

Approved: 3/10/93
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Vice-Chairman Bob Mead at 3:30 p.m. on March 9, 1993 in Room 423-S of the Capitol.

All members were present except:

Representative Tom Bishop
Representative George Dean
Representative Wanda Fuller

Committee staff present: Lynne Holt, Legislative Research Department
Raney Gilliland, Legislative Research Department
Bob Nugent, Revisor of Statutes
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:

Scott Hill
Sharon Schwartz, President, Kansas Pork Producers Council
Tim Rose
Steve Reedy
Alvin Bauman
Raye Sprague
Roger Becker
Dale Helwig
Sandra Conder
Kathy Collmer
Don Honig
Brian Harris - Kansas National Farmers
Bob Runnels - Kansas Catholic Conference
Darin McGhee
Cale Tredway
Don Sailors

Others attending: See attached list

The Chair opened hearings on SB 336.

Vice-Chair Bob Mead called upon Raney Gilliland, Legislative Research Department to give an overview of SB 336. (Attachment 1)

The first conferee to come before the committee was Scott Hill who spoke in support of the bill. He stated that small hog producers, like himself, are the very reason that there is a need to allow open and free competition in the pork industry. (Attachment 2)

The next conferee to speak in support of SB 336 was Sharon Schwartz. She told the committee that restrictive legislation in Kansas in the past 10 years has given producers in Missouri, Oklahoma and Colorado economic advantages over Kansas producers. (Attachment 3)

The Vice-Chair called on Tim Rose, a pork producer from Lyons, Kansas. It was his view that the current developments in the pork industry in the United States could be summarized in one word - change. He further stated that producers of the future should be provided a level playing field, but they will also need to be business oriented, globally aware, technically adapt, politically astute and most of all, consumer focused. (Attachment 4)

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, Room 423-S
Statehouse, at 3:30 p.m. on March 9, 1993.

The last proponent to speak was Steve Reedy, an independent swine producer from Garland, North Carolina. He stated he was raised and educated in Kansas but left the state after being offered an opportunity to move to North Carolina with a salary double his teaching salary. It was his opinion that only foresight on the part of government leaders in Kansas and foresight from banks and lending institutions can stop the flow of young families out of the state. ([Attachment 5](#))

Alvin Bauman presented testimony in opposition to [SB 336](#). It is his feeling corporate farming is an issue of greed for the dollar and control of the masses but is not economic development. ([Attachment 6](#))

The next opponent was Raye Sprague from Allen County. It was her opinion that government should be encouraging local incentives that are being offered to attract business to communities to include agriculture with individual local ownership and that education should be geared to being a good owner/operator instead of how to be a good employee. ([Attachment 7](#)) She also read from a letter from Woolf Farms in Milton, Kansas and presented a letter from Lloyd Wilson, DVM, from the Linn County Veterinary Clinic in Centerville, Kansas. ([Attachments 8 and 9](#))

Roger Becker asked the committee to vote 'no' on [SB 336](#) because he believes a better farm economy is evident when there are anti-corporate laws in place. ([Attachment 10](#))

Dale Helwig, a livestock producer and a sophomore at Coffeyville Community College, stated the family farm allows the family to work, grow and learn together and if Kansas wants stability it should cling to the roots that have already dug down deep and stand beside the family farmer. ([Attachment 11](#))

The Vice-Chair next called on Sandra Conder who rose in opposition to [SB 336](#). She told the committee that Kansas pork producers can and do compete with large corporate producers and they do so on a national scale and world wide. She further stated the pork producers were teaching and training themselves to do a better job and to produce a better product through pooled marketing and pooled genetics. ([Attachment 12](#)) She also presented testimony by Scott Conder, her son. ([Attachment 13](#))

The next opponent to the bill was Kathy Collmer who presented a graph showing the percent decline in number of hog producers in North Carolina, Kansas and Nebraska, as well as the average decline for the entire U.S. during the period 1985-1991, a period in which corporations increased their hold on hog production. ([Attachment 14](#))

Dale Honig told the committee he has some very grave concerns about opening the borders of our state to corporate hog farming. ([Attachment 15](#))

Brian Harris came before the committee on behalf of the membership of the National Farmers Organization. He stated the membership had been very vocal in their opposition to allowing any change in the corporate laws of Kansas because they feel that any change in the law will be of benefit to the large corporations at the cost to the family farmers. ([Attachment 16](#))

Robert Runnels, Jr., Executive Director of the Kansas Catholic Conference presented testimony in opposition to [SB 336](#). He asked the committee to view unfavorable any liberalization of the corporate farm laws because allowing changes proposed in favor of corporate farming opens the door to a malady that strikes at the very heart of our strength in Kansas, the family farm. ([Attachment 17](#))

Appearing in opposition to [SB 336](#) was Darren McGhee. He stated that hog producers he had visited with are not afraid of competing with corporate producers but when it comes to vertically integrated packers the independent hog producers are no longer on a level playing field. ([Attachment 18](#))

Mr. Cale Tredway came before the committee as an independent pork producer and a member of the Kansas Swine Growers Association. It was his feeling that relaxing corporation restrictions could damage the income potential of small producers and in turn, affect the existence of our rural communities. ([Attachment 19](#))

Don Sailors was the last conferee to speak in opposition to the bill. He stated that if [SB 336](#) is rejected by the committee, hog production would be increased in Kansas. ([Attachment 20](#))

Not appearing before the committee, but presenting written testimony in opposition to the bill, were Jack Cheyney, Ron and Rhonda LaRue, Carl Brungardt, Wayne Wigger, Jack Whelan, Joseph Smith, Robert Campbell, Randy Steeves, and a petition signed by approximately 200 pork producers. ([Attachments 21, 22, 23, 24, 25, 26, 27, 28, 29](#))

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, Room 423-S
Statehouse, at 3:30 p.m. on March 9, 1993.

The Vice-Chair made the announcement that hearings on SB 336 would be continued on Thursday, March 11th at 3:30 in Room 423-S.

The next meeting is scheduled for March 10, 1993.

VISITOR REGISTER

ECONOMIC DEVELOPMENT COMMITTEE

DATE 3-9-93

NAME	ORGANIZATION	ADDRESS
Alvin Bayman	Retired farmer	209 St S. 14th St. Libetta, Kansas
Jim Rose		Lyons, Ks.
Sharon Schwartz	J.P.P.C.	Whitewater, Ks.
Steve Reedy	Hog producers	Garland N.C.
Earl Luben	Ks Co-op Council	Topoka
Russ Frey	KUMA	Topoka
Pam Wells	Ks Co-op Council	Topoka
Gynette Hill	Farmer	Abilene
Hank Ernst	Kansas Farmer	Topoka
Jinda Swircinsky	KANSAS AGRI-WOMEN	Bellefonte
Mike Jensen	Ks Pork Producers	Manhattan
Scott Hill	Farmer	Rebe Abilene, KS
Steve Anderson	Gov's Office	
Jill Meyer	KU Intern	Kawrence
Dr. J. Topoladar		Waltho
Donald Hovig	Hog farmer	Chaga Ks.
Roy C. Niephus	Kansas Farmers Union	Corning, Ks.
Richard Holman	Hog Farmer	Atell Ks.
Frank Helsing	Hog Farmer	Baileyville Ks.
Don Krause	Hog Farm	Goff Ks.
Richard Strathman	Hog Farm	Baileyville Ks.
Jim Haverkamp	Hog Farm	Baileyville Ks.
Lloyd Helwig	Hog Farmer	Columbus Ks.
Dale Helwig	Hog farmer	Columbus, Ks.

Tanice Kramer	Farmer-Independent Producer	LR Goff, KS
Ed Rezacsek	Farmer	Goff, KS
Kathy Collmer	Independent beef producer	HC 65, Box 26, Minneapolis, KS

Name	Organization	Address
Darren McGlhee	Farmer/hog producer	R#1 Westphalia KS
Cale Tredway	" "	Rt. 1 Erie, KS.
LeRoy Bowler	Kansas NFO	R#5 Box 388 Pittsburg, KS 66762
Gloria Johnson	" NFO	Rt. 1 Box 54 - Pittsburg Glen Elder, KS
Brian Harris	Ks NFO	Rd Walnut, KS
Raye Harris Sprague	Independent Producers	LaHarpe, KS. Rt. 1 Box 184
Susan Norris	Kansas NFO	Walnut, KS R. 2, 66780
Max Sprage	Independent Producer	LaHarpe KS RR1 Box 184
Scott & Kelly	Independent Producer	R4 Abilene, Ks. 67410
Daniel W. Rempe	Independent Producer	Corning, KS. 66417
Thomas L. Nihues	Independent Producer	Goff, KS 66428
A. Max Nihues	Independent dairy producer	Goff Ks 66428
Delbert L. Conder	Independent hog producer	Erie, Ks 66733
Sandra K. Conder	Independent hog producer	Erie, Ks "
Robin L. Conder	Independent voter	Topeka, KS 66614
Paul Johnson	PACK	Topeka
Bob Turner / S	Kans. Cattle Co. F.	EC, KS.
David Sundgren	Leadership Butler	El Dorado, KS
Mary Hargnes	Leadership Butler	Augusta
Terri Coeuter	Leadership Butler	Augusta, KS
Ed Leach	Leadership Butler	El Dorado, KS
Norb Connor	NFO	St Joe Mo.
Burl Harris (Norm)		

ROD BIGHAM FARMER JEPP PRES

Roger Barker } Farmer

RT 1 MERIDON, KS 66512

Corning KS 66417

MEMORANDUM**KANSAS CORPORATE FARMING LAW****Background**

The following summarizes former and current corporate farming statutes in Kansas.

The original law prohibiting certain types of corporate farming in Kansas was passed in 1931. It prohibited corporate farming for the purpose of growing wheat, corn, barley, oats, rye, or potatoes and the milking of cows. Following the enactment of the corporate farming law of 1931, several amendments were made, among which was an amendment to allow a domestic or foreign corporation, organized for coal mining purposes, to engage in agricultural production on any tract of land owned by the corporation which had been strip mined for coal.

In 1965, major amendments were made to the law. Grain sorghums were added to the list of crops that were restricted. In addition, the 1965 amendments made it possible for certain types of corporations, which met specific specifications, to engage in agricultural production of those restricted crops and also the milking of cows. However, problems with the statute continued to exist. As a result, the Legislature had special interim committees study the problems with the Kansas Corporate Farming Law in 1972, 1975, and 1978. As a result of the 1972 interim study, the 1973 Kansas Legislature passed additional reporting requirements of corporations which held agricultural land in the state. The purpose of this legislation was to determine the extent of corporate ownership of agricultural land. Neither the 1975 nor the 1978 study resulted in legislation being adopted. Additionally, discussions of the problems with the corporate farming statute were held throughout this time period.

Among the problems discussed with the law between 1972 and 1981 were the following:

1. The fact that the former corporate farming statute permitted corporations to be engaged in certain types of crop endeavors, while having no restrictions on crops such as alfalfa and soybeans. Also, the former statute was unclear as to whether pasture land was to be included in the acreage restrictions contained in the statute (5,000 acres).
2. The fact that the former corporate farming statute lacked an enforcement provision, which was said to have made it difficult for the Attorney General or other officials to enforce.
3. The fact that the 5,000-acre limitation imposed on corporations permitted to engage in certain agricultural activities was too restrictive, especially given the various types of farming enterprises in the state, and particularly if pasture land was to be included in the 5,000-acre limitation. This acreage limitation was of particular concern to farming interests in western Kansas, where acreages generally are much larger.

March 9, 1993

Economic Development Committee
Attachment 1

4. The fact that the restriction of ten stockholders was too limiting; and the fact that the restriction of owning stock in more than one agricultural corporation is encountered often through marriage and inheritance.
5. The fact that nonagricultural corporations often owned agricultural land as a buffer zone or for expansion purposes. Because the former statute placed restrictions on the characteristics of corporations permitted to be engaged in certain farming activities, some of them may have been in violation when they leased or rented the land back to farmers. This issue was addressed in the Attorney General's case against the DuPont Corporation in 1980 and 1981.
6. The fact that some of the universities and colleges in the state acquired agricultural land and were somewhat dependent upon the land's revenue-raising capabilities.
7. The fact that some legislators were concerned that large pension and benefit funds operating as trusts could acquire significant amounts of agricultural land for investment purposes.

As a result of these concerns and others expressed to the Senate Agriculture and Small Business Committee early in the 1981 Legislative Session, the Committee introduced S.B. 298. Extensive hearings as to the problems inherent in the current law were held before the decision was made to introduce a bill. Additional hearings were conducted after the bill had been introduced. This bill eventually became the basis for the state's current Corporate Farming Law, being signed by the Governor on April 28, 1981.

Since 1981, this law has undergone slight modifications. However, these modifications, for the most part, have not impacted significantly on the intent or policy of the legislation.

The law prohibits corporations, trusts, limited liability companies, limited partnerships, or corporate partnerships other than family farm corporations, authorized farm corporations, limited liability agricultural companies, limited agricultural partnerships, family trusts, authorized trusts, or testamentary trusts from either directly or indirectly owning, acquiring, or otherwise obtaining or leasing any agricultural land in Kansas.

Legislators in 1981 recognized certain circumstances or entities which may at one time or another have a legitimate need or situation which requires the acquisition of agricultural land. As a result, 13 exemptions from the restrictions outlined above were included in the original legislation. The restrictions on owning, acquiring, obtaining, or leasing do not apply to:

1. a bona fide encumbrance taken for purposes of security;
2. agricultural land when acquired as a gift, either by grant or devise, by a bona fide educational, religious, or charitable nonprofit corporation (this addresses the problems that some state colleges have when agricultural land is left to them by grant or devise, and is used as a source of revenue);
3. agricultural land acquired by a corporation or a limited liability company as is necessary for the operation of a nonfarming business, provided the corporation

does not engage or receive any financial benefit, other than rent, from the farming operation (this exemption was to solve problems with nonfarming businesses, such as DuPont, which need land for buffer zones, industrial expansion, or other similar needs);

4. agricultural land acquired by a corporation or a limited liability company by process of law in the collection of debts or pursuant to a contract for deed executed prior to the effective date of the act, or by any procedure for the enforcement of a lien or claim, if the corporation divests itself of any agricultural land within ten years (except that the provisions of K.S.A. 9-1102 are to apply when a bank acquires agricultural land);
5. a municipal corporation;
6. agricultural land which is acquired by a trust company or bank in a fiduciary capacity or as a trustee for a nonprofit corporation;
7. agricultural land owned or leased by a corporation, corporate partnership, limited corporate partnership, or trust either: (a) prior to July 1, 1965; or (b) which was not in compliance with K.S.A. 17-5901 prior to its repeal, provided that under both (a) and (b) these entities do not own or lease any greater acreage of agricultural land than they owned or leased prior to this Act; or (c) which was not in compliance with K.S.A. 17-5901 prior to its repeal, but is in compliance by July 1, 1991 (this exemption is the "grandfather clause," which clarifies the status of corporations, corporate partnerships, limited corporate partnerships, or trusts previously engaged in agricultural activities in the state or which own or lease agricultural land prior to the enactment of the 1981 law);
8. agricultural land held or leased by a corporation or a limited liability company for use as a feedlot, a poultry confinement facility, or rabbit confinement facility;
9. agricultural land held or leased by a corporation for the purpose of the production of timber, forest products, nursery products, or sod;
10. agricultural land used for educational research or scientific or experimental farming;
11. agricultural land used for the growing of crops for seed purposes or alfalfa by an alfalfa processing plant within 30 miles of the plant site;
12. agricultural land owned or leased by a corporate partnership or limited corporate partnership in which either natural persons, family farm corporations, authorized farm corporations, limited liability agricultural companies, family trusts, authorized trusts or testamentary trusts, are associated; and
13. any corporation, either domestic or foreign, or limited liability company organized for coal-mining purposes, which engages in farming on any tract of land owned by it which has been strip mined for coal.

A fourteenth exception was enacted in 1986 (S.B. 308). This was that: agricultural land owned or leased by a limited partnership prior to the effective date of the act would be exempted from the general prohibition of acquiring agricultural land.

An amendment in 1987 made it clear that when a bank acquires ownership of real estate through the satisfaction of debt that the bank statute, K.S.A. 9-1102, is the statute that governs (H.B. 2076). This statute permits the ten-year ownership by banks, but also grants the State Banking Commissioner the authority to grant an extension for an additional four years, or any portion of four years.

The 1981 enactment made corporations, trusts, limited corporate partnerships, or corporate partnerships which violated the provisions of the bill subject to a civil penalty of not more than \$50,000 and to divestiture of any land acquired in violation within one year after judgment is entered. The bill permitted district courts to prevent and restrain violations through injunction, and authorized the Attorney General or county attorney to institute suits on behalf of the state to enforce the provisions of the bill. Civil penalties sued for and recovered by the Attorney General are paid into the State General Fund. Civil penalties sued for and recovered by the county attorney or district attorney are paid into the general fund of the county where the proceedings were instigated. The additional entities covered by the law through subsequent amendments are covered by the penalties.

Other bills that attempted to make amendments to the Kansas Corporate Farming Law before 1987 included 1985 S.B. 288 and 1986 S.B. 543.

Background on the Issue of Permitting Corporate Hog Operations

The issue of permitting corporate hog operations (or sometimes referred to as swine confinement facilities) to expand their acreages was first brought to the Legislature by former State Senator Charlie Angell of Plains in 1984. He requested that legislation be introduced that would permit Dekalb Swine Breeders to expand its operation in the Plains area in a partnership with the Seaboard Corporation and Pauls & Whites International. The legislation was introduced by the Senate Agriculture and Small Business Committee and received eventual approval by that Committee. The bill, S.B. 519, added an additional exemption to the provisions of the Corporate Farming Law. The exemption was for "swine confinement facilities" owned or leased by a corporation. "Swine confinement facility" was defined to mean the structures and related equipment used for housing, breeding, farrowing, or feeding of swine in an enclosed environment. The term included within its meaning agricultural land in such acreage as is necessary for isolation of the facility to reasonably protect the confined animals from exposure to disease and minimize environmental impact. Eventually, the bill received approval by both the Committee and by the Senate Committee of the Whole. In the House, the bill was referred to the Judiciary Committee, which passed the bill without recommendation. The House Committee of the Whole referred the bill to the House Agriculture and Livestock Committee, where it eventually died. In its final form, S.B. 519 would have permitted corporations to own or lease agricultural land for use as a swine confinement facility, but only as much agricultural land as would be necessary for proper disposal of liquid and solid wastes and for isolation of the facility to reasonably protect the confined animals from exposure to disease.

During this time, the Attorney General was asked by then Secretary of Economic Development, Jamie Schwartz, to respond to specific questions regarding the types of activities that are permitted under the state's Corporate Farming Law. Specifically, Secretary Schwartz asked whether

a corporation, desiring to operate a feedlot for hogs, is precluded from the ownership of agricultural land because of its desire to incorporate an incidental breeding operation on its feedlot premises. The Attorney General was responding to the premise that the hogs would be bred, fed, and slaughtered on the feedlot premises.

1987, 1988, and 1989 Legislative Actions and Amendments

The next time the issue of corporate hog operations came before the Legislature was in 1987, as a result of a recommendation made by the Legislative Commission on Kansas Economic Development and by the Economic Development Task Force on Agriculture. The Task Force heard from a spokesperson from the Dekalb Swine Breeders, Inc. He indicated that the firm had intentions, at that time, of expanding its facilities and would like to do so in Kansas, but said that the Corporate Farming Law prevented its expansion in Kansas. As a result, the Agriculture Task Force recommended that legislation be introduced to expand the Kansas Corporate Farming Law by permitting a corporation to own or lease agricultural land for the purpose of operating a swine confinement facility.

In making this recommendation, the Task Force had learned that since 1980 hog numbers in Kansas had declined by 32 percent and the number of hog operations had declined by 42 percent. Also, the Task Force heard testimony that Kansas is ideally located for pork production, the result of which should be the fostering of hog processing facilities. The Task Force also recommended that the expansion of the law should apply to the poultry industry as well.

The recommendation of the Task Force also was made by the Commission. This recommendation resulted in 1987 H.B. 2076, which was first referred to the House Economic Development Committee. The House Economic Development Committee amended the bill to permit corporations to purchase agricultural land for the purpose of operating poultry confinement facilities. The bill at this point also prohibited any city or county from granting any exemption from ad valorem property taxation under Section 13 of Article 11 of the Kansas Constitution to a poultry confinement facility located on agricultural land and owned or operated by a corporation. The bill also prohibited any exemption from ad valorem property taxation for property purchased, equipped, constructed, repaired, or enlarged with all or part of the proceeds of revenue bonds used for any poultry confinement facility which is located on agricultural land and owned, acquired, or leased by a corporation. The Committee had eliminated the provision granting any exemption to swine confinement facilities. When it was referred to the Senate Agriculture Committee, rabbit confinement facilities were added to the exemption list. In the Senate Committee of the Whole, an amendment was added to exempt swine confinement facilities. During Conference Committee, the swine confinement facility exemption was deleted. The Governor signed the version exempting poultry and rabbit confinement facilities, and prohibiting them from taking advantage of the tax exemptions described above.

Other bills were introduced during the 1987 Session designed to address, either directly or indirectly, the swine confinement facility issue. These bills included S.B. 497, H.B. 2845, H.B. 2846, H.B. 2827, and H.B. 2990 in its amended form.

During the interim of 1987, the Special Committee on Agriculture and Livestock was assigned to study the topic of corporate farming and its impact on Kansas swine producers. During this time period, a consultant was hired to do an analysis of the swine industry in Kansas. The Special Committee reviewed the consultant's report and concluded that a select committee should be formed

during the 1988 Legislative Session to consider further the consultant's report, and to receive input from around the state.

The Select Committee again reviewed the consultant's report and received testimony from concerned citizens. The Select Committee recommended legislation, which the Senate Ways and Means Committee introduced, and on which the Senate Agriculture Committee held hearings. This bill, S.B. 727, did not receive approval by the Senate Agriculture Committee.

The 1988 Legislature, however, did approve H.B. 3018, which contained amendments to the Kansas Corporate Farming Law. The bill amended the Kansas Corporate Farming Law by defining the terms "processor" and "swine confinement facility"; making it unlawful for processors of pork to contract for the production of hogs of which the processor is the owner or own hogs except for 30 days before the hogs are processed; making pork processors violating the ownership of hogs restriction subject to a \$50,000 fine; clarifying that, except for the pork processors' limitation, agricultural production contracts entered into by corporations, trusts, limited partnerships or corporate partnerships, and farmers are not to be construed to mean the ownership, acquisition, obtainment, or lease of agricultural land. The bill also prohibits any "swine confinement facility" from being granted any exemption from ad valorem taxes by a city or county, the use of proceeds of revenue bonds, the benefits of being in an enterprise zone, or the benefits of the Job Expansion and Investment Credit Act of 1976. Further, the bill establishes a swine technology center at Kansas State University, but provides no appropriations for its establishment. No moneys were appropriated for the swine technology center by the 1988 Legislature, or by any subsequent Legislature.

Three bills were introduced during the 1989 Legislative Session that proposed amendments or related to the corporate farming issue. These bills included H.B. 2257, H.B. 2368, and H.B. 2369. None of these bills were enacted.

Limited Liability Companies – 1991 and 1992 Proposals

The 1991 Legislature approved and the Governor signed H.B. 2535, which made amendments to the Kansas Corporate Farming Law. The bill was assigned to the Judiciary committees in both the House and the Senate. Numerous amendments to various sections of the Corporation Code were made by the bill regarding limited liability companies. Among those were the amendments to the Corporate Farming Law.

In regard to the amendments made to the Kansas Corporate Farming Law, "limited liability companies" were added to the list of entities that are generally prohibited from indirectly or directly owning, acquiring, or otherwise obtaining or leasing any agricultural land in this state. To review the earlier explanation of the Kansas Corporate Farming Law, other entities that are generally prohibited from owning or acquiring agricultural land in Kansas are: corporations, trusts, limited partnerships, or corporate partnerships. The term "limited liability company" is defined in K.S.A. 1991 Supp. 17-7602 to mean a company that is organized under the Kansas Limited Liability Company Act.

As was related earlier in this memorandum, the 1981 and subsequent amendments did establish a list of exemptions to the general prohibition established in the law. The 1991 bill amended the exemptions to the general prohibitions in K.S.A. 17-5904. As a result of the legislation, limited liability companies are now able to own and acquire agricultural land:

1. in such acreage as is necessary for the operation of a nonfarming business;
2. by process of law in the collection of debts, or pursuant to a contract for deed executed prior to the effective date of the Act, or by any procedure for the enforcement of a lien or claim;
3. for use as a feedlot, a poultry confinement facility, or rabbit confinement facility;
4. if the "limited liability companies" are partners in corporate partnerships or limited corporate partnerships; and
5. if they are organized for coal mining purposes and engage in farming on any tract of land owned by them which has been strip mined for coal.

The Kansas Limited Liability Company Act specifically states that a limited liability company formed under the Act is to be considered a separate legal entity and is not to be construed as a corporation.

The Kansas Corporate Farming Law also was amended to permit limited liability agricultural companies to own and acquire agricultural land in Kansas. Again to review, prior law had permitted only family farm corporations, authorized farm corporations, limited agricultural partnerships, family trusts, authorized trusts, and testamentary trusts to own and acquire agricultural land. (Of course, this law never prohibited or attempted to prohibit any individual from owning any amount of agricultural land in Kansas.)

The term "limited liability agricultural company" was defined by the 1991 legislation. By law this term means a limited liability company founded for the purpose of farming and ownership of agricultural land in which:

1. the members do not exceed ten in number;
2. the members are all natural persons, persons acting in a fiduciary capacity for the benefit of natural persons, or nonprofit corporations, or general partnerships other than corporate partnerships formed under the laws of the State of Kansas; and
3. at least one of the members is a person residing on the farm or actively engaged in the labor or management of the farming operation. If only one member is meeting the requirement of this provision and such member dies, the requirement of this provision does not apply for the period of time that the member's estate is being administered in any district court in Kansas.

The legislation also modified the term "processor" to include limited liability companies. This would mean that any limited liability company that directly or indirectly controls the manufacturing, processing, or preparation for sale of pork products having a total annual wholesale value of \$10,000,000 or more would be considered a "processor." This is significant since it is unlawful under K.S.A. 17-5904 for processors of pork to contract for the production of hogs of which the processor is the owner or to own hogs except for 30 days before the hogs are processed. Also included in the term

"processor" would be any person, firm, corporation, member, or limited partner with a 10 percent or greater interest in another person, firm, corporation, limited liability company, or limited partnership involved in the manufacturing, processing, or preparation for sale of pork products having a total annual wholesale value of \$10,000,000 or more.

The 1992 Legislature considered H.B. 3082, which would have eliminated the permission for limited liability agricultural companies to own, acquire, obtain, or lease, either directly or indirectly, any agricultural land in this state. The bill died in House Agriculture Committee.

Representative Wanda Fuller, Ch. Economic Development
Committee and Members of the Economic Development
Committee:

Testimony in support of SB 336.

My name is Scott Hill, I am a farmer from Abilene, KS in Dickinson County. I would like to tell you a little about my family, my farm and my vision of the future. I am 31 years old, have a lovely wife, Lynette and two wonderful children. My wife and I bucked the odds seven years and started farming full time. We have worked very hard over the past seven years and I am proud to say we have been quite successful in our farming operation. We are not large farmers and are in the purest sense a family farm, since we supply nearly 100% of the capital, labor and worry for our farm. Our operation includes grain and hay, a small cow-calf herd, and the subject of this testimony, a 40 sow farrow to finish hog operation.

I am before you today to testify in support of Senate Bill 336, commonly know as the Corporate Farm Bill. The opposition to this bill typically use a farm such as ours as an example why corporate ownership of hog operations should not be allowed. I disagree strongly with this argument and on the contrary am here to tell you that small hog producers are the very reason that we need to allow open and free competition in the pork industry.

I would like to use as an example, the cattle industry, specifically the fat cattle operations. Over the past twenty years the cattle feeding industry in the state of Kansas has developed rapidly and in many instances because of the capital generated by large corporations. The part of the state that has been blessed the most with this expansion has been southwestern Kansas. If the argument that corporate ownership of livestock and facilities drives out small producers were true we would expect Southwestern Kansas to be the worst part of the state to be a small cattle feeder. Quite the opposite is true and if I were to pick a spot in the state for the best markets if I only had 50 head of fat cattle to market, can you guess where it would be? Can you imagine where the cattle feeding industry in Kansas would be if we had used the archaic attitude toward it that we have used in relation to the hog business? I can imagine it because I have seen it. It is called the hog industry in Kansas circulation 1993. Over the past ten years, that I have been involved in KS agriculture, I have seen a steady decline in hog numbers and consequently markets, processing plants and other related businesses. To deny these facts is to close ones eyes and/or stick ones head in the sand. If we continue to hamper and over regulate hog operations in Kansas we could reach the point that the last producers and buyers of hogs reach the same point that our last hog slaughter house is, just barely hanging on.

My wife and I are young and have the majority of our productive lives ahead of us. We have children we would like to bring up in agriculture. We want to have part of our future an integral part of the hog industry, however we need an environment that is healthy. One that allows large numbers of hogs to be raised in Kansas, so that resulting slaughter and processing facilities can thrive. At present all of our hogs are now being processed in other States making our basis higher and our markets less competitive.

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Attachment 2

The Interesting thing about a healthy environment is that it is also economically good for the area. Numbers of hogs generate support industries that supply goods and services necessary for the production of pork. Take a look around and see how many good, well stocked suppliers of hog equipment are still in business in Kansas. I have and they can be counted on one hand. The number of farmer owned elevators and feed suppliers that could benefit from the increased business that the feeding of hogs would generate is conversely, enormous. This translates into increased prices for grains for grain farmers, as well as more jobs in economically starved rural Kansas.

We talk about improving things economically for rural Kansas, however now that an opportunity is staring us in the face some are saying that they are scared of it and can't stand the competition from it. This is an attitude that is simply misinformed. It is also an attitude that I feel is held by a small, yet very vocal minority. The policy of the major hog organization as well as the policy of the major farm organization in the State, both are in support of this bill. It is time for the majority of us that are busy improving a business to speak up in support of this bill that makes good economic sense for everyone, not just corporations, that is why I have taken time to come here to testify before you. I thank-you for this opportunity to express my views and it is my hope and prayer that you will do what is right for Kansas and for Kansas hog producers.

Scott Hill
Rt 1 Box 236
Abilene, KS 67410
913 598 2317

SHARON SCHWARTZ

PRESIDENT OF THE KANSAS PORK PRODUCERS COUNCIL

THE KANSAS PORK PRODUCERS COUNCIL REPRESENTS PORK PRODUCERS WITH VARIOUS TYPES OF BUSINESSES THAT VARY FROM THE VERY SMALL TO THE VERY LARGE. FOR YEARS, THIS GROUP OF PRODUCERS BELIEVED THAT BY SIMPLY NOT ALLOWING ANY OUTSIDE INVESTORS, WE WERE LIMITING THE SIZE AND SCOPE OF THE HOG INDUSTRY.

WE DID ACCOMPLISH LIMITING GROWTH IN KANSAS WITH RESTRICTIVE LAWS. HOWEVER, WE DIDN'T LIMIT GROWTH IN OTHER STATES SUCH AS MISSOURI, OKLAHOMA, COLORADO. AREAS THAT HAVE NOT BEEN TRADITIONAL HOG COUNTRY ARE NOW SEEING MAJOR GROWTH.

WHAT RESTRICTIVE LEGISLATION HAS DONE TO OUR INDUSTRY IN THE PAST 10 YEARS IS GIVE PRODUCERS IN THOSE AREAS ECONOMIC ADVANTAGES OVER KANSAS PRODUCERS. AS KANSAS HAS LOST HOG NUMBERS SO HAVE WE LOST OUR MARKETS. NEW PACKING PLANTS AS WELL AS CONTRACTING OPPORTUNITIES ARE AVAILABLE TO PRODUCERS IN THESE AREAS. THESE PRODUCERS ARE ALSO ENJOYING AN IMPROVED LENDING CLIMATE, TECHNOLOGICAL SUPPORT AND THE LIST GOES ON AND ON.

GIVEN THAT WE HAVE A PLENTIFUL SUPPLY OF GRAIN, VAST UNPOPULATED AREAS, AS WELL AS A FAVORABLE CLIMATE FOR HOG PRODUCTION, THE STATE OF KANSAS IS BEING BYPASSED WHEN IT COMES TO EXPANSION. THE MAJOR IMPEDIMENT FACING THIS GROWTH OF THE HOG INDUSTRY IN KANSAS IS THE CURRENT CORPORATE FARMING RESTRICTIONS.

I AM A PARTNER IN OUR FAMILY BUSINESS -PORK CHOP ACRES -WITH MY HUSBAND, LEO, AND SON DOUGLAS. WE OWN AND OPERATE A FARROW-TO-FINISH HOG ENTERPRISE AS WELL AS DIVERSIFIED CROPPING OPERATION. WE HAVE BEEN IN THE PORK BUSINESS FOR OVER 30 YEARS. IT IS A REAL CHALLENGE TO BE COMPETITIVE, GIVEN WHAT HAS HAPPENED TO OUR INDUSTRY IN KANSAS DICTATED BY THE LAWS OF KANSAS. AS THE INDUSTRY MOVES TO A MORE INTEGRATED BUSINESS STRUCTURE TO SUPPLY THE CONSUMER WITH A CONSISTENT, SAFE, QUALITY PRODUCT IT WILL BE IMPOSSIBLE FOR US TO BE A PART OF THIS MARKET CHAIN IN KANSAS AS LAW PROHIBITS PACKERS FROM OWNING HOGS AND CONTRACTING WITH KANSAS PRODUCERS TO PROVIDE THE END PRODUCT.

WE CURRENTLY EMPLOY 3 FULL TIME AND 1 PART TIME EMPLOYEE. WE SEE OUR YOUTH WHO HAVE GRADUATED FROM OUR KANSAS SCHOOLS LEAVE THIS STATE FOR JOBS IN STATES WHERE THE HOG INDUSTRY IS GROWING AND THE FUTURE BRIGHT IN AREAS SUCH AS VETERINARIANS, FEED CONSULTANTS, ANIMAL HUSBANDRY, AND MANAGEMENT POSITIONS.

AS WE LOOK AT THE FUTURE AND THE RAPIDLY CHANGING HOG INDUSTRY, WE, AS WELL AS 100'S OF OTHER PRODUCERS THAT KPFC REPRESENTS, WOULD LIKE TO HAVE ALL THE OPPORTUNITIES ALLOWED OUR COMPETITORS IN OTHER STATES.

March 9, 1993

Economic Development Committee
Attachment 3

SIZE OF OPERATIONS WILL UNDOUBTEDLY GROW, BUT THERE WILL STILL BE A PLACE FOR THE EFFICIENT, QUALITY-ORIENTED SMALL AND MEDIUM-SIZED PRODUCER IN KANSAS. WE LOOK FORWARD TO CHANGE AND HOPE TO BENEFIT FROM IT .

CHALLENGES IN THE U.S. PORK INDUSTRY

Presented by Tim Rose, Pork Producer
Lyons, Kansas

I am pleased to have this opportunity, to address current developments in the U.S. pork industry. My view of where we're headed can be summarized in one word. That word is change.

Let's take a look at what's happening at the farm level. Since 1970 we've gone from 871,000 hog operations to 256,000, a loss of 70%. Experts say we may lose another 30% in the next five years. By the year 2000 we will see less than 150,000 operations. But it's important to remember that we've been losing hog farms since the early 1950's, when around 3 million farms raised pigs.

Contract production is clearly growing, but still only represents about 15% of our output. About half of this contracting is being done by large companies, the other half is done by local feed companies, elevators and local business people.

From 1969 to 1991, the number of farms raising over 1,000 head grew from 6,600 to 30,000, an increase of 450%. These farms represent nearly 80% of the production, and about 16% of the producers. It's obvious that as producers we are becoming fewer in number, yet larger in size.

March 9, 1993
Economic Development Committee
Attachment 4

I am often asked if our U.S. pork industry is going the way of the poultry industry with its totally integrated system, controlled by a handful of producers. In my opinion, I don't believe we are. For one thing, the capital requirements of a 250-pound hog compared to a two-pound chicken are significantly different. Some industry experts also believe that economies of scale can be maximized at around the 300 sow level. In addition, poultry integration was driven by the ownership and control of processing plants. Red meat packing companies so far have shown little desire to enter the hog raising business.

I believe we will also see more functional integration or networking. This will be characterized by producers who coordinate with each other, and other industry segments such as feed suppliers and pork processors. This will be essential in producing a high-quality product consistent with the end consumer's specifications. These cooperative efforts will include coordination of genetics and marketing functions. This will be a key strategy for efficient small and medium size producers to use to compensate for the economies of scale realized by the very large producer.

Another major challenge in U.S. pork production is the pressure to be more efficient. While the true average cost of production is an illusive number, records from Iowa State University indicate our break even cost in the corn belt is around \$41 /cwt.

Although the U.S. is the least cost producer in the world, we have significant inconsistency within our industry. Some producers prosper, while others struggle. Our most efficient producers have production costs of around \$35.00 per CWT, our least efficient need \$47.00 per CWT to break even. Few industries allow this kind of variation for very long.

This illustration makes the point that until we repeal the laws of supply and demand, efficiencies will be an important part of pork industry structural change.

The geographic distribution of our industry is beginning to show some change. North Carolina is often the most mentioned example. North Carolina's production systems have been studied closely in recent years by almost everyone in the industry. That state's share of U.S. slaughter rose from 4.1% in 1982 to 5.8% in 1990, While North Carolina was ranked 14th among the states in pork production in 1961. It now ranks 6th. At the current growth rate of 5% per year, it will potentially rank #2 by the year 2000, just behind Iowa. This growth has been highly dependent of the expansion that has occurred in the packing industry in North Carolina in the last two years. Recently, a new Smithfield plant opened with the potential to process around 30,000 head per day, making it the largest in the world.

We're also beginning to see changes in some of the traditionally fringe hog states, such as Colorado, Oklahoma, and Texas. This is due in part to expansion by some of the large scale producers. National Farms, for example, is building an operation in Texas which will increase production of the state by over 30%. This trend is fueled in part by the desire to avoid debate over the environmental issues of manure disposal and odor, and a friendly business environment. The wide open spaces provided by these states is a major incentive. Just as North Carolina has learned to compensate for its great distance from the corn supply of our midwest, so too have producers in the fringe states. Unit train transport of corn, for example, from Iowa to North Carolina can be achieved for around 50 cents per bushel. The message here is that there's nothing sacred about where hogs can, or cannot be produced.

Looking at our packing industry, consolidation also seems to be the trend. Our four largest firms now account for about 45% of total slaughter. This is an increase from about 36% just five years ago. Four percent of our plants account for 85% of the slaughter. Our four leading firms are IBP, Monfort (Con Agra), Morrell, and Excel (Cargill). In 1984 the largest firms were Wilson, Swift Independent, Morrell, and Hormel. The fact that only one of these big four firms from 1984 is now in the top four is indicative of the changes we're seeing.

A joint venture plant in Indiana, owned by Central Soya and

Mitsubishi, is also a concept worth watching, namely the continued globalization of the pork industry. Tyson Foods is also now a player in the pork slaughtering business. We can expect to see even more change as plants are built to follow the hogs, and the market opportunities, as is the case in Oklahoma and perhaps in Utah.

As you can see there are many factors that will affect our future direction. There's much uncertainty, yet I believe there is a true sense of optimism about our future in the pork business. The changes will be difficult for some to accept and welcomed by others.

1992 was a record year for pork production. 1993 will see even more pork produced. NPPC's stated goal of making Pork the Meat of Choice by the year 2000 will be dependent upon increased market share. This can only happen if we continue to improve pork quality and if we become more efficient.

We must also recognize we live in a competitive domestic and global market place. Competition for us is the poultry industry. It's also the foreign producer who receives government subsidies. Producers of the future should be provided a level playing field, but they will also need to be business oriented, globally aware, technically adapt, politically astute and most of all, consumer focused. These will be the keys to success in the years ahead.

Testimony by Steve Reedy
Garland, North Carolina

I graduated from Kansas State University in 1966. I taught vocational agriculture at Haddam and Morrowville in Washington County for two years and at Concordia for four years.

Until this point in my life, I never dreamed of raising my family or living anywhere but Kansas. Then, I was faced with a big decision. I was offered an opportunity to move to North Carolina which would nearly double my teaching salary.

I had a very successful FFA program in place at Concordia. Don Garlow was in my freshman class the first year at Concordia and four years later was named the FFA Star Farmer of Kansas. We also were the number one chapter in Kansas one year. But we just couldn't see raising our family on our teaching salary. My wife and I prayed for guidance in making our decision. We decided to move and tear up all our roots in Kansas in 1972. For three years, I traveled the southeast calling on large swine farms.

In 1975, I took another job at Carroll's so I could be home more with my family. At Carroll's, I was responsible for the overall production for 2,500 sows. I helped establish their first four contract sow farms.

One in particular was Butch Outlaw in Faison, N.C. He was just out of college and wanted to raise pigs. He was independent and did not want help from his family. With a contract from Carroll's, he borrowed enough money to start with 250 sows in confinement, raising feeder pigs as a grower with Carroll's.

Today, he is still a grower with Carroll's with over 1,000 sows. He now has a son in college. He was able to be a family farmer because Carroll's gave him an opportunity to grow pigs with them in a partnership agreement whereby Butch owned the facilities and provided the labor. Carroll's with the partnership agreement was able to help him secure financing to get his start. Carroll's owned the livestock and provided all the feed. Today, Butch is happy and thankful with Carroll's helping him get a start.

With the knowledge, experience and money I saved working for Carroll's, I was able to start my own swine business in 1978. I am presently an independent swine producer.

How has Carroll's hurt the state and community in growing from their first 350 sows in 1966 to over 110,000 sows in 1992 producing over 2 million hog annually?

They recently expanded by 40,000 sows last year and plan to add another 20,000 this year. They have about 450 turkey and hog growers and provide employment for another 2,200 employees. This is only a part of the success story of the hog industry in North Carolina.

Murphy Farms is just down the road from Carroll's with over 120,000 sows. We now have two large packing plants with about 1,500 employees. Three large turkey processing plants are in the area. Hog Slat in Newton Grove manufactures hog equipment and employs over 500 people.

Sampson County is now the number one hog county in the United States with over 460 hog farms. That is a lot of family farms in one county. This is only the tip of the iceberg of what is yet to come. A recent study in Iowa showed for every 40,000 hogs sold, \$8.4 million in revenue is generated.

This would not have happened without the leadership in government, without the lending of banks, and without the people and families that wanted to grow with Carroll's, Murphy, Prestage, and several other large farms. All of these companies are still family-owned and controlled working in partnership with other smaller family farms.

Their future growth is only limited by the number of people they are able to attract to this way of life. They have a waiting list and some are Kansas families.

How many Kansas families will be torn from their Kansas roots because of opportunities begging for them to move to North Carolina? My heart is still in Kansas. I am so thankful for the upbringing and the education I received in Kansas. It is still a great place to raise a family and receive an education.

Only foresight on the part of government leaders in Kansas and foresight from banks and lending institutions can stop this flow of young families out of the state.

It is sad and such a shame greater opportunities can not be provided for young families getting started in Kansas. Young families are pleading for your help so they can live and grow in Kansas.

Chairman and members of the Committee, thanks for this time to say a few words against Corporate farming. Is this issue Greed for the almighty dollar and the controll of the masses? It's sure not ECONOMIC development? Please go back with me for a little history on economics. As the world was preparing for World War II, in the late 1930's this nation had a Farm fore-sited Congress of which our Great Senator Arthur Cappers was a member, this Congress passed the Stabilization Act plus the Stegall Amendment that provided that Agriculture prices could not go below 90% of parity nor over 110% of parity and wages and prices were controlled from 1942 to 1952 and in this period this Nation fought World War II and for six years after the War this Nation not only had a balanced Budget but paid of some of the National Debt. NOW LISTEN CLOSELY -- Was there corporate farms? No- The little Independent Family Farmers got parity or Buying Power, NOTE I said BUYING POWER, there was no farms for sale because the Family Farmer didn't have to sell. The small rural communities grew, the small business the Schools and Churches were growing and the people were happy that it looked like there was no end to prosperity. Crime was hardly heard of neither was WELFARE. I was farming, I purchased a new M Farmall in 1949 for 2,100.00 dollars and I got \$2.18 for my wheat, I had Buying power, in 1954 I had all my farm building painted because I had buying power. This is just the tip of the then prosperity for all farmers were doing the same. And the small Communities were all prospering that it looked like there would be no end to the GLORY. NOW THE SAD STORY OF WHAT HAPPENED In 1953, Congress adopted a 60 to 90 % sliding scale. (Note Sen. Capper left the Senate at the end of 1949.) Agriculture, the ever re-newal Raw Material given to us by God, but the man made Congress listen to the Big Greedy Bankers and Big Greedy inporters with good made by slave labor, So Congress made the Family Farmer the whipping boys for there greed , the sliding scale for the family farmers has been sliding ever since 1953 and the national Debt has been climbing even faster than the sliding scale and economistis that say that we been having growth have been lying to all America for the growth we got was only due to the borrowing of money that has now partially ruined our Nation. Now lets look into the last 40 years. With the Big Greedy controlling the Economy what have they done to us? And Congress even helped them with tax insensitives. So again, look at the prosperity of the Nation from 1942 to 1952, the prosperity provided with the little independent family farmers, the little independent small business, the welfare of the communities with^{out} crime and with out welfare.

Now the Big Greedy money that has been taken from the family farmers and put into BIG CORPORATIONS. The Gaint Big Grain Companies have taken over in the last 40 years. What has it done to our economy? The Gaint Food Retailers have taken over in the last 40 years, What has it done for our economy? Now the BIG MONEY GAINERS have gotten into the farming and still trying to get into it whole hog and Dairy. What has it done for our economy? So if the passed 40 years hasn't done enough to ruin our economy they are asking the State of Kansas to still ruin more of our economy, for the sake of the State of Kansas don't let them. So go back and analysis what the many little Independent family farmers did for a economy that only balanced the Budget in the late 50's but was paying off on the National debt and when Congress let the BIG GREEDY MONEY take over and let the BIG CORPORATIONS take over you should all know what has happened and is continuing to happening to our economy. Does it not prove that Corporation farming is not the Answer. Now I've attached a sheet showing family Farms lost in 10 years in Kansas and as the Family farms went so did our economy. This should tell every one the sad story. Now I want to go on to the next attached sheet. First I want to quate a report made by the late then Sen. John F. Kennedy who served on a committee that was studying imports. His note to the Textile Manufacturers. "Often you will find that while the import item may only represent 1% of a given commodity in proportion to the domestic production, the fact is that this 1% quoted at lower prices can seriously disrupt an entire industry." Please study that statement. Now lets look at the last sheet. I do not have time to fully explain this sheet, but look at the years 1942 to 1952, the little Independent farmers provided not only to fight a war but for six years after the war they more than provided to balance the budget because they had buying power. The percentage of income from imports were low. Then follow the percentage down. Remember the farm prices from 1953 were on a sliding scale down. WHY then was our economy on a down grade? Imports - Committee members Imports. So I say our economists are wrong, Prof. Blinchnbaugh is wrong, those who are pushing Corporate farming are not searching the right places for the true answers. Sen. Kennedy said it right, 1% of cheap imports can disrupt an industry and I'm adding can kill a Nation. So study history. The 1942 to 1952 period was a true protected parity for the Raw Materials Our Mercifully Father provide and we had a true growing economy.

make my point I should go back to 1910 and bring the trend of our economy by each year up to the present but if the committee will only study what I've presented you should be able to understand that it was the little Independent farmers that made this Nation great.

Now members of the Committee, I never read the Senate Bill but I have read H.B. 2069. And I ask were in that BILL is there law enforcement to make a Corporate farm have a clean, safe and odorless operation? Where's the penalty or fine if they don't run a first class operation? Here's the BCR tape on the North Carolina Corporate Hog farming. Please committee members see this tape before you take action on this bill. I say the cart is ahead of the horse. Before the State of Kansas approves any Corporate Hog farming, a committee should be appointed to visit Corporate Hog operations so you really know what kind of a Corporate law this State needs. No member of this Legislature should be asked to vote of this issue until a committee can make a first hand inspection and make a report on their findings. Please don't act in haste get the first hand facts.

Now when the Senate passed the Corporate Bill I read in the Capitol this sentence in the report "Supporters of keeping dairy production in the bill said most of the milk processed in Kansas comes from Texas and New Mexico" In Sabetha we have the Biggest Grade A milk plant in Kansas. I know a lot of the drivers and I had never heard of any milk coming from New Mexico? The Manager was in Conference so I talked to his assistance. First he hadn't heard this was put in the Bill. Second, he said that statement was false. Third, Mid-Am pickup milk in a radius of 100 miles around Sabetha, including Kansas, Nebr. SW Iowa and NW Missouri, taking in now 1 Million pounds a day, they supply five big Cities with practically all their grade A milk, Omaha take an average of 7 trailer tanks of milk a day and Kansas city the milk is bottled in Missouri but they disturb to Kansas City, Kans, and a large area in Kansas. AMPI gets milk from New Mexico which is closer to Wichita than Sabetha. Sabetha trucks have hauled milk from Texas to AMPI in flush times. So please check these facts out before you vote on this bill. Now hear should be a question. He told me they have heard reports that the Dairies of New Mexico are having trouble? They moved from California to New Mexico where the ground was sandy to get away from mud. Now the run off from the lots are affecting the drinking water. So not only hogs but also Dairy should have strict laws written to protect communities and drinking water before they are allowed in Kansas.

Alvin Bauman

TABLE 4
COMPARISON OF NATIONAL INCOME
TO ANNUAL IMPORTS OF ALL GOODS

YEAR	NATIONAL INCOME (Billions)	IMPORTS (Billions)	PERCENTAGE OF NATIONAL INCOME FOR IMPORTS
1929	\$87.8	\$4.3	5%
1930	75.7	3.0	4%
1931	59.7	2.0	3.5%
1932	42.5	1.3	3.1%
1933	40.2	1.4	3.6%
1934	48.9	1.6	3.3%
1935	57.0	2.0	3.5%
1936	64.9	2.4	3.7%
1937	73.6	3.0	4.1%
1938	67.8	1.9	2.9%
1939	72.7	2.3	3.1%
1940	81.6	2.6	3.2%
1941	104.7	3.3	3.2%
1942	137.7	2.7	2.0%
1943	170.3	3.3	1.9%
1944	182.6	3.9	2.1%
1945	181.2	4.1	2.2%
1946	179.6	4.9	2.7%
1947	197.2	5.7	2.9%
1948	221.6	7.1	3.2%
1949	216.	6.6	3.5%
1950	240.0	8.8	3.7%
1951	277.0	10.9	3.9%
1952	290.9	10.7	3.7%
1953	305.0	10.8	3.5%
1954	298.3	10.2	3.4%
1955	324.0	11.3	3.5%
1956	349.4	12.6	3.6%
1957	364.0	13.0	3.6%
1958	367.7	12.8	3.5%
1959	399.6	15.2	3.8%
1960	412.0	14.7	3.6%
1961	427.3	14.7	3.4%
1962	457.7	16.2	3.5%
1963	481.1	17.0	3.5%
1964	514.4	18.6	3.6%
1965	566.0	21.4	3.8%
1966	620.6	25.4	4.1%
1967	654.0	26.7	4.1%
1968	714.4	33.0	4.6%
1969	763.7	35.9	4.7%
1970	798.4	40.0	5.0%
1971	859.4	45.5	5.3%
1972	941.8	55.6	5.9%
1973	1,064.0	69.5	6.5%
1974	1,136.0	101.0	8.9%
1975	1,215.0	96.9	7.8%
1976	1,359.8	120.7	8.9%
1977	1,525.8	147.7	9.7%
1978	1,724.3	172.0	10.0%
1979	1,924.8	206.3	10.7%
1980	2,117.1	244.0	11.5%
1981	2,352.5	259.0	11.0%
1982	2,518.4	242.3	9.6%
1983	2,719.5	256.7	9.4%
1984	3,028.6	323.0	10.7%
1985	3,234.0	343.6	10.6%
1986	3,437.1	368.7	10.7%
1987	3,678.7	402.1	10.9%
*1988	3,984.9	441.0	11.0%
*1989	4,233.3	473.2	11.2%
*1990	4,418.4	495.3	11.2%

Source of Data - U.S. Department of Commerce.
*Source of estimate - Economic Indicators

U.S. CENSUS BUREAU CHANGE IN KANSAS FARM
RESIDENTS, BY COUN

COUNTY	1980	1990	LOSS	% LOSS
ALLEN	1,942	1,254	688	35.4%
ANDERSON	2,432	1,593	839	34.5%
ATCHISON	2,333	1,551	782	33.5%
BARBER	1,062	776	286	26.9%
BARTON	2,129	917	1,212	56.9%
BOURBON	2,130	1,298	832	39.1%
BROWN	2,524	1,742	782	31.0%
BUTLER	3,423	2,638	785	22.9%
CHASE	831	576	255	30.7%
CHAUTAUQUA	963	529	434	45.1%
CHEROKEE	2,199	1,396	803	36.5%
CHEYENNE	1,012	493	519	51.3%
CLARK	479	270	209	43.6%
CLAY	2,059	1,627	432	21.0%
CLOUD	1,573	862	711	45.2%
COFFEY	1,995	1,207	788	39.5%
COMANCHE	561	281	280	49.9%
COWLEY	3,068	1,868	1,200	39.1%
CRAWFORD	2,593	1,935	658	25.4%
DECATUR	1,138	806	332	29.2%
DICKINSON	3,171	1,593	1,578	49.8%
DONIPHAN	1,773	1,100	673	38.0%
DOUGLAS	2,244	1,716	528	23.5%
EDWARDS	756	310	446	59.0%
ELK	872	553	319	36.6%
ELLIS	1,618	847	771	47.7%
ELLSWORTH	1,194	778	416	34.8%
FINNEY	1,076	876	200	18.6%
FORD	1,720	822	898	52.2%
FRANKLIN	2,668	2,067	601	22.5%
GEARY	876	558	318	36.3%
GOVE	1,358	518	840	61.9%
GRAHAM	923	391	532	57.6%
GRANT	571	269	302	52.9%
GRAY	1,431	767	664	46.4%
GREELEY	362	140	222	61.3%
GREENWOOD	1,462	1,138	324	22.2%
HAMILTON	358	211	147	41.1%
HARPER	1,320	700	620	47.0%
HARVEY	2,571	1,739	832	32.4%
HASKELL	853	190	663	77.7%
HODGEMAN	811	339	472	58.2%
JACKSON	2,949	1,972	977	33.1%
JEFFERSON	2,604	1,985	619	23.8%
JEWELL	1,475	1,088	387	26.2%
JOHNSON	1,604	963	641	40.0%
KEARNY	570	479	91	16.0%
KINGMAN	2,343	1,186	1,157	49.4%
KIOWA	679	356	323	47.6%
LABETTE	2,837	1,772	1,065	37.5%
LANE	520	243	277	53.3%
LEAVENWORTH	2,632	2,182	450	17.1%
LINCOLN	1,306	629	677	51.8%
LINN	1,845	1,219	626	33.9%

LOGAN	521	341	180	34.5%
LYON	2,578	2,022	556	21.6%
MARION	3,609	2,191	1,418	39.3%
MARSHALL	3,288	2,020	1,268	38.6%
MCPHERSON	3,141	2,398	743	23.7%
MEADE	860	306	554	64.4%
MIAMI	2,974	2,060	914	30.7%
MITCHELL	1,299	650	649	50.0%
MONTGOMERY	2,513	1,387	1,126	44.8%
MORRIS	1,635	967	666	40.7%
MORTON	177	157	20	11.3%
NEMAHA	3,505	2,717	788	22.5%
NEOSHO	2,261	1,296	965	42.7%
NESS	1,044	592	452	43.3%
NORTON	1,073	592	481	44.8%
OSAGE	2,523	1,915	608	24.1%
OSBORNE	1,089	660	429	39.4%
OTTAWA	1,225	613	612	50.0%
PAWNEE	1,129	668	461	40.8%
PHILLIPS	1,223	848	375	30.7%
POTTAWATOMI	2,312	1,464	848	36.7%
PRATT	1,278	553	725	56.7%
RAWLINS	1,490	924	566	38.0%
RENO	4,157	2,243	1,914	46.0%
REPUBLIC	2,199	1,500	699	31.8%
RICE	1,585	562	1,023	64.5%
RILEY	1,522	986	536	35.2%
ROOKS	830	641	189	22.8%
RUSH	916	477	439	47.9%
RUSSELL	877	430	447	51.0%
SALINE	1,751	708	1,043	59.6%
SCOTT	568	223	345	60.7%
SEDGWICK	4,305	2,734	1,571	36.5%
SEWARD	410	412	(2)	-0.5%
SHAWNEE	2,426	1,543	883	36.4%
SHERICAN	1,050	490	560	53.3%
SHERMAN	936	514	422	45.1%
SMITH	1,672	1,038	634	37.9%
STAFFORD	1,086	552	534	49.2%
STANTON	354	299	55	15.5%
STEVENS	690	331	359	52.0%
SUMNER	3,545	2,556	989	27.9%
THOMAS	1,089	792	297	27.3%
TREGO	1,170	598	572	48.9%
WABAUNSEE	1,775	1,199	576	32.5%
WALLACE	619	354	265	42.8%
WASHINGTON	3,067	1,699	1,368	44.6%
WICHITA	717	418	299	41.7%
WILSON	1,779	1,277	502	28.2%
WOODSON	1,108	698	410	37.0%
WYANDOTTE	153	151	2	1.3%

172,901	108,083	64,818	37.5%
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TESTIMONY OPPOSING SB 336
TO
HOUSE ECONOMIC DEVELOPMENT COMMITTEE
GIVEN BY: RAYE SPRAGUE

My name is Raye Sprague. My husband and I operate a 125 sow farrow to finish operation in Allen County. We have a family operation and cherish the time we spend working together as a family. Our two daughters love to help their daddy do chores and work baby pigs.

My husband and I are both active in our local producers group and also active members in the Kansas Swine Growers Association. It has become apparent through the growth of this new organization in the last few weeks that we are not the only ones who feel like the Kansas Pork Producers no longer represent us.

A few comments I would like to make.

1. Is this Economic Development? No, I don't think so.

It takes less people to operate single large units than it does to operate several small units.

Vertical Integrators like Don Tyson have built operations as large as 30,000 sow units.

If you divided that up among a hundred 300 sow units you would be employing at least one hundred people and probably more which would be at least 10x more than one of Tyson's nature that might employ 10.

Corporate operations tend to buy supplies from other corporate business and not locally.

The profits exit the local community going back to corporate headquarters.

A corporate operation would be likely to leave and relocate in another area any time they felt more money could be made or when their tax advantages run out and someone else offers them a better deal.

Corporate packers like IBP are costing this state. For example, last year this state spent \$717,000.00 to fund bilingual education in Garden City schools. If Kansas workers got those jobs, why do they need this? In truth, these jobs are low paying and hazardous and attract a stream of transient and lower class people that cannot live on those low wages and most have to supplement with welfare and foodstamps.

2. The same corporations that have encouraged overproduction in the grain industry resulting in low prices and forcing farmers to work more and more acres to make a living are now trying to do the same thing with livestock. What will be their next step? Buying up the Flint Hills so that they can integrate the cattle industry to control all aspects of that too? With the resources that these conglomerate packers have that is not an unrealistic scenario. The question is are we going to be part of the problem or are we going to say enough is enough and be part of the solution? Are we going to create more unreliable corporate jobs or encourage local ownership opportunities? You all from Sedgwick County should have first hand knowledge about the uncertainty of corporate jobs.

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3. Independent producers spend money in the community, buy inputs from local dealers and are rooted here. They contribute to the communities in which they live, pay taxes, and support the local government.

4. An alternative. Why can't we put forth the effort to encourage young new producers to enter the swine industry with their own operations? What has happened to our society that we are encouraging working for someone else verses owning your own property and your own business? What we should be doing is encouraging local incentives that are being offered to attract business to communities to include agriculture with individual local ownership. Education should be geared to being a good owner/operator instead of how to be a good employee.

5. Kansas law does not restrict contract feeding or forward market contracting to a packer for those who prefer to have a more stable income. With the "Limited Liability" clause I feel that the current restrictions are very lenient and that allowing this type of corporate industry into this state would be a terrible mistake in the long run. How many people who have lost their jobs in Wichita are going to want to work for minimum wage in a hazardous environment when they can make more drawing unemployment? Producers at this time have several marketing opportunities. These may be out of state but once you put wheels under hogs you can move a long way without hurting yourself. Right now we make more by shipping our hogs to Sioux City, Iowa (approx. 400 miles) than we can make by taking them to Crete, NB or to St. Joseph, Mo. (approx. 200 miles). When the Ark City plant was in operation, some of those producers within a 50 to 100 mile radius were shipping their hogs to California because they could net more. My point is that having a packer next door does not necessarily make you more money. For those that feel a need to market their hogs within the state of Kansas, they can do that at Porker's Pack in Downs, Kansas.

Thank you for listening to my comments.

Raye Sprague.

Raye Sprague

WOOLF FARMS

Rt. 1 Box 45 Milton, KS 67106

(316) 542-3747

March 7, 1993

Kansas Swine Growers Association
Raye Sprague, Secretary
Rt. 1 Box 184
LaHarpe, KS 66751

Dear Raye:

Vaughn and I just wanted to extend our appreciation to you and the other members for all the work you have done on the corporate hog issue and in launching KSGA. We were impressed by the group in Chanute and are excited to be part of the association.

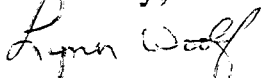
We will contact area hog producers about joining KSGA and about setting up a meeting in Sedgwick County. Please send us an application form. We'll make copies and distribute it.

On another note -- I write for Farm Futures, a national farm business magazine based in Minneapolis. If you and the other officers are looking for some national exposure, my editor may be interested in your story. Your grass-roots efforts to reclaim the hog industry in Kansas are something every farmer can learn from. Who knows? Maybe there are other farmers who feel they have been abandoned by their commodity organization.

Also, I'd be willing to lend a hand with press releases, correspondence, etc. Just let me know if you need help.

Good luck with your upcoming meetings.

Sincerely,


Lynn Woolf

P.S. Enclosed is a check for \$20 for a voting membership for myself and Vaughn's father, Stanley.

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ANN COUNTY VETERINARY CLINIC, Chtd.

RURAL ROUTE ONE, BOX 119

CENTERVILLE, KS 66014

913 / 898-4202

DR. LLOYD L. WILSON III

DR. RANDALL W. HINDE

VETERINARIANS

February 2, 1993

Honorable Legislators and fellow Kansans:

Before changing the laws regarding corporate farming in the state of Kansas, the Legislature should explore the hidden costs of this change. There are several fundamental aspects which should be considered, including, but not limited to, the following:

1. Environment:

Large factory hog farms generate so much waste and odor that they have the same environmental and sanitation problems as large cities. They should be subject to the same regulations. The track record of these facilities in other states may be less than we can afford here.

2. Jobs:

What assurances can be given that the jobs created at the expense of fifth or sixth generation family farmers will not be minimum wage jobs, some possibly filled by illegal aliens.

3. Community Impact:

Downward economic pressure will hasten the demise of the independent family operation. Main street businesses like me, churches, and civic organizations which service the needs of these producers and communities will be adversely affected. Children on free and reduced lunch status, already at record levels in our rural schools, will increase in number creating additional expense for those of us that remain. Ultimately the stability of the culture and community of the state, those factors so essential to our defining characteristics, the things which distinguish us as Kansans, and not New Yorkers or Californians, will be lost.

All of us will pay dearly for these "hidden" costs, and not the CEO's of these vertically-integrated giants who may some day have their corporate offices in Europe or Asia.

March 9, 1993

Economic Development

Attachment 9

Would rejecting the legislation interfere with normal capitalistic evolution? Perhaps. But just maybe securing such a basic essential way of life as a family operated independent farm and our special Kansas brand of rural culture is worth more than saving a penny or two per pound on pork at the supermarket.

Please table this matter for further study.

Respectfully,

Lloyd L. Wilson III DVM

Lloyd L. Wilson III, DVM
Rt. 1, Box 119
Centerville, Kansas, 66014

March 9, 1993

Good Afternoon.

My name is Roger Becker, and I live in Southern Nemaha County. We have a farrow to finish hog operation along with 60 head of stock cattle. We also farm about 1000 acres of row crop. I went to Wichita University and while there worked for Cudahay Packing. I moved to St. Joseph, Missouri in 1965, and worked for Armour in the computer department. Before moving to our farm in 1973, I was a systems program manager for a hospital.

Today I want to talk to you about how a vertically intergrated hog operation can squeeze both the producers and processors out of business.

A typical plant can kill 6,500 head of hogs per eight hour shift, six days a week with a 50 week year. They can kill 1,950,000 head per year which equal 341,250,000 pounds of saleable pork. A .25% of one cent change in fresh meat price would equal \$890,000. If hogs are high and they produce 20% of their own hogs for their own packing plant they can easily expand their marketing base by lowering the price of their product. If they lose money on the packing plant they can cover their loss by the profit on the hog production facility.

For example:

390,000 hogs ($1,950,000 \times 20\%$) at \$1.00 per hundred weight profit equals \$980,000, which will cover an operating loss of the slaughter plant production at .25% of one cent. Which is more then enough to persuade most wholesale buyers to buy from them. What more reason would IBP have for not wanting corporate hog production?

The same thing is true for the producer. When hogs are low slaughter plants operate at very profitable levels. With an expanded market they can easily make large profits in their slaughter plant while they lose in the pork production facility, which will eventually allow them to put the pork producer out of business. They can buy or lease the collapsed producers facilities at their own price.

Arkansas is an example. All you have to do is drive through the country and look at the hog producers no longer in operation.

Another example is the census that shows how many more farmers above \$100,000 income are in Nebraska and Iowa (who have strong anti-corporate laws). One reason is if I were a banker I would be much more apt to loan money to someone who I felt did not have to compete under conditions I have stated.

I believe a better farm economy is evident when we have anti-corporate laws in place. If we look at neighboring states we see Nebraska and Iowa have more farmers (almost double that of Kansas) in the \$100,000 and above gross sales.

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I have also noticed according to Farmland News, March 1993, the gross sales of some local elevators in Iowa and Nebraska are in general a lot higher, some double that of the top in Kansas and Colorado. Independent hog producers are good for the economy.

One other thing is pollution. National Farms in Colorado have agreed to try to spread the waste over more acres to reduce ground water pollution. Colorado has said they will not permit any more large hog production facilities because of pollution problems. What happens if National Farms can not solve the underground pollution problem?

Is Kansas going to have to do as Florida did? According to February 93, Farm Journal, 320 dairies had an average cost of \$1.3 million to upgrade their lagoon facilities at a cost of \$416 million, which the state paid half. Large confinement units create large pollution problems.

Because of the information I have given you today I am asking you to vote NO on S.B.# 336.



Betsy Freese BUSINESS

I RECEIVED A CALL a few weeks ago from a farmer who wouldn't identify himself. "You've written a lot about hog contracting," he began. "I have a story you should hear and your readers should hear. But I can't give you my name or address."

Normally, we don't publish letters that are not signed; anonymous sources are suspect or, at the least, spineless. But this caller was sincere, and he had good reason not to identify himself. I'll let him tell you his story. I've changed the name of the hog contractor to Acme.

Two years ago I signed a contract to produce feeder pigs for Acme. Before I signed the contract I took it to a lawyer, and he said, "Don't sign this." He said the contract was all in favor of Acme. "There are lots of loopholes. They can hold back a dollar for this and a dollar for that if production is not what they think it should be," he explained.

Here's one farmer who signed away his livelihood on a paper contract

But I was a grain farmer, not a hog farmer, and I chose to believe Acme. They said they'd teach me everything I needed to know. Actually, I think they preferred to get someone who didn't know much about the hog business, someone who would go for the pie in the sky.

They promised to furnish top-producing sows and the latest technology. They said

I should be able to get 20 pigs per sow per year on my outdoor unit. I never really believed 20 was possible, but they said producers were getting that in England. They said a guy trained in England was going to be on my farm two days a week. At the beginning he was; then they fired him. Now I am down here by myself.

I have 300 sows outside in insulated huts made of plywood and metal. I was promised an outdoor line of sows. As it turns out, the company producing the sows doesn't even recommend them for outdoor units. The sows aren't mothers. The boars Acme sends me weigh only 240 lbs. and are not used to being outside. We can't get anything bred.

The contract says Acme is supposed to provide veterinary services, but I've had to beg for pharmaceuticals. I had abortions on 60 sows, and Acme wouldn't approve a vet call. On top of that, feed quality has always been a problem.

I'm not even getting 16 pigs per sow per year, which is the minimum they expect. In the winter, we wean an average of five pigs a litter. Acme is supposed to pay me \$14 for each

feeder pig produced. I'm not getting that because my production is not what they want.

I was told by Acme that for a \$30,000 investment in fences, waterers and huts, I could set up this system. I've spent twice that, and now they want me to build a nursery for the pigs.

The contract says if I don't meet minimum production, Acme can pull the sows out. I've offered to try anything to make it work. They invited me to buy the sows from them, but I don't have the money. I called the chairman of Acme to talk to him about the situation, and he said, "I thought that wouldn't work, those sows in an outdoor system."

Two other farmers in my area built units for Acme, one with 300 sows and one with 600, all outside. We are all in the same dilemma. We thought we were dealing with friends. Now the company acts like farmers are its enemy. They're the boss. I don't want to be their employee.

The only reason Acme hasn't bankrupted me is the bad publicity it will cause. They told me not to talk to my neighbors about the problem. They've threatened that if I talk to anyone—an Extension agent, a journalist, a lawyer—they will pull the hogs. If they pull the hogs, I'll invite you down with a camera, because I'll have nothing to lose at that point.

I am telling you my story because Acme is trying to work this same deal right now with farmers over in Oklahoma. I think it's morally wrong for me not to say anything.

I HAVEN'T HEARD back from this farmer, so I assume he is still producing hogs for Acme. There are always two sides to every story—I'm guessing this guy made every management mistake in the book with these contract sows. His biggest mistake was ignoring his lawyer. At this point, the only help I can give him is peace of mind that his story has been published. Perhaps someone will heed this man who signed away his livelihood on a paper contract. **SF**

Betsy Freese, Senior Livestock Editor

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KANSAS
RURAL
WATER
association

Quality water, quality life

PO Box 226 • Seneca, KS 66538 • 913 336-3760 • FAX 913 336-2751

January 13, 1993

Carl R. Carlson
Merchants National Bank
PO Box 178
Topeka, Kansas 66601

Re: CKFO Membership

Dear Mr. Carlson;

I am writing this letter on behalf of Dennis Schwartz, Legislative Committee Chairman. The Kansas Rural Water Association does not wish to continue membership in the Committee of Kansas Farm Organizations.

Municipalities (cities) comprise nearly 50% of our membership. The Association only provides assistance and training to cities and water districts. We believe we need to maintain memberships with organizations which are more closely involved with public water supply. Much of this is at the national level.

Please let us know if you have any question. Thank you for your attention.

Sincerely,

Elmer Ronnebaum
Program Manager

c: KRWA Board of Directors

My name is Dale Helwig. I am a livestock producer and sophomore at Coffeyville Community College majoring in Animal Science Production Management. In 1990 and 1991 I was recipient of the FFA District Swine Proficiency Award. In 1991 I also received the State Swine Proficiency. Without the opportunities provided by the family farm, I would not have received these awards. I received these awards basically because these were no corporations to run me out of business. The family farm allows the family to work, grow, and learn together.

If corporations take over, the employees of the corporations would be employed the same as assembly line workers in a factory. There is no opportunity for the pride of ownership or a place for young farmers to grow into a business of their own. There is a loss of American pride. Our country was built on ordinary people making it on their own. It is an American tradition for people to build something they can call their own with no one holding a contract over their heads. That is why America is called "The Land of Opportunity". Corporations run out the little producer. I know this! You know this! Wal-Mart knows this!

If corporations are allowed and the small farmer goes under, several things will happen. With higher production by corporations, the quality of carcass meat will go down. In mass production errors are made. The small farmer watches his herd more closely and knows how it reacts to certain conditions.

Elimination of small farmers eliminates the small town communities also. Lards stores, department stores, feed stores, and small processing plants will disappear because the large corporations have no need for these businesses. Corporations deal in large quantities and will by pass the community businesses.

Because of the corporate farm debate, I am no longer a member of the KPIC. I believe corporations are only a short term investment that have no future in the Kansas hog production. If Kansas wants stability it should cling to the roots they have already dug down deep and stand beside the family farmer. Just as a family is a long term investment, I believe the family farm is also.

Thank-you.

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Attachment 11

Dale Helwig

Good afternoon, my name is Sandra Conder and I live in Neosho County in the southeast corner of the state. I work for the ANW Special Education Coop. I am a member of our local Neosho County Pork Producers and of the new Kansas Swine Growers Association.

My husband and son are partners in a farrow to finish hog operation and custom combining business. They were making plans to increase their operation by 100 to 150 sows this year. Which would mean building a new farrowing house and more sow pens. I mention this because it would be employment for someone other than us and our regular part-time summer help. These plans are now on hold.

Attached to my testimony is a copy of two articles that appeared in the March 1993 issue of "SUCCESSFUL FARMING". One article tells of a grain farmer in another state who signed a contract with a corporation to raise hogs. He states that he signed against the the advice of his lawyer and tells what is now happening to him. The other article is on Mr. Alister Pease, a consultant for the National Pork Producers Council, the title of the article is "Gaint Packers Bad For Hogs and Consumers". I hope these articles will give you some perspective on corporate farming.

On February 27, I was in Topeka for a KSGA meeting and while at that meeting Mrs. Kate Hansen, a Social Service Worker, from Lincoln, Nebraska, made a comment about the school district where her family had lived before moving to Lincoln. The district had made a study to see what their needs would be for a new school and had included their special educational classrooms in the new building. Due to testing and other factors we now have a good understanding of what ^{these} ~~there~~ needs are and who will need them. When the meat packing plant went in at Norfolk, Nebraska it doubled the size of the special educational needs.

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Attachment 12

I called Mrs. Hansen on Sunday afternoon to get some information and to ask her if I could use her name today. She said that these are her observations as a social worker.

These are her observation, Ladies and Gentlemen. Kate Hansen lived and worked in the area at that time. When the meat packing plant was going in at Norfolk there was an influx of uneducated, low income and homeless people into the area. The city of Norfolk had to hire 5 additional police officers and purchase patrol cars. The sheriff's department also had to increase their officers and the Social Services Department also had to hire additional people. All branches of social services were hit hard by people needing help, also churches and other organizations that offer aid were hit hard.

The community of Norfolk had to build a homeless shelter. The people coming in did not have nor could they afford housing. There was an increase in the Mexican/American and VietNameese population. Teaching facilities had to be set up because the local population didn't know how to deal with these new cultures, along with teaching English to the new population, and psychologists were brought in to help both groups understand each other.

These are low paid jobs that are offered at these plants and they are high risk. Who takes care of these people when they are injured and no longer ^{able} ~~able~~ to work. The taxpayer, if we're talking about Kansas, we are talking about you and me.

The Kansas pork producer can and does compete with large corporate producers, Ladies and Gentlemen, we do so on a national scale and world wide. We are teaching and training ourselves to do a better job and to produce a better product through pooled marketing and pooled gentics. If you want more jobs in Kansas

and better paying jobs corporat farming isn't necessarily the answer. Someone who is here today and is going to be here 20 to 30 years from now is. We don't need low income jobs from companies that will be gone as soon as their free ride is over. We need companies that will offer our people jobs with good benefits, decent wages and an assurance that they have a future.

Thank you for your time.



BUSINESS

I RECEIVED A CALL a few weeks ago from a farmer who wouldn't identify himself. "You've written a lot about hog contracting," he began. "I have a story you should hear and your readers should hear. But I can't give you my name or address."

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I should be able to get 20 pigs per sow per year on my outdoor unit. I never really believed 20 was possible, but they said producers were getting that in England. They said a guy trained in England was going to be on my farm two days a week. At the beginning he was; then they fired him. Now I am down here by myself.

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Betsy Freese

Betsy Freese, Senior Livestock Editor

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I'm Scott Conder. I'm 18 years old and I'm from Neosho County in the southeast part of Kansas. I'm the Vice-President of the Neosho County Pork Producers and an in-tern member of the Board of Directors for the Kansas Swine Growers Association.

My father and I run a 30 sow farrow to finish operation and a custom combining business. We are planning to expand to 100 to 150 sows but until we find out whether or not this bill goes through, this won't be feasible. If it does you will see several smaller producers like myself going out of business because the corporation won't buy our hogs.

Even with our operation being small the hogs always help pay the bills during the year, and also provide the money for other things that need to be done.

The small family farmer will pay more attention to the environment and environmental issues around their area and the State than the corporation will, due to the fact that this is where we live and where we will stay. The corporation doesn't pay attention to these issues they're only here to make money.

The corporation is one large business that will spend its money back at corporate headquarters. The Family Farm is several small businesses that spend their money in local downtown stores, elevators, and etc.. Many other businesses depend on the family farm not just the farmer.

Thank you for your time.

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Attachment 13

THE EFFECTS OF CORPORATE FARMING ON HOG PRODUCERS

The graph below shows the percent decline in number of hog producers in North Carolina, Kansas and Nebraska, as well as the average decline for the entire U.S., during the period 1985-1991, a period in which corporations increased their hold on hog production.

NORTH CAROLINA: The first state in the U.S. to allow corporate hog farms;
now the leading state in corporate hog production....

versus

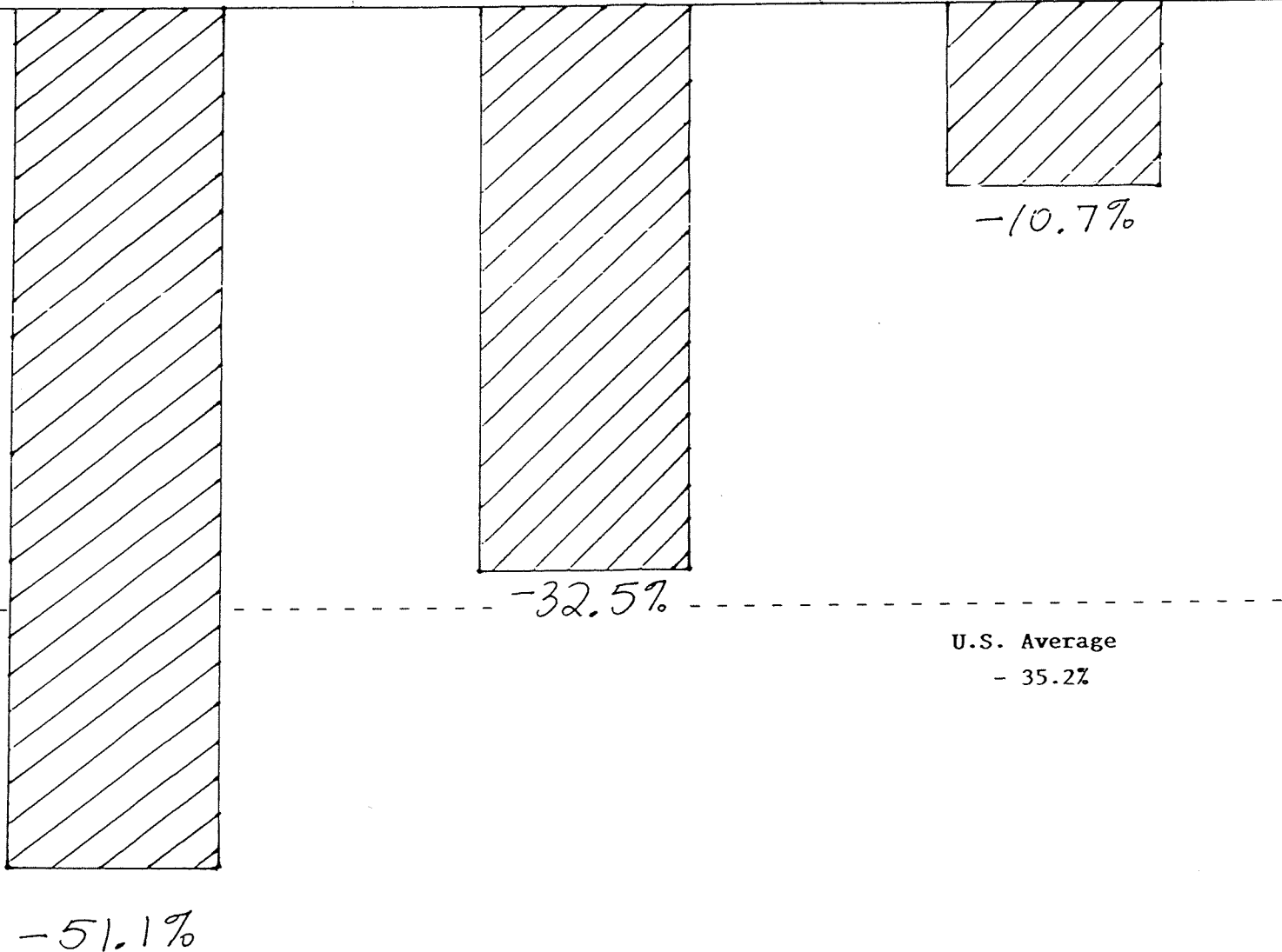
NEBRASKA: In 1974 enacted the nation's toughest **anti**-corporate farm law.

PERCENT DECLINE IN NUMBER OF HOG PRODUCERS

NORTH CAROLINA

KANSAS

NEBRASKA



1985 - 1991

March 9, 1993
Economic Development
Attachment 14

EFFECTS ON COMMUNITIES OF BASING ECONOMIC DEVELOPMENT
ON LOW-WAGE JOBS

Case Study: Garden City, KS

1980-1985: IBP opened new meatpacking plant.
Val-Agri purchased and expanded beef plant; subsequently
purchased by Swift, then Monfort, then ConAgra.

Garden City became fastest-growing community in state as
workers poured in looking for meatpacking jobs.
Garden City population grew 33% in five years.

By 1988: Finney County per capita wage is \$1,300 below state average.
Housing shortage resulted in construction of huge mobile home
park containing 10% of total population of Garden City.
Schools, housing, health care facilities, food banks, and
welfare system are severely strained and overloaded.

Violent crime: Up 200%

Child abuse: Up 300+%

Psychiatric hospital admissions: Up 400+%

Prenatal care: Finney County had second-highest birth rate
in the state, yet less than 50% of the women received
adequate prenatal care; 25% received no prenatal care.

This is not the kind of "economic development" Kansans want!

Corporate farming means more of the same:
low-wage, hazardous jobs and squalor.

There's a better way:
Support family-farming jobs and rural communities...

SAY "NO" TO H.B. 2069!

Source: Michael J. Broadway and Donald D. Stull,
"Rural Industrialization: The Example of Garden City, Kansas,"
Kansas Business Review, Vol. 14, No. 4, Summer 1991, pp. 1-9.

feeding than Nebraska, it has occurred chiefly among 13 huge feedlots. Cattle numbers marketed from similar large feedlots in Nebraska have declined since 1982, yet Kansas's largest feedlots grew 87%.

Nebraska's pork sector outperformed the national sector in the down years of this decade and has grown with it in the up years. Nebraska has benefited under a more stable and stronger hog industry than Kansas. Since 1982, Nebraska has increased its share of the leading state's inventory from 8.9% to 10%. Kansas has lost significant hog numbers during that time. While both states have lost hog farmers, Kansas rate has been 27% between 1982-1987 compared with 17% for Nebraska. In 1987, Nebraska proportionately had seven times as many hog farms tending half of the state's inventory as did Kansas.

Greater numbers of Nebraskans (9% more) are full-time farmers than Kansans. Consequently, Kansas has more farmers who work 200+ days off farm - 33% to Nebraska's 22%. Kansas also has a much faster growth of large farms. Between 1982 to 1987, Kansas experienced a 12% increase in the number of farms with over 2,000 acres, while Nebraska's growth has been 1/6 that rate.

Recommendations

- * Kansas should adopt restrictions similar to Nebraska on non-family and out-of-state corporations investing in agriculture. Annual public reporting requirements of non-family farm corporations should be expanded to determine compliance with the law.
- * Kansas should take an active role in the development of the hog industry by providing family farm hog producers with group and cooperative marketing assistance to aid the development of more competitive markets.
- * Kansas should assist family farmers with innovative financing for hog expansion and research on lower-cost livestock production systems rather than pursue economic development strategies that pit communities and regions against each other.
- * Existing antitrust, Packers and Stockyards Act and Commodity Exchange Act should be vigorously enforced by the government.

For more information on how you can help protect a stable food system contact: Kansas Rural Center, Rt. 3, Box 116, Lawrence, Kansas 66044, (913) 841-7044.

Whose Food Shall We Eat?

The Effect of Corporate Involvement in Agriculture

Corporations are swallowing up our farms and manipulating the food chain. Food giants buy out competitors to get greater market control and bigger profits. The result? America's family farms are being gobbled up by sprawling, factory farms. It's not going to get better: The U. S. government estimates that if current trends continue 3 percent of today's farms will produce 75% of America's food in years to come.

Who benefits? The government's Office of Technology Assessment concludes that large-scale farming increases poverty, substandard housing and exploitative labor practices in the rural communities providing the labor for these corporate farms. Corporate accountability is lost as these food behemoths continue to spread past the farm gate to America's dinner table, leaving little more than table scraps and pastoral memories along their greedy trail.

Consumers Lose Under Current Trends ...

Four companies dominate every major food category. Economists agree that if four or fewer firms control more than 55% of a market, an oligopoly exists. "Food processing and distribution are, for the most part, in the hands of oligopolies - a fact few consumers understand because of the enormous, and purely illusory, diversity of labels gracing the supermarket shelves," writes Susan George in *Feeding the Few*.

Food processors, not farmers, are making the decisions today for a retail food industry that is bitterly competitive in every way but price. Unfortunately, consumers end up generously tipping these corporate waiters.

Because of this uncompetitive market concentration, consumers at America's dinnertable are overcharged over \$30 billion annually.

Market Concentration Hurts Farmers ...

Vertical integration occurs when one corporation spreads across the food chain. Con Agra, the Omaha-based food giant, sells the American farmer seed and fertilizer, fattens their cattle, processes the meat, and displays a whole assortment of food products in the supermarket. Con Agra's goal is to control the food chain: from production agriculture to the supermarket shelf.

Vertical integration hurts farmers and consumers alike. Meat packers

that feed their own livestock, such as Cargill in Kansas, have the potential to use packer-led inshipments to drive down cattle prices ten times faster than if sold by independent feeders, according to a USDA study. Lower prices to farmers means a narrower or no profit margin for farm families. Farmers, especially those in the livestock industry, in turn lose market outlets and, therefore, competitive prices.

In 15 years the top four beef packers have grown from 30% to 70% of the market, which means farmers get lower prices as the market competition deteriorates. The hog industry is in the process of similar concentration.

Tax policies and technological innovations have moved livestock off family farms to large corporate feedlots. This takes away the diversification of farm family income. Intensely concentrated livestock production also creates waste disposal and pollution problems and stimulates the increased use of antibiotics for disease control.

Corporate feedlots are the final link in a well integrated food chain that serves America's dinnertable. National Farms, owned by the multibillionaire Texan Bass brothers, recently have surpassed the world's largest agribusiness, Cargill, as being the largest cattle feeder in Kansas.

These two largest cattle feeders will receive close to \$1 million in property tax breaks annually under classification and reappraisal in Kansas - a giant property tax giveaway to owners who don't even live in Kansas.

Corporate Farming Restrictions Can Help Farmers and Consumers ...

Kansas was the first state in the nation to pass state restrictions on large corporations buying up farmland from family farmers. Over the past 50 years these restrictions have been whittled away by agribusiness interests.

Nebraska, however, passed the nation's toughest corporate farm law in 1982. It prohibits non-family corporations from land and livestock ownership and only grandfathers in existing corporations. Kansas, in contrast, allows any corporation to raise and feed livestock for slaughter. The differences in their respective laws provides an excellent comparison showing how corporate farm laws affect farm families and livestock ownership.

To start off, Nebraska increased its cattle on feed inventory 26% since its strict corporate farm law passed. At the same time, its share within the 13 leading states of cattle on feed grew from 18.2% to 20.7%. Nebraska now vies with Texas for the national lead.

Nebraska has more farm families and rural communities benefiting from cattle feeding than Kansas. Nebraska has 460% more cattle feedlots than Kansas, which means more people and communities benefit from this part of the state economy.

By shifting cattle feeding to smaller feedlots, Nebraska has grown to be a national leader. While Kansas has had a faster rate of growth of cattle

□ Fewer people owning more farmland

A recent report by the USDA's Economic Research Service found that nearly one-half of the farmland in the U.S. is owned by only 4 percent of land owners or 124,000 people.

Owners who held less than 50 acres made up 30 percent of total landowners, but only 2 percent of total farmland. Also of note is the fact that of all the owners, 44 percent were nonoperators who held 41 percent of the total farmland.

This raises concerns about a shrinking number of people making decisions about an increasing amount of land. The report notes that decisions about conservation and resource quality and investment in improvements will be made by a diminishing minority of the overall population, according to a story by the Associated Press.

Current trends mean a total of 1.7 million farms and 2.7 million owners by the year 2000 compared to 5.7 million farms and 4.9 million owners in 1900.

The report concluded what many farmers have known for years, "The shrinking number of farms and landowners will contribute further to the decline of rural communities and may affect markets for commodities and factors of production."

Mid-February 1993 *Successful Farming*

PIG INDUSTRY SUFFERING FROM BRAIN DRAIN AWAY FROM UNIVERSITIES

Pork producers should request from Congress and the National Pork Producers Council increased support for research at universities, or the trend toward vertical integration in the pig industry will accelerate, says Purdue University Extension swine geneticist Allan Schinckel.

Schinckel, who developed the STAGES genetic improvement program in the mid-1980s, says the brain drain from universities to private companies is exactly what happened to poultry 40 years ago. The vertical integrators hire bright minds away from universities, do research trials, and keep the research results private.

"Tyson, Murphy Farms, Carroll's Foods and others are doing trial after trial and hiring the best people from universities," says Schinckel. "The independent commercial producers need this same information."

Acquiring high lean growth genetics and then managing it wisely is the biggest factor for survival of the independent pork producer, he says. The ability to do this "is really what is separating the vertical integrators and independent producers."

Schinckel uses Australia as a model. "Australians have just 10% of our pork production, but 10 times more support from commercial producers for university research," he explains. "That's one reason they are 10 to 15 years ahead of us in lean growth modeling." ■

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.

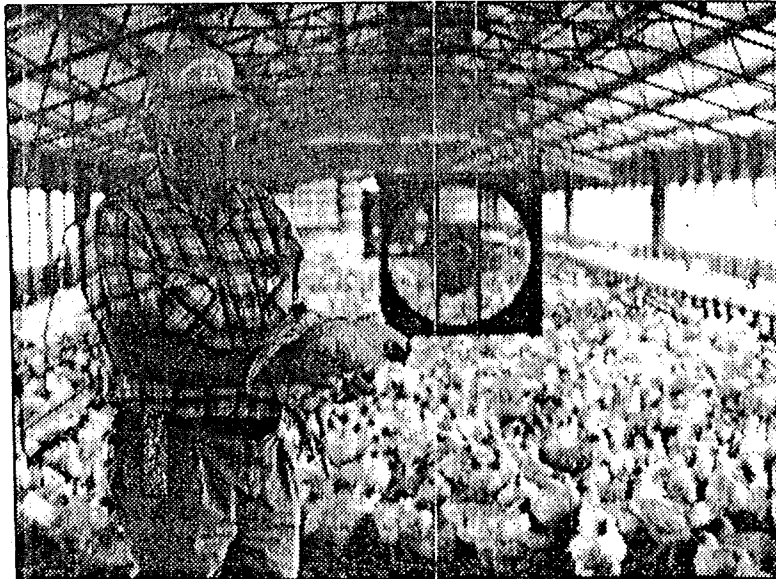
Mr. Powell, consistently a top-rated grower, was told he'd get just one more batch of chicks, one six-week chance to save his livelihood. Under his contract, he'd have no appeal.

"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

Please see LOSS on page 9A

Growers

Continued from page 1A

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 recent 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-time job unless you've got 15 or 20 houses."

Good Afternoon! My name is Don Honig. Five years ago, my family and I moved back to Onaga, Ks., in Pottawatomie Co. and I became a partner with my father in our small family farm.

Thank you for the opportunity to speak with you. I have some very grave concerns about opening our state's borders to corporate hog farming.

I am a hog farmer. We keep approximately 100 sows at any one time in a farrow-to-finish operation. I am well aware of the costs involved in pork production and the efficiencies needed to stay in business. It is no secret that our production needs to be consistent with consumer demand, and that we need a uniform product to sell to processors. However, these demands can be met by independent farmers. We don't need huge corporate farms in Kansas to meet these goals.

Swine production is a vital part of the economies of most of the small farms in my area. It is also a very efficient part. It requires a relatively small amount of land, a smaller investment in equipment and machinery than other endeavors, and production is more uniform throughout the year. These are the reasons that swine production is so valuable to small farmers and producers, like me, who are just getting started, and also the reason that it is coveted so highly by corporations wanting to get into the action.

Given a consistent reliable demand, Most producers would want to expand facilities, and increase pork production. It is efficient, and it fits in the farming operations of most producers.

Corporate hog farming is more than an agricultural issue. Rural communities will be affected, too, if independent hog producers are replaced by corporate farms. Livestock production is necessary in order to keep small farms operating. Without it, small farms will consolidate to form a few big farms and the rural communities suffer from a withering population. Small businesses suffer, rural schools close and consolidate, and church congregations dwindle. This isn't news, we already see that trend in nearly every rural community.

Corporate cattle feedlots have massed huge numbers of cattle in relatively small areas, causing problems with waste management, disease, and the concentration of jobs in just a few towns. The rest of Kansas doesn't have to deal with the problems, but also receives no benefits from cattle feeding. I feel that corporate hog farms would have the exact same effect.

I realize that other states already are opening their doors to corporations, and that we shouldn't let Kansas be known for not being friendly to companies that want to expand here. But, are corporations really the backbone of the Kansas economy? I think not. Small businesses and farms employ more Kansans than any large corporation in almost every field.

More importantly, shouldn't Kansas be known as the state that understands and appreciates its agricultural industry and the importance of rural citizens.

Thank you again for the opportunity to speak here with you.

Brian W. Harris
Rt. 2, Box 45
Walnut, Kansas 66730
316-354-6759

I am here on the behalf of the membership of the National Farmers Organization. The membership of the Kansas NFO has been very vocal in their opposition to allowing any change in the corporate laws of Kansas. They feel that any change in the law will be to benefit the large corporations at the cost to the family farmers.

This issue has been discussed on many occasions over the last several years. The many trips to the legislature, at our expense, we feel are a ploy to get us to back down and retreat. This we will not do. However, the efficiency of these trip would be increased if the efforts were toward expanding swine production in the state of Kansas through programs which would benefit the present swine producers.

The key to any swine operation of course is profit, which allows expansion. Without profit a producer does not add to any tax base, help any community, or expand. We cannot express enough, how critical this issue is to the state of Kansas. We must look at whether expansion will be made by the corporations or by the family farm system. It is our belief that the family farm system, if given the opportunity, can continue to be a beneficial part of the economic development of Kansas.

The concern of many producers is that the state of Kansas has not taken an active role in expansion of the swine industry by the existing producers. It is time that the legislature of Kansas realize that only through their support can that expansion take place. Bankers must feel certain that the legislators of the State of Kansas will not take actions that could jeopardize the current industries thus allowing them to supply the revenue needed to obtain this goal.

New programs such as 10% loan guarantees for expansion to existing and beginning producers could give the state of Kansas the added boost needed to achieve a larger portion of the nation-wide swine production. We realize that there are many other ideas that could enhance that expansion. However, we are not willing to compromise the family farm system for this goal of expansion for we believe that it can be obtained through the present system.

Your support of these causes will enable us to keep agriculture in the hands of the many and not the few. Agriculture will be taken over by the large corporations without your dedication and determination. We cannot be led by people that don't have the good of all at heart. Economic and Social Justice demands that farmers get a fair chance.

March 9, 1993
Economic Development
Attachment 16

TESTIMONY

House Economic Development Committee

Tuesday, March 9, 1993, 3:30 p.m./Rm. 423-S

CORPORATE FARM LAW

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

Thank you Chairperson Meade and members of the House Economic Development 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.

March 9, 1993
Economic Development
Attachment 17

Testimony
House Economic Development Committee
March 9, 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.

While I do not have statistical numbers regarding dairy production facilities ... can there be any doubt that this type of tax advantage change will not be just as destructive, if not more so.

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.

Testimony Opposing SB 336

Given By: Darren McGhee

Good afternoon. My name is Darren McGhee. I along with my wife, my two children, and my parents run a very diversified crop and livestock operation in Anderson County. We are currently running a feeder to finish operation with the capability of running 75 sows farrow to finish. Although this is not a large one, it is important to my total farm. It provides the cash flow necessary to pay the wages of at least one hired hand year round.

In visiting with other hog producers I find that none of us are afraid of competing with corporate producers but when it comes to vertically integrated packers we are no longer on a level playing field. They will only buy hogs from independent producers if they do not have enough of their own hogs to fill their production lines.

If we pass this bill and loosen the restrictions to allow these ultra large vertically integrated operations to come in what would keep them from building a 20,000 head hog operation 2 miles south of Wichita or Kansas City? Would you be in favor of an operation of this size moving into your community to stink up your neighborhood? The environmental results can be devastating not to mention the loss of property value to those suburban communities.

Even if you could keep them out of your neighborhood please keep in mind that there are some in rural communities that would rather not live next door to 20,000 stinking hogs.

I am a member and one of several founders of the Kansas Swine Growers Association. Even though there are some people that call this group "Radical" there is not one of us that wouldn't rather be home getting things ready for spring field work or working with our hogs. We feel that our very existence is being put in jeopardy with this bill and this is why we are here today.

The list goes on and on giving reasons why we should not open up the corporate restrictions in this state. I feel there is no need for it as we are doing fine with the markets we have already. We are making money or we wouldn't be in the business.

Thank you for your time.

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Attachment 18

I am an independent pork producer from southeast Kansas. I am also President of our local pork producers group and a member of the Kansas Swine Growers Association.

I ask you to please vote against relaxing corporate restrictions in Kansas.

I started farming in 1980 at the age of 14. I rented my first farm from a retiring uncle and watched my first soybean crop burn up due to a drought. The only way I was able to keep farming was from the hogs I had raised that year. The hogs are still what keep me farming today. By being able to feed the grain I produce to my own hogs I do not have to take market price for it, which is sometimes not very profitable. I feel relaxing corporation restrictions could damage the income potential of small producers such as myself and, in turn, affect the existence of our rural communities.

It was stated recently that small hog farmers want the government to eliminate corporation competition. I do not feel this is true. We just do not want our competition to eliminate us.

Thank-you.

Cale Tredway
Erie, KS

March 9, 1993
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Attachment 19

To: Kansas House Economic Development Committee:

I am a partner in a father, son, and wife operation in southeast Kansas. We are presently maintaining a 200 sow confinement farrow to finish hog operation, plus a 75 cow beef herd. We started out with 12 sows in 1956 and have gradually increased to present numbers.

I am against relaxing the present corporate farm law. As Economic Development Committee members, you should challenge yourselves to the following:

1. What is best for the rural economy of the state of Kansas? For instance, do large, mega corporate hog operations with out-of-state capitol contribute as much to Kansas towns and businesses as several smaller privately owned operations?
2. Is the environmental issue being addressed if mega hog operations are allowed to operate in Kansas? For example, it seems to me that many privately owned operations would create a lesser environmental problem.
3. Are we building a fence around Kansas by not allowing Corporate Hog operations? I don't think so! We have numerous young persons who are interested in swine production but will not enter or expand operations if faced with competition from mega hog operations who could gobble up the market and they would have no place to sell their product. This fact has already become truth in the broiler industry.

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Attachment 20

In closing, I believe that if Senate Bill #336 is rejected by this committee, that hog production would be increased in Kansas.

Thank you for your consideration.

Kansas Hog Farmer

A handwritten signature in cursive script that reads "Don R. Sailors". The signature is written in dark ink and is positioned below the typed name "Don R. Sailors".

Don R. Sailors
Erie, Kansas

J & R Farms
Route # 4
Chanute, Kansas 66720
Neosho County

My name is Jack Cheyney and I support the family farm. I currently farm, in partnership with my parents, Ronald and Janice Cheyney, in a combination livestock and grain farm. We are active members of the KSGA--Kansas Swine Growers Association.

I am a second-generation State and American farmer, which I received through my local FFA Erie chapter. My family has engaged in farming for five generations in Kansas.

My lifelong goal and dream was to farm and develop a hog operation, and I hope that it might be possible to continue that dream for further generations by preserving the family farm.

I hope that all of the hard work and sacrifice that all of the family farmers have dedicated to their farms was not in vain.....it is frightening to think that a large corporation could take over what took individuals their entire lifetime or even several generations to accomplish.

The family farm is not something that a person can put a monetary value on. Can you put a price tag on pride, hope, sacrifice, or commitment?

A corporation can take over the "basics" of management, but it cannot put the "heart" into an operation.

Preserve the family farm.....vote NO on the Corporate Farm Bill.

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Attachment 21

Jack Cheyney
Ronald Cheyney

Mr. & Mrs. Ronald LaRue
J & R Farms
Route # 4
Chanute, Kansas 66720
Neosho County

Our names are Ron and Rhonda LaRue and we support the family farm. We currently are involved in a family-operated hog operation with my parents and brother, Ronald, Janice, and Jack Cheyney. We are also members of the KSGA--Kansas Swine Growers Association.

The family farm is something that is worth the effort to preserve and continue for further generations. It is our hope that our small son will have the desire and opportunity to continue the family farm someday. If the Corporate Farm Bill passes that opportunity may never exist.

Both my husband's family and my own have been involved in farming for several generations. It is a terrible thought that further generations will not have the option to operate and own a family-oriented farm.

Every individual has a purpose in life.....for some of us that purpose is to be a part of a family farm, to be part of the land, not simply an extension of a large corporation

Preserve the family farm.....vote NO on the Corporate Farm Bill.

Ron & Rhonda LaRue

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Attachment 22

We are against corporate farming because it will lead to the vertical integration of the dairy and pork industries as witnessed in the poultry industry. It promotes the break-down of the rural community by eliminating the family farm and those businesses whose livelihood depends on him.

Brungardt Dairy

Carl Brungardt
RR 1 Box 7A
Galesburg, KS 66740



PRODUCERS COOPERATIVE ASSOCIATION

P.O. BOX 323
GIRARD, KANSAS 66743
316-724-8241



Established in 1948

February 3, 1993

Committee on Agriculture
Topeka, Kansas

Gentlemen:

We are concerned about corporate hog farms where such farms would eliminate or seriously affect the profits of current hog operations in this area. We provide many services to these operations. Not only do we sell them feed but also fuel, tires, and many other supplies.

These producers are a significant part of our business. The loss of a large segment of our customer base would affect the profitability of our organization.

Our company is economically important to this community. We employ from 45 to 50 people. These people require support and create additional employment in the community through services which they and their families require. Also, many of our customers come to town to do business with us and while they are here do business with other business firms in town.

We are a full service farm supply company which manufactures feed, soymeal and soyoil, merchandises grain, sells fertilizer, fuels, tires, oil, and other farm supplies, and provides other related services for our producer members.

Yours truly,

H. Wayne Wigger
General Manager

March 9, 1993
Economic Development
Attachment 24

Subject: Corporate Swine Production

Members of the Committee:

My name is Jack Whelan. I am a farmer/pork producer from St. Paul Kansas. Swine production has been a consistent part of my farming business since it was established in 1957. I attribute my success in farming largely to this pork production. My operation consists of a 150 sow, farrow-to-finish process.

I am opposed to corporate swine production. I am sure testimony has been presented on the many negative aspects of this issue. I will not address facts and figures, but rather how I see it would affect my community and myself.

I cannot compete with large scale corporations in my business. Although I am an efficient producer, corporations have advantages that are not available to me. Large volume purchase of feed, supplies and equipment combined with higher market prices give them a significant edge. This only serves to encourage more building and more production, which decreases market demand and prices. Within a short period of time, my market will be limited to the rock bottom prices I can get at the local stock yards.

I purchase thousands of dollars worth of feed from a nearby feed store every month. I buy equipment and supplies locally. My profits support local businesses. I bank and shop within the community. If my business suffers financially, rural Southeast Kansas suffers financially.

As undoubtedly all medium sized family farmers have, I have contributed socially to rural Kansas. I have a wife and three children. Two of whom have chosen to remain in this community, to work, raise their children and contribute both socially and economically to rural Kansas. My son is employed in an agriculture associated business.

The financial stability of rural communities is centered around agriculture. If the income of some 5,700 Kansas hog farmers is devastated by large corporations, rural Kansas will suffer. It is estimated that for every 6 or 7 farmers who go out of business, one local business closes. If large corporations move into pork production, it may appear to benefit some communities, but it certainly will be at the expense of many others.

Thank you for the opportunity to voice my strong opposition to corporate pork production.

Jack Whelan
Rt. 1 Box 25
St. Paul, Kansas 66771

March 9, 1993
Economic Development
Attachment 25

House Agriculture Committee,

Being from a small rural community relying mostly on agriculture to sustain the local economy, I request your consideration in keeping corporate hog farming from being a part of Kansas. Too many native Kansans are already leaving the family farms for the suburban communities because of the struggled life of our farm families. Allowing corporate hog farming would only expand the necessity of this movement.

My family has raised hogs all my life and have been involved in businesses directly associated with the livestock industry. In other words, directly dependant on the family livestock business. Currently, we are operating with 80-100 sows in a farrow to finish program. This includes my brother and my three sons. The boys are all teenagers and involved in many other activities, but yet enjoy the farm life and values. My wife was raised in a small town not aware of the rewards and experiences of new born animals. Also, we have adopted a daughter who immensely enjoys the early morning chore trips to see the newborn animals. I mention all this because I believe corporate hog farming would destroy our family life and values we now enjoy as a family.

Although we have employment off the farm, it is only out of necessity. I hope to always be involved in the rural life. My job also sheds much light on the rural and farming woes. The small communities are suffering already because of the farm problems in the '80s. Especially small towns where elderly people have retired and moved to be close with their families and friends. These communities are history if corporate farming kills the family farms.

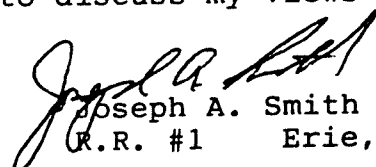
I find it simply amazing that corporate farming be considered an alternative at a time Kansans need to be Kansans. We are all here because we like the rural atmosphere. Our government is offering several programs and looking at others to get young farmers started. Why? Because there are no incentives to remain on the farm. Corporate hog farming seems to be a complete reversal of the government's efforts to enhance family farming.

I feel corporate hog farming would threaten many rural communities and farms invovled in the swine industry today. The effect could be very similar to the Walmart effect on Main Street in your home town.

Please reconsider what your constituents want! Remember, we are all still in Kansas because of what it has to offer - A GREAT RURAL HEALTHY FAMILY LIFE.

Thank you for the opportunity to discuss my views and opinion regarding this issue.

March 9, 1993
Economic Development
Attachment 26


Joseph A. Smith
R.R. #1 Erie, Kansas

KANSAS SWINE GROWERS ASSOCIATION
Area Pork Producers

To whom it may concern:

We are against corporate pork production in our area because our present small non-corporation pork producers are land owners and diversified farmers paying local taxes supporting our local county functions.

Our local (non-corporate) pork producers purchase items from the local community, therefore, helping to stimulate our local economy vs corporations that set up national purchasing of most needed items out of the local economy.

Please keep our local pork producers stimulating our local economy.

Robert Campbell
Erie, Kansas

March 9, 1993
Economic Development
Attachment 27



EXCHANGE STATE BANK

ST. PAUL, KANSAS 66771



BOX 188

316-449-2225

Economic Development House Committee

March 9, 1993

Re: H.B. 2069

Members of the Economic Development House Committee:

We, at Exchange State Bank, would like to express our opposition to the Corporate Hog Farming Bill HB-2069. As a small rural bank in southeast Kansas we are involved in agricultural lending and do business with many small family farmers. Needless to say some of those farm customers are involved in hog production, and it is distressing to us that our state legislature is considering legislation that may in fact threaten their very existence. We have all seen what corporate farming has done to the poultry business throughout the country. It has virtually eliminated the individual producer unless they are interested in contracting directly with corporate interests who now control poultry industry and the market structure.

We can visualize the very same thing happening to the swine industry in the State of Kansas if corporate hog farming is to become a reality.


We recognize the temptation being promoted by the corporate interests. The promised job creation and tax receipts is certainly tempting, however, we would be willing to bet that most of the large corporate interests will be searching for tax abatements and other quirks as consideration for locating in specific areas. We would also note the majority of the job creation will be minimum wage jobs and we already have enough of those in southeast Kansas.

We would also remind you that most of our small family farmers in Kansas have lived here all their lives and have paid property taxes and income tax in the state throughout their adult lives.

We've already displaced too many of our small family farmers in the state of Kansas, we think eventually to the detriment of the state. We ask that you consider the impact of your actions on individuals and their families who have made a significant contribution to the state of Kansas their entire life by making Kansas one of the most productive and progressive agricultural states in the nation.

We trust in your ability to do what is right.

Respectfully yours,


Randy Steeves
President

March 9, 1993
Economic Development
Attachment 28

3-8-93

To: House Economic Development Committee

We are opposed to Corporate Hog and Corporate Dairy Farming.
Please save the family farm - vote against this bill.

Names - address

Names - address

Kenneth Whelan St Paul KS - Clara Whelan St Paul, KS.
Steven O'Toole Girard KS

Susan O'Jocke Girard, KS.

Mr. John L. Glatnik Grand Teton Linda Smith St Paul, KS
Herald David - Walnut, KS - Rick Smith St. Paul, KS
Mary David - Walnut, KS - Gregory Brungardt Galesburg, KS
Leonard Westhoff Walnut, KS - Lori Brungardt Halesburg, KS
Wendy Reust - P.O. Box 113 Erie, KS

Eric Allen - 218 North Lincoln Erie, KS.

Milton McClintock 604. South Grand Erie

George C. Lockwood RR. 3 Parsons KS.

Pamela Lockwood RR. 3 Parsons, KS

Paul R. Lockwood - 1111 W. 9th, Parsons -

Steve Shorter S. Chetopa KS.

Carol Nadine S. Chetopa KS.

Debbie Whelan RR1 Box 2 St Paul KS

Don Whelan RR1 Box 2 St Paul KS

Alan H. Miller RR 2 Box 179 Parsons Kansas

Cyndi Wilson 1425 Stevens Parsons, KS,

Joe Ludwig 1425 Stevens Parsons KS.

Nancy Roper 1912 Stevens Parsons KS.

Herman Ludwig R3 Parsons KS

Dorthea Ludwig R3 Parsons KS

March 9, 1993

Economic Development
attachment 29

Continued 3-8-93

Robert W. Light 1315 Stevens, Parsons Line.
Eliseo Cruz 2110 Crawford Parsons, KS 67357
James B. Schibi Rt 2 Box 92 Parsons, KS 67357
Margaret Schibi RR2 Box 102 Parsons, KS 67357
Carol Schibi RR2 Box 102 Parsons, KS 67357
CASE - D.M. KSUMTH
Mary E. Schibi Rt 2 Box 92 Parsons, KS 67357
Karen M. Salsbery 3700 E. Lincoln Wichita, KS 67218
Jim Creek 1100 S. 13th Parsons, KS
Jina Hinman 1921 Appleton Parsons KS 67357
Mickey Herman 1921 Appleton Parsons KS 67357
John L. Lewis 1100 S. 13th Apt 2 Parsons KS 67357
Ron McClelland 3514 Morgan Parsons KS 67357
Joan McClelland " " Parsons, KS 67357
Ron McDaniel 1603 Felix Parsons KS 67357
Jeanne McVane 1603 Felix Parsons KS 67357
Jerry Cooper P.O. Box 33 St. Paul KS 66771
Steve Heiskell 1331 Chess Parsons, Kansas 67357
Rosanna Heiskell 1331 Chess Parsons, KS 67357
David Lehr Box 97 J Parsons, KS 67357
Cathy Schibi 2224 Washington Parsons, KS 67357
William N. Schneckert 310 Village Dr. Parsons KS 67357
Keneey Kennedy 1708 Dirr Parsons, KS 67357
Marie L. Moore 715 Crawford Parsons, KS 67357
Margaret A. Schneckert 310 Village Dr. Parsons, KS 67357
Ann A. Carlin 116 N. 16th Parsons KS 67357
Chris Day 116 N. 16th Parsons, KS 67357
Roan Thompson 820 N. 17th Parsons 67357 (2)

continued 3-8-93

Paula R Rery
Brent Crase
Ernest R Rery
Joe Munding
D. W. Oley
Melvyn Halsey
Vickie Willey
Sherry St. John
Michael Humlay
John Simmons
Traci Keat
Brian Blum
Regina Stevens
John Montine
Dave Smith
Jon Helms
Dave Keating
Teresa Robinson
Lia A Salsbery
Mary Alice Walker
Lynn A. Dwyer
Stacy Wainley
Zack LaZar
Don Dillinger
Gary Volmer
Perry Volmer
Julie Brown
Ken Auber

Parsons, Ks.
Parsons Ks.
Parsons Ks.
" "
Pittsburg, KS
Parsons Ks
" "
PARSONS, KS 1814 STEVENS
" 1301 Grand
Parsons, Ks.
Parsons Ks
Parsons, Ks. 1610 Crawford
Parsons Ks, 1417 Thornton
PARSONS, KS
PARSONS, KS
Altamont, Ks
H. Clanta St.
Newton, Ks
Grand Prairie K. 7305/
Parson, Ks
McClure Ks
Parson Ks,
St. Paul, Ks.
St. Paul Ks.
St. Paul, Ks.
Erie, Ks.
Erie Ks

continued 3-8-93

Charles Fox	Walnut KS.
Bob Barger	Eric KS.
Karen Barger	Eric, KS
Christopher Dulin	Walnut KS
Lawrence Smith	St. Paul KS
Kraig Winter	St. Paul KS
Timothy D. Ward	St. Paul KS.
Jamie Lerley	St. Paul KS.
Kimberly Walter	St. Paul KS
Todd Morris	Walnut KS
Pam Elster	Walnut KS
Tony Anderson	Walnut, KS
Graig Salzman	Garard, KS.
Larry Ent.	Radley, KS
Blane Ridings	Radley, KS
Roger Fox	Monte Carlo KS
Oran	Walnut KS
Benny Mott	Eric, KS.
Lisa Knebelich	LaHarpe, KS
Mike McCoy	Calistoga KS
Bill Dunn	St. Paul KS
Butch Bagg	Walnut KS.
Jerry Joe	Walnut KS.
Marcia McCoy	Galzburg, KS
Starla Hall	St. Paul, KS.
Jennifer McCoy	St. Paul KS
Vern Smith	Hegler KS.

Continued 3-8-93

Mary McCreck	St Paul Kans
Sahy Landuth	Walnut, Kans
Sally Smith	Chanute Kansas
Damara Smith	Hepler, Ks.
Freda M. Allison	St. Paul Ks.
Arthur Vance	Walnut Ks.
Marla Kurbatuck	Walnut KS
Philip Bush	Chanute KS
Clara Frost	St. Paul, Ks.
Betty Heeling	Walnut Kans.
Mary J. Buchanan	St Paul, Kans.
Deborah Sexton	Rt 2 Box 96, Erie, KS.
Tracy Symmer	Erie Ks.
Bessie Deenan	St. Paul Kansas
Cecilia Johnson	Pawnee, Ks
Janice Forst	St Paul KS
Mary Gula	Pawnee, Ks.
Velma Hoffman	Hepler, Ks
Barbara Eck	Erie, Ks.
Ted Hamm	Girard, Ks.
Jeresa Swartzford	Girard, Ks.
Dorinda Hoover	St. Paul Ks.
Karon McDelland	Lind Ks.
Diana Low	McClure, Ks.
Helen Schettler	Walnut, Kansas

continued 3-8-93

Mary McDonald
Janice Norris
Mistell Pauls
Brenda Oster
Kathie Brown
Dana Connors
Kim Fritz
Aimee Peck
Shellie Dalton
~~Karen Bennett~~
Dale Billington
Ray Mince
Karen Billington
Jan Jaczwinot
Scott Hollenbeck
Patricia Martin
Christy Schoenhof
Cassy Lury
Billy Meix
Gennice Sales
Jeff Ardunick
Sharon Clark
Mike Kyr
Marecia Schoenhof
Karen Lierke
Victoria Chism
Marcia Bartholomew
Dani Harp

Pittsburg, Ks.
Walnut, Ks.
St Paul, Ks.
Erie, Ks.
Erie, Ks.
St. Paul, Ks.
Erie Ks
Erie, Ks
South Mound, Ks.
~~South Mound~~
~~St Paul~~, Ks
McGone, Ks.
Parsons Kansas
McCune Ks.
St. Paul, Ks.
Erie, Ks.
Walnut, Ks
St. Paul, Ks
Walnut Ks.
Erie, Ks
Pittsburg, Ks.
Pittsburg, Ks
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St Paul, Ks.
Erie, Ks.
Parsons, Ks.
Parsons, Ks
Parsons, Ks
Erie Ks