v. Dyer*, *id.* 77; *McCracken v. Todd*, 1 Kas. 164; *Reburn v. Brackett*, 2 Kas. 234; *Burnes vs. Atchison*, 2 Kas. 484; *The State v. Young*, 3 Kas. 447; *Atchison v. Bartholow*, 4 Kas. 124.

3—KAS. STAT.

[17]

was impliedly repealed by section of the uniform business corporations act providing that all acts or parts of acts inconsistent therewith were repealed, in view of provisions of act for cumulative voting. Rem.Rev.Stat. §§ 3803—28, 3803—62, 3812; Const. art. 12, § 1.

### 3. Corporations ⇨18

The charter of a corporation or articles of incorporation constitute contracts having a fourfold character, consisting of a contract between the state and the corporation, between the state and the stockholders, between the corporation and the stockholders, and between the stockholders themselves.

### 4. Corporations ⇨13

The laws of the state in which a corporation is organized, whether such laws be of constitutional or statutory origin, enter into and become a part of the corporation's articles of incorporation.

### 5. Corporations ⇨13, 18

The charter of a corporation organized under general law consists of its articles of incorporation, the existing state Constitution, the particular statute under which the corporation was formed, and all other general laws applicable thereto.

### 6. Statutes ⇨277

When the Legislature included in Uniform Business Corporation Act a section constituting a saving clause, conclusive presumption obtained that the Legislature deliberately intended to incorporate the clause, and that it had some purpose in mind in adopting the clause. Rem.Rev.Stat. §§ 3803—28, subd. 3, 3803—63.

### 7. Corporations ⇨283(1)

Right of stockholder to vote for director of corporation was a valuable "vested property right" arising out of the contract of incorporation, and was therefore a right saved and protected by saving clause of the Uniform Business Corporation Act, and was not impaired or affected by provisions of the act providing for voting of shares of stock cumulatively. Rem.Rev.Stat. §§ 3803—28(3), 3803—63.

See Words and Phrases, Permanent Edition, for all other definitions of "Vested Property Right".

### 8. Corporations ⇨283(1)

Provision of the Uniform Business Corporation Act authorizing cumulative voting for election of directors was not applicable to election for directors in corporation, which was incorporated prior to the enactment of the act, and the by-laws and the articles of incorporation of which provided for straight voting, and therefore majority stockholders were not divested of their vested right to elect all directors of the corporation by the straight voting method. Rem.Rev.Stat. §§ 3803—28(3), 3803—63.

### 9. Constitutional law ⇨125 Corporations ⇨40

A state may not pass laws altering or amending charters of corporations in such a way that will change their fundamental character or impair the object of the grant or rights vested thereunder, or in such a way as will impair the contractual relations or rights of stockholders among themselves or existing between them and the corporation.

Appeal from Superior Court, Yakima County; Jay Whitfield, Judge.

Suit by the State of Washington, on the relation of Walter V. Swanson and others, against Ben Perham, Sr., and others to compel recognition of the relators' right of cumulative voting. From a judgment for the defendants, the plaintiffs appeal.

Judgment affirmed.

Walter V. Swanson, of Yakima, for appellants.

Grady & Grady and Gavin & Robinson, all of Yakima, for respondents.

STEINERT, Justice.

The basic question presented to us for decision is this: Are stockholders of a private corporation, organized under the General Business Corporation Act in 1919, the by-laws of which corporation provide for straight voting of stock, entitled, solely by virtue of the adoption of the Uniform Business Corporation Act of 1933, Rem. Rev.Stat. § 3803—1 et seq., to vote their stock cumulatively, over the objection of

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special acts,<sup>13</sup> although they "may, by general incorporation acts, permit persons to associate themselves together as bodies corporate,"<sup>14</sup> for certain purposes specified in the act, as explained *infra* § 47.

*Status.* A corporation created by or under an act of a territorial legislature, although such act is necessarily passed under a power conferred by congress, is a territorial, and not a national or federal, corporation.<sup>15</sup> However, such a corporation has been held to be included in the words, "any . . . corporation organized by authority of any laws of Congress," in an act of congress,<sup>16</sup> and when a territory is admitted into the Union as a state, the corporations lawfully created and existing therein become, to all intents and purposes, state corporations.<sup>17</sup>

### § 31. In Hawaii, Puerto Rico, and Philippine Islands

The local legislatures of Hawaii, Puerto Rico, and the Philippine Islands, have power to create corporations to the extent that they are authorized thereto by the act of congress providing for such governments; and to this extent also corporations previously created under the laws of the territory or possession may continue in existence.

In Hawaii, in accordance with the rules stated *supra* § 30, as to the powers of territorial legislatures to create corporations, under the provisions of the Organic Act that "the legislature shall not grant to any corporation, association, or individual any special or exclusive privilege, immunity, or franchise without the approval of Congress; nor shall it grant private charters, but it may by a general act permit persons to associate themselves together as bodies corporate" for certain purposes specified in the Act, the territorial legislature can provide for the formation of corporations only by general laws; and the further provision of the Act, that the preëxisting laws of Hawaii not inconsistent with the constitution of the United States or the

provisions of the Organic Act are continued in force, subject to repeal or to amendment by the territorial legislature of Hawaii, or the congress of the United States, continued in existence corporations previously created or existing by or under the laws of Hawaii.<sup>18</sup> Hawaiian corporations so continued in force are not corporations "organized by authority of any laws of Congress," but it is otherwise of corporations created by or under an act of the territorial legislature enacted in pursuance of the organic act of congress.<sup>19</sup>

In Puerto Rico, under the provisions of the act of congress for the government of Puerto Rico, the creation and control of corporations is exclusively a legislative act and is vested in the legislature of Puerto Rico subject to the restrictions imposed in the act.<sup>20</sup>

Spanish corporations existing in Puerto Rico at the time it was acquired by the United States were continued in force, at least *de facto*, and subject to the legislative power of the Puerto Rican legislature; but they ceased to be Spanish corporations after the change of sovereignty, even though they did nothing to reorganize under the laws of any American state or under the present laws of Puerto Rico. Such corporations are not corporations of the United States, but of Puerto Rico.<sup>21</sup>

In the Philippine Islands, under the act of congress for the government of the Philippine Islands and subject to the restrictions of such act, the legislature has power to create corporations;<sup>22</sup> and corporations organized according to the laws of the former regime continue to exist.<sup>23</sup>

### § 32. Incorporation by or under Laws of Different States

The legislatures of two or more states cannot by concurrent legislation unite in creating a corporation as the same corporate entity in each state.

13. U.S.—Wells v. Northern Pac. R. Co., C.C.Or., 23 F. 469, 10 Sawy. 441.

14. U.S.—Colorado Springs Co. v. American Pub. Co., Colo., 97 F. 843, 38 C.C.A. 433.

14 C.J. p 98 note 19.

**Congress may cure defective corporation**

U.S.—Colorado Springs Co. v. American Pub. Co., *supra*.

Cure of defects or failure to incorporate generally see *infra* §§ 90-92.

15. U.S.—Adams Express Co. v. Denver, etc., R. Co., C.C.Colo., 16 F. 712, 4 McCrary 77.

16. Hawaii.—U. S. v. Haleakala Ranch Co., 3 Hawaii Fed. 299.

17. U.S.—Kansas Pac. R. Co. v. Atchison, etc., R. Co., Kan., 5 S. Ct. 208, 112 U.S. 414, 28 L.Ed. 794.  
Kan.—State v. Stormont, 24 Kan. 686.  
14 C.J. p 99 note 26.

#### **Presumption**

The supreme court may presume that corporation law of Oklahoma has full application to corporation created before statehood by law of Indian Territory.—Oklahoma Natural Gas Co. v. State of Oklahoma, Okl., 47 S.Ct. 391, 273 U.S. 257, 71 L.Ed. 634.

18. Hawaii.—U. S. v. Haleakala Ranch Co., 3 Hawaii Fed. 299.  
14 C.J. p 99 notes 27-31.

19. Hawaii.—U. S. v. Haleakala Ranch Co., *supra*.

20. U.S.—Martinez v. La Asociacion de Senoras, Tex., 29 S.Ct. 327, 213 U.S. 20, 53 L.Ed. 679.  
14 C.J. p 99 notes 35-45.

21. U.S.—Martinez v. La Asociacion de Senoras, *supra*.

Porto Rico.—Cuebas v. Banco Territorial, 4 Porto Rico Fed. 208, overruled on other grounds 4 Porto Rico Fed. 509, and also overruling in effect Borrero v. Compania Anonyma, 1 Porto Rico Fed. 142.

22. U.S.—Springer v. Government of the Philippine Islands, Philippine, 48 S.Ct. 480, 277 U.S. 189, 72 L. Ed. 845, affirming 50 Philippine 259.  
14 C.J. p 100 notes 49-55.

23. Philippine.—Philippine Islands v. Avila, 38 Philippine 383.

will then sell a sufficiency of the collaterals owned by Mrs. Ritchie to pay any deficiency. If, however, there be enough of the proceeds arising from the sale of Ritchie's collaterals to pay Cornell's debt, and a surplus, he will pay such surplus on the McMullens' judgment. He will sell the Payne and Burke collaterals separately. After applying a just proportion of the proceeds of each in discharge of the costs of the cause, and his own expense and commissions, he will pay remainder from sale of Payne's collaterals to Payne, and remainder from sale of Burke's collaterals to Burke, on their respective debts. If, in either case, there be a surplus, then he will pay such surplus on the complainants' debt as far as necessary; balance to Ritchie. He will in each case sell the said collaterals in such lots as, in his judgment, will tend to bring the largest price. The sales will in each case be for cash; creditors paying in such proportion of money as the commissioner shall require for expenses and costs, up to the amount of their respective claims. If the counsel for all parties shall agree upon a mode of sale, and upon terms of sale, differing from those here fixed, they may do so, and so enter the decree. The commissioner will make no sale until 90 days after decree is entered, within which time, if the defendant Ritchie shall pay off the several amounts due to complainants and to Burke and Payne and Cornell, and all the costs of the cause, the commissioner will turn over to said Ritchie the collaterals so ordered sold; but, if he fails to pay off the said indebtedness and costs, he will then advertise his sale in one or more papers published in London, England, Toronto and Sudbury, Canada, Cleveland, Ohio, and New York, N. Y.; using his discretion as to the number of papers in each city, and the number of insertions in each paper, except as to Cleveland, where he will advertise his sale for 60 days, in each of the two leading daily papers. The commissioner will also prepare a circular letter, describing the shares and bonds to be sold, and cause same to be mailed to such persons and firms and corporations as he shall have reason to believe may be interested in such securities. His sale will be made at the door of the Federal building at Cleveland, between 11 o'clock a. m. and 3 o'clock p. m. of the day of sale, and may be adjourned to such other day or days as he shall find advisable. He will make full report of his proceedings under this order to the following term of the court.

The costs of the cause, including receiver's costs and commissioner's costs and all expenses of sale, will be paid out of the proceeds of sale, being proportioned between each separate fund.

SMITH v. ATCHISON, T. & S. F. R. CO. et al.

(Circuit Court, D. Kansas, First Division, November 5, 1894.)

No. 7,154.

1. CONSTITUTIONAL LAW—OBLIGATION OF CONTRACTS—AMENDMENT OF CHARTER—TERRITORIAL AND STATE GOVERNMENTS.

The charter of the defendant railroad corporation, granted in 1859, by a special act of the legislature of the territory of Kansas, provided

that, in elections of directors, each shareholder should have one vote for each share of stock held by him. The constitution of the state of Kansas, assented to by congress on the admission of that state, provides that all laws in force in the territory at the time of the acceptance of the constitution, not inconsistent with it, shall continue in force. It also provides (article 12, § 1) that the legislature shall pass no special act conferring corporate powers; that corporations may be created under general laws, but such laws may be amended or repealed; but it declares that all rights arising under the territorial government shall continue. The legislature of the state of Kansas, by an act passed in 1876, and amended in 1881, provided that, in all elections of directors of any incorporated company, each stockholder might cast for any one candidate as many votes as he held shares of stock, multiplied by the number of directors to be elected. *Held*, that no power was acquired by the legislature of the state, through the provisions of the constitution and its acceptance by congress, to amend the charter of defendant without its consent, and that the last-mentioned statute, accordingly, did not apply to its elections.

SAME—METHOD OF VOTING ON STOCK.

*Held*, further, that the right to amend the defendant's charter in this respect was not reserved to the territory by an act passed before the charter, and providing that any charter thereafter granted might be amended, provided such amendment should not conflict with any right vested by the charter; since the right of each shareholder to cast one vote for each share is a vested right.

SAME—ASSENT OF CORPORATION.

*Held*, further, that the corporation had not assented to or accepted the provisions of the act for cumulative voting by accepting and acting under sundry statutes providing that any railroad corporation should have certain rights, etc., but imposing no terms or conditions indicating an intention to abrogate rights or privileges already existing.

BILL of William Palmer Smith against the Atchison, Topeka & Santa Fé Railroad Company, and Edward Wilder and others, stockholders in that corporation. On motion for preliminary injunction.

B. E. Tracy, A. L. Williams, Henry Wollman, and M. Summerfield, for complainant.

A. A. Hurd, Robert Dunlap, and Gleed, Ware & Gleed, for defendants.

ROSTER, District Judge. The complainant brings his bill to this court, praying that the defendants be enjoined from preventing or interfering with the exercise by the complainant of certain alleged rights as a stockholder of the Atchison, Topeka & Santa Fé Railroad Company. He charges in his bill that the defendants are stockholders in said company, and, having control of the annual meeting of the stockholders for the election of directors, have combined together to prevent him from casting, and the meeting from allowing and counting, his votes as such stockholder, under the provisions of the statutes of Kansas of 1876, amended in 1881, known as the "Cumulative System." The statute reads as follows:

"In all elections for directors or trustees of any incorporated company, each shareholder shall have the right to cast as many votes in the aggregate as shall equal the number of shares so held by him or her in said company, multiplied by the number of directors or trustees to be elected at such election, and each shareholder may cast the whole number of votes either in person or by proxy for one candidate, and such directors or managers shall not be elected in any other manner." Laws 1881, p. 131.

For references to other topics, see Descriptive-Word Index

## I. INCORPORATION AND ORGANIZATION.

### 1. Nature and theory of incorporation.

**U.S.Kan. 1885.** On the admission of a territory as a state into the Union, corporations created by the legislature of the territory become corporations of the state.

**Kansas Pac. Ry. Co. v. Atchison, T. & S. F. R. Co.,** 5 S.Ct. 208, 112 U.S. 414, 28 L.Ed. 797.

**C.C.A.Kan. 1931.** Generally, corporation and its stockholders are deemed separate entities, but such identity may be disregarded in exceptional situations where it would present obstacles to due protection or enforcement of public or private rights.

**Boatright v. Steinite Radio Corporation,** 46 F.2d 385.

**C.C.A.Kan. 1938.** Corporate entity may be disregarded where not to do so will defeat public convenience, justify wrong, protect fraud or defend crime.

**Henry v. Dolley,** 99 F.2d 94.

**C.A.Kan. 1951.** In action by a farmer against a corporation owning an irrigation ditch and parent corporation of irrigating company, evidence sustained finding of jury that irrigation company was the mere alter ego of its parent.

**Garden City Co. v. Burden,** 186 F.2d 651.

Where the relationship between the parent and subsidiary corporation is so intimate, parent's control over subsidiary is so dominating, and business and assets of two are so commingled, that recognition of distinct entity would result in injustice to third persons, courts should look through legal fiction of separate entity and treat them as justice requires.

**Garden City Co. v. Burden,** 186 F.2d 651.

In action by a farmer against an irrigation company and its corporate parent, where irrigation company had no assets, owned no property other than easement in irrigation ditch and parent company owned, controlled and directed all operations of irrigation company, it would be inequitable to permit parent to escape liability because of negligent operation of ditch by irrigation company under pretext of separate identity of two corporations.

**Garden City Co. v. Burden,** 186 F.2d 651.

**D.C.Kan. 1945.** A court may penetrate screen of corporate fiction and determine

**D.C.Kan. 1946.** In determining existence of employer-employee relationship for social security tax purposes, contractual fictions, like the corporate form, may be subjected to penetration of thorough judicial inquiry to ascertain the reality of the situation. Social Security Act, § 901 et seq., 42 U.S.C.A. § 1101 et seq.

**Royal Theatre Corp. v. U. S.,** 66 F.Supp. 301.

**Kan. 1870.** A corporation, being an artificial person, can have no legal existence out of the boundaries of the sovereignty by which it is created, and cannot emigrate to another sovereignty.

**Land Grant Ry. & Trust Co. v. Coffey County Com'rs,** 6 Kan. 245.

**Kan. 1936.** Where bankrupt actually owned all stock of corporation and four other record owners were nominal stockholders only, and bankrupt had for years directed all policies of corporation, trial court properly disregarded theory of corporate entity and permitted trustee in bankruptcy to take possession of bankrupt's stock certificates and to manage corporation for benefit of creditors, in compliance with order of referee in bankruptcy. Bankr. Act § 70, sub. a(5), 11 U.S.C.A. § 110, sub. a(5).

**Adams v. Morgan,** 52 P.2d 643, 142 Kan. 865.

**Kan. 1943.** Where Kansas corporation issued bonds which were secured by mortgage on theater property and Delaware corporation obtained control of the theater which was closed by Delaware corporation's predecessor, and the same individuals became directors of both corporations and the bondholders with knowledge of facts entered into written agreement with corporations wherein separate existence of the two corporations was recognized, and bondholders agreed that Delaware corporation should not be liable on the bonds, trustee of bond issue could not maintain action to recover remaining part of indebtedness from Delaware corporation on the theory that the court should disregard corporate entities in order to promote justice.

**McCue v. Franklin,** 131 P.2d 704, 156 Kan. 1.

2-5. See Topic Analysis for scope.

Definition; kinds and classes; creation

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ernment to a permanent state government, it is declared by this constitution that all suits, rights, actions, prosecutions, recognizances, contracts, judgments and claims, both as respects individuals and bodies corporate, shall continue as if no change had taken place.

Research and Practice Aids:  
States=9.  
C.J.S. States § 22.  
Am.Jur.2d Constitutional Law § 47.

CASE ANNOTATIONS

1. Effect of section on statutory enactment of territorial legislature considered. *The State, ex rel. Johnson, v. Hitchcock*, 1 K. 178, 180.
2. Does not exempt judgment, rendered prior, from constitutional homestead exemption. *Cusle v. Douglas et al.*, 3 K. 123, 128.

§ 2. Penalties, forfeitures and bonds. All fines, penalties and forfeitures, owing to the territory of Kansas, or any county, shall inure to the use of the state or county. All bonds executed to the territory, or any officer thereof, in his official capacity, shall pass over to the governor, or other officers of the state or county, and their successors in office, for the use of the state or county, or by him or them to be respectively assigned over to the use of those concerned, as the case may be.

Research and Practice Aids:  
States=9.  
C.J.S. States § 22.  
Am.Jur.2d Constitutional Law § 47.

§ 3. Officers of territory. The governor, secretary and judges, and all other officers, both civil and military, under the territorial government, shall continue in the exercise of the duties of their respective departments until the said officers are superseded under the authority of this constitution.

Research and Practice Aids:  
Constitutional Law=24; States=9.  
C.J.S. Constitutional Law § 41 et seq.; States § 22.  
Am.Jur.2d Constitutional Law § 47.

CASE ANNOTATIONS

1. Members of the legislature are "officers" of the government. *The State, ex rel. Hunt, v. Meadows*, 1 K. 90, 91.

§ 4. Laws. All laws and parts of laws in force in the territory, at the time of the acceptance of this constitution by congress, not inconsistent with this constitution, shall continue and remain in full force until they expire, or shall be repealed.

Research and Practice Aids:  
Constitutional Law=24; States=9.  
C.J.S. Constitutional Law § 41 et seq.; States § 22.  
Am.Jur.2d Constitutional Law § 47.

CASE ANNOTATIONS

1. Corporation incorporated by territorial legislature held legally existing corporation. *The State, ex rel. v. Vermont*, 24 K. 236.

§ 5. Seal. The governor shall use his private seal until a state seal is provided.

Research and Practice Aids:  
States=9.  
C.J.S. States § 22.  
Am.Jur.2d Constitutional Law § 47.

§ 6. Offices at capital. The governor, secretary of state, auditor of state, treasurer of state, attorney general, and superintendent of public instruction, shall keep their respective offices at the seat of government.

Research and Practice Aids:  
States=9.  
C.J.S. States § 22.  
Am.Jur.2d Constitutional Law § 47.

§ 7. Court records and documents. All records, documents, books, papers, moneys and vouchers belonging and pertaining to the several territorial courts, and offices and to the several districts and county offices, at the date of the admission of this state into the union, shall be disposed of in such manner as may be prescribed by law.

Research and Practice Aids:  
States=9.  
C.J.S. States § 22.  
Am.Jur.2d Constitutional Law § 47.

§ 8. Suits and proceedings. All suits, pleas, complaints and other proceedings pending in any court of record, or justice's court, may be prosecuted to final judgment and execution; and all appeals, writs of error, certiorari, injunctions, or other proceedings whatever, may progress and be carried on as if this constitution had not been adopted, and the legislature shall direct the mode in which such suits, pleas, complaints, prosecutions and other proceedings, and all papers, records, books and documents connected therewith, may be removed to the courts established by this constitution.

Research and Practice Aids:  
Constitutional Law=24.  
C.J.S. Constitutional Law § 41 et seq.  
Am.Jur.2d Constitutional Law § 47.

CASE

1. State courts, cas until provision made

§ 9. Ratification. For the pu the electors of at tion or rejection election shall be precincts in this day in October,

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§ 10. Mode Each elector sha cent by voting labeled "For the the Constitution

Research and Pract Constitutional L C.J.S. Constituti

§ 11. First If a majority of election shall be then there shall several voting p in December, A members of the district and co this constitution congress.

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§ 12. Person sons having the cording to the tion, at the date who shall have ing to the prov this territory, a tilled to vote ca

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§ 13. Judge who may be g precincts of th respective elec vided for, shall tive elections

franchises ordinarily exercised by separate and distinct corporations,<sup>81</sup> or it may prohibit the formation of domestic corporations entirely.<sup>82</sup>

### § 27. — Extraterritorial Corporations

A state cannot create a corporation beyond its territorial limits; but it may create a corporation with power to exercise its powers or to carry on operations in other states or countries with their permission.

A state cannot create a corporation beyond its territorial limits.<sup>83</sup> However, this does not prevent a state from creating a corporation within its own territorial limits with the power to exercise its powers and carry on operations in other states or countries with their permission and subject to their laws,<sup>84</sup> and wherever it goes to do business its existence is referable to the laws of the state of its creation.<sup>85</sup>

### § 28. — Constitutional Provisions and Restrictions

The power of the legislature relative to creating corporations, granting corporate powers thereto, and in various other particulars, is generally restricted by constitutional provisions affecting such matters. Such constitutional provisions are not retroactive unless expressly declared so, or unless they are made so with the consent of the corporations involved.

The power of the legislatures relative to the creation of corporations, the granting of corporate powers, franchises, and privileges, the extension of charters, the remitting of forfeitures of charters, and in various other particulars may be and, generally is restricted or limited by constitutional provisions,<sup>86</sup> and if the statute authorizing an incorporation is unconstitutional there is no right to incorporate.<sup>87</sup> Such power has been restricted, for

example, by constitutional provisions for the enactment of general laws under which corporations may be formed, and prohibiting, usually with specified exceptions, the creation of corporations, or the grant of corporate powers, franchises, or privileges, extension of charters, etc., by special act of the legislature, as explained in the C.J.S. title Statutes § 177, also 59 C.J. p 744 note 15—p 746 note 33; prohibiting a law creating, renewing, or extending the charter of more than one corporation, as explained in the C.J.S. title Statutes § 233, also 59 C.J. p 840 note 87—p 843 note 96; prohibiting retrospective laws for the benefit of a corporation; as explained in Constitutional Law § 416; requiring acts creating particular corporations or conferring particular powers to be submitted to a popular vote;<sup>88</sup> prohibiting the grant of exclusive franchises or privileges, as explained in Constitutional Law §§ 462, 464; prohibiting the exemption of stockholders of particular corporations from liability for corporate debts to a specified extent, as discussed *infra* § 602; and limiting the duration of corporations, as discussed *infra* § 78.

Statutes creating or authorizing the formation of corporations, or granting corporate powers, franchises, or privileges, are in some states subject to special constitutional provisions in relation to the mode of enactment.<sup>89</sup>

*Retroactive effect.* Constitutional provisions affecting the creation, powers, franchises, or privileges of corporations are not retroactive unless declared so in express terms,<sup>90</sup> or unless they are voluntarily accepted as retroactive by the corporations involved.<sup>91</sup> If retroactive in terms they generally are unconstitutional in so far as they im-

81. Del.—Clendaniel v. Conrad, 83 A. 1036, 26 Del. 549, Ann.Cas.1915B 968.

82. Cal.—Pacific Gas & Electric Co. v. State, 6 P.2d 78, 214 Cal. 369, followed in Pacific Gas & Electric Co. v. Jordan, 6 P.2d 82, 214 Cal. 793.

83. Ohio.—Myers v. Manhattan Bank, 20 Ohio 283.

84. Ohio.—Hanna v. International Petroleum Co., 23 Ohio St. 622. Tenn.—Sullivan v. Farnsworth, 170 S.W. 317, 132 Tenn. 691, 14 C.J. p 95 note 64.

85. Wis.—Turner v. Turner Mfg. Co., 199 N.W. 155, 184 Wis. 508.

86. Miss.—Southern Coal Co. v.

87. Miss.—Southern Coal Co. v.

Yazoo Ice & Coal Co., 80 So. 334, 118 Miss. 860.

#### As to time to commence business

A constitutional provision requiring corporations to commence business within two years from the grant of the charter or franchise is not violated by a statute authorizing a corporation to file a report of its organization after the time limited therefor.—Southern Coal Co. v. Yazoo Ice & Coal Co., *supra*.

87. N.J.—Riddle v. Commissioner of Banking and Insurance, 100 A. 692. Estoppel to question constitutionality of statute see *infra* § 111.

88. Ill.—Smith v. Bryan, 34 Ill. 364. Wis.—Van Steenwyck v. Sackett, 17 Wis. 645.

89. U.S.—Nesmith v. Sheldon, Mich., 7 How. 812, 12 L.Ed. 925, 14 C.J. p 95 note 73.

Necessity in passage of statute: That:

Bill for incorporation be passed at another session or by another legislature see the C.J.S. title Statutes § 38, also 59 C.J. p 561 note 89.

Statute not relate to or embrace more than one subject, and that subject matter be expressed in title see the C.J.S. title Statutes § 233, also 59 C.J. p 840 note 87—p 843 note 96.

Two-thirds vote see the C.J.S. title Statutes § 42, also 59 C.J. p 567 notes 60—62.

90. Ky.—Slack v. Maysville, etc., R. Co., 13 B.Mon. 1.

Retroactive operation of statutes generally see Constitutional Law § 40.

91. Ariz.—Citrus Growers' Development Ass'n v. Salt River Valley Water Users' Ass'n, 268 P. 773, 34 Ariz. 105.

pose additional burdens on, or otherwise affect existing corporations without their consent, unless they are within the inalienable powers of the state, such as the police power or the power of eminent domain, or unless the power to alter, amend, or repeal the charter of the complaining corporation has been reserved.<sup>92</sup> Therefore constitutional provisions affecting the creation of corporations or their powers, not within the reserved power of the state, will not affect charters of corporations which have been granted prior to the adoption of such provisions and which have been accepted and acted on in good faith.<sup>93</sup> A constitutional provision which prohibits the granting of corporate powers or privileges by special laws, and directs the legislature to provide general laws for such purposes, relates only to acts of incorporation thereafter to be granted,<sup>94</sup> and a corporation created under a special act cannot, after the establishment of such a constitutional prohibition, accept its charter and reorganize so as to create a valid corporation.<sup>95</sup> A charter which is granted under one constitution, and is extended, by act of the legislature, under another, and when the time arrives for such extension to take effect there is a third constitution in force, the act in question can confer no additional privileges not authorized by the constitution in force at the time of its adoption, and is regulated, with respect to those granted by it, by the constitution in force when it takes effect.<sup>96</sup>

*Unconstitutional statute operating as license.* A statute incorporating a company, although void as

being passed by a special act in violation of the constitution, may operate as a legislative license to do the act authorized by the statute, such as to carry on a lottery, so as to estop the state from punishing the incorporators for doing the act.<sup>97</sup>

*Charters exempting corporations from general laws.* A constitutional provision empowering the legislature to grant "such charters of incorporation as they may deem expedient for the public good" does not empower them to grant a charter of incorporation exempting the corporation from restrictions imposed by other clauses of the constitution.<sup>98</sup>

*Violating federal constitution.* A state cannot create a corporation or confer corporate powers or privileges in conflict with any provision of the constitution of the United States.<sup>99</sup>

## § 29. Power of Congress

Congress has power to create corporations as an appropriate means of executing powers conferred by the constitution on it or on the general government or any department or officer thereof. This power may be exercised as to the creation of corporations in the District of Columbia, in the territories, and within the states.

Under the provision of the constitution of the United States, which, after enumerating various powers conferred on congress, provides, in article 1 § 8 clause 18, U.S.C.A.Const. part 1 p 448, that it shall have power "to make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested

92. U.S.—Dartmouth College v. Woodward, N.H., 4 Wheat.U.S. 518, 4 L.Ed. 629.

Wis.—Black River Imp. Co. v. Holway, 59 N.W. 126, 87 Wis. 584—Atty.-Gen. v. Chicago & N. W. R. Co., 35 Wis. 425.

### As part of contract

A constitutional provision that corporations may be formed under general laws, and that all general and special laws thereunder may be altered or repealed, became one of terms of contract between state and corporation binding corporation and its stockholders in actions brought by them against it, and also binding stockholders inter se; and, under such provision, a statute relating to changes of purposes and powers of corporations applies to all corporations whether organized prior or subsequent to its enactment, and is not in derogation of constitutional rights of minority stockholders.—Hollender v. Rochester Food Products Corporation, 207 N.Y.S. 319, 124 Misc. 130, affirmed 212 N.Y.S. 833, 215 App.Div. 751, affirmed 152 N.E. 271, 242 N.Y. 490.

93. Me.—State v. Bangor, 56 A. 589, 98 Me. 114.

14 C.J. p 96 note 79.

### As applying only to unorganized corporations

A constitutional provision that all existing charters or grants of special or exclusive privileges under which organization shall not have taken place, or which shall not have been in operation within ten days of the time of the taking effect of the new constitution, shall thereafter have no validity, was held to refer only to corporations which were then unorganized, or which were not then in operation, and was not so interpreted as to take away special or exclusive privileges granted to corporations organized and in operation.—Illinois v. Illinois Cent. R. Co., C.C. Ill., 33 F. 730, modified on other grounds 13 S.Ct. 110, 146 U.S. 387, 36 L.Ed. 1018.

94. Wis.—Atty.-Gen. v. Chicago & N. W. R. Co., 35 Wis. 425.

95. Ind.—Gillespie v. Ft. Wayne, etc., R. Co., 17 Ind. 243—State v. Dawson, 16 Ind. 40.

96. La.—State v. Citizens' Bank, 27 So. 709, 52 La. Ann. 1086, reversed on other grounds 24 S.Ct. 181, 192 U.S. 73, 48 L.Ed. 346.

97. Ala.—Brent v. State, 43 Ala. 297.

98. Tenn.—McKinney v. Memphis Overton Hotel Co., 12 Heisk. 104.

99. U.S.—Phillips Petroleum Co. v. Jenkins, Ark., 56 S.Ct. 611, 297 U.S. 629, 80 L.Ed. 943, affirming 82 S.W.2d 264, 190 Ark. 964, rehearing denied 56 S.Ct. 745, 298 U.S. 691, 80 L.Ed. 1409.

Utah.—Keetch v. Cordner, 62 P.2d 273, 90 Utah 423, 108 A.L.R. 52.

14 C.J. p 95 note 76.

### Corporation to apply single tax principle

A statute authorizing the incorporation of associates to own and lease land, to apply and demonstrate the single tax principle of taxation, has been held not to violate U.S. Const. Amendm. XVI, U.S.C.A.Const. pt 3 p 434, granting congress power to impose income taxes.—Fairhope Single Tax Corporation v. Melville, 69 So. 466, 193 Ala. 289.

Testimony of Darrell Parks pork  
producer from Manhattan Kansas  
opposing the loosening of restrictions  
on Corporate Farms in Kansas.

I'm a small diversified farmer  
whose livelihood is primarily depend-  
ent upon a 100 sow farrow to finish  
hog operation. I am a member of the  
Kansas Pork Producers but feel their  
present effort to loosen restrictions  
on corporations is misguided and will  
ultimately be detrimental to the  
farmers, pork producers, and economy  
of this state.

Having attended numerous meetings over  
the years, such as the Swine Profit-  
ability Conference held every spring for  
pork producers at Kansas State University,  
a constant theme has been maintaining  
the competitiveness of the majority  
of our producers who have from 50 to  
500 sows. The idea that small producers  
are going to have an increasingly  
difficult time surviving is a prevalent  
feeling among the producers I talk  
to, so much so, that many like me

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1-15-93  
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are not expanding and are not sure if the hog business is going to be a viable business for them in the very near future. Corporate farming law in Kansas is already very loose as far as the numerous exemptions. My point is that allowing farrow to finish hog corporations will only hasten the tide of family farm failures and industry consolidations leading to very large mega-hog farms, whose revenues will most likely not stay in the state or help the states economy, rural towns, or rural businesses.

If we want to stimulate pork production in Kansas, tighten the restriction on Corporates such as Nebraska has in its Initiative 300 and you'll see that this action will, as it has in Nebraska, give pork and beef producers the confidence to increase production numbers. The packing and processing industries will grow and Kansas will prosper.

Danell Parks

KANSAS ECUMENICAL MINISTRIES  
INTERFAITH RURAL LIFE COMMITTEE

The Interfaith Rural Life Committee of Kansas Ecumenical Ministries encourages the members of the faith communities of Kansas to join in the public policy discussion of the Kansas Corporate Farm Law.

RESOLUTION

The Interfaith Rural Life Committee affirms that the Kansas Corporate Farm Law should, at a minimum, remain unchanged, or be strengthened to prevent further vertical integration of livestock production.

The Interfaith Rural Life Committee views with alarm and pain the agricultural crisis of the 1980's and the stress it has placed upon family owned and operated farms. It is both appropriate and necessary for Kansas to consider policy that will enhance economic development opportunities for farm families and to revitalize rural Kansas.

Therefore, the Interfaith Rural Life Committee encourages discussion of public policy that:

- 1) Sustains and creates farming opportunities for young, beginning and fore-closed-upon farmers. Policy must be examined to determine whether or not it provides legal, market or tax incentives that favor large agribusiness corporations and absentee ownership of farm land over the rights and accessibility of farm families to economic opportunities. Policies should not discourage and displace farm family owned and operated enterprises.
- 2) Promotes stewardship of the environment and the finite natural resources of God's creation. Concentration of livestock production raises questions about safe waste disposal, access to and use of water, and environmental contamination. These are issues which will affect the quality of life and economic opportunities available to future generations of Kansans.
- 3) Promotes the viability and vitality of community life across Kansas. Locally owned and widely dispersed businesses and farms have been, and continue to be, the foundation of Kansas rural communities. Livestock production concentrated in one area or county often means the loss of production and economic vitality that normally occurs in numerous counties across the State. Kansas communities will be enhanced by economic

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development that assists local governments and businesses with ideas to create good paying jobs in locally controlled enterprises that keep their profits and purchasing power within the community.

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The Interfaith Rural Life Committee is a program of nineteen religious bodies in Kansas addressing the difficulties in agriculture during the 1980's. Its statement of purpose is:

The purpose of the Interfaith Rural Life Committee is to empower the people of Kansas to work toward wholeness of community and personhood that values vital rural communities. Within this purpose, the Committee will work to assure:

- a) a stewardship of creation that embodies God's intention for air, land, and water;
- b) a system of justice that will assure sustainable agriculture; and
- c) a continuation of the Biblical and American traditions of individual family land ownership and operation.

Rt 2, Box 287  
Garnett, KS 66032-9139  
913-448-3072

January 12, 1993

Mr. Eugene L. Shore  
Chair, House Agriculture Committee  
State Capital Building  
Topeka, KS 66612

Dear Representative Shore:

Please consider this letter as a written contribution to the hearing process on corporate farming January 14 and 15. You may record this on the side for strengthening or at least maintaining the restrictions on corporate farming laws in Kansas. Since I will be out of the state January 15th, I am not available to testify.

The real issue involved here is community attrition. If the laws are lifted more communities will die because their base of support for schools, roads and other infrastructure will be gone. There are a number of studies and experiences which point out that as control of resources is moved further from the community (which is the case with integrated corporate hog operations) the economic and quality level of community life for the average person in that community drops.

In general, factory farming does not help local communities. It displaces many middle sized and smaller operations. There are more sociological and environmental problems to deal with.

Nebraska by most standards has a tougher corporate farm law. Because there has been assurances from the state regarding the stable corporate laws, they have been a leader in cattle and hog production. They have attracted value added processors. Because of this, production continues to remain in many hands, more farmers work full time on their farms, fewer farmers are leaving and more new farmers are starting. More communities are strengthened by this diversity. This leaves the control of the economic future in the hands of many persons within the state instead of a few persons frequently headquartered outside the state.

I am a Kansas hog producer who helped organize the Pork Producers in Kansas who feels the KPPC no longer represents my interest. They represent only a small portion of the hog producers in Kansas. Most of we hog producers in Kansas prefer the Nebraska or possibly even Iowa model over the North Carolina or Oklahoma model.

I hope you will vote for a brighter future for Kansas communities by holding the line on the Kansas Corporate farming law.

Sincerely,

*Dale L. Fooshee*

Dale L. Fooshee

copy: Rep George Teagarden  
Senator Doug Walker

*HOUSE AGRICULTURE  
1-15-93  
ATTACHMENT #18*

Pleasanton, Ks. 66075  
Jan. 13, 1993

Committee Hearing for Corp. Corporate Farming  
Room 313 South  
Kansas State Capitol Building  
Topeka, Ks.

Dear Members of the Kansas Legislature,

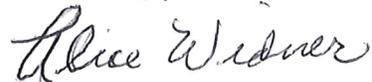
I have a special interest in the survival of the American farmer. My father was a farmer and I have three brothers who were and are farmers, and one nephew who continues to farm on the family homestead in Western Kansas.

One of the conclusions agreed upon in the past election was this: that in order to get Americans back to work we were going to have to offer greater incentives for private investors and small business owners. Why, then, does the state government of Kansas want to throw up legislative barriers that will make it more difficult for Kansas farmers to survive by allowing Corporate farming in the state of Kansas?

You all know that over the past twenty years the number of farmers in business in Kansas has been greatly reduced. Allowing Corporate farming in the state of Kansas will only reduce the numbers a great deal more and throw more people out of work. Large corporations such as Iowa Beef in Kansas, employ mostly Vietnamese and Mexican workers. How is this going to help those people now self-employed who will be thrown out of work by Corporate farming? If the trend continues food products will be controlled by foreign corporations and every American will have to pay more money and the grocery stores for their food that they now buy at a fairly reasonable price in comparison to other products used such as pharmaceuticals, cars, and farm machinery.

Just so you understand my position, I am not in favor of Corporate farming in Kansas or in any other part of the U.S. I think that the Kansas legislature made a big mistake in taking the old law off the books that a foreign person who was not a citizen of the United States or a foreign country could not own property in the state.

Sincerely,



Alice Widner

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