

Approved: 3/17/93
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Vice-Chair Bob Mead at 3:30 p.m. on March 16, 1993 in Room 423-S of the Capitol.

All members were present except:

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:

Others attending: See attached list

The Chair called the attention of the committee to written testimony from Ivan Wyatt, President, Kansas Farmers Union (Attachment 1); Warren Parker, Kansas Farm Bureau (Attachment 2) and Msgr. John Weber, Rural Life Director from the Salina Diocese (Attachment 3).

Vice-Chairman Mead opened discussion on SB 336 and called on Bob Nugent, Revisor, to give an overview of the bill.

Representative Wempe offered an amendment to SB 336, per the balloon referred to as 'Wempe 1', (Attachment 4) which would prohibit processors from owning, acquiring or leasing a swine production facility, seconded by Representative Packer and the motion carried.

Representative Wempe offered an amendment, per the balloon referred to as 'Wempe 2', (Attachment 5) which would require the Agricultural Value Added Processing Center to develop strategies for marketing live hogs produced by independent hog producers. The Center would be authorized to award grants, subject to appropriations, but not to exceed \$8,000 per grant, for proposals to develop such strategies., seconded by Representative Bishop and the motion carried.

Representative Nichols presented to the committee testimony regarding the safety factor in meatpacking facilities and asked the committee to take into consideration the statistics presented by Dr. Donald Stull and Dr. Michael Broadway, University of Kansas, showing meatpacking is the most hazardous industry in America. (Attachment 6)

Representative Haulmark made a motion to pass SB 336 favorably, as amended, seconded by Representative Packer. Following discussion the motion carried on a 9-8 vote.

The meeting adjourned at 4:40 p.m.

The next meeting is scheduled for March 17, 1993.

GUEST LIST

 COMMITTEE: Economic Development DATE: 3-16-93

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Joe Lieber	Topeka	Ks. Co-op Council
Jill Meyer	Lawrence	KLI - Intern
Stephanie Clark	E1 Dorado	Close-Up Kansas
Todd Harrison	E1 Dorado	Close Up Kansas
Dave May	E1 Dorado	Close Up Kansas
Jim Blaauw	Topeka	KS Soybean Assn
Mike Jensen	Manhattan	KPPC
Jim Gardner	E1 Dorado	Close Up Kansas
Ram Wells	Topeka	Ks Co-op Council
Larry Stanford	Lawrence	Lyons Co Farm Bureau
Mark Sarcellina	Topeka	KDOCTH
Rebecca Fin	Topeka	Utilities Union
Mike Torrey	"	KGFA
Ken Boulton	Topeka	KBA
Quane McHenry	Chaple	IKFB
Philip Bradley	Lawrence	Douglas Co. Farm Bureau
Cathy Nunley	Lawrence	Dg. Cty. Farm Bureau
Genevieve Hersinger	Lawrence	Dg. Co. Farm Bureau
Almeda Edwards	Ottawa	Tr. Co Farm Bureau
Judy Altie	Pomona	Tr. Co. Farm Bureau
Donna Eulenberg	Pomona	Tr. Co. Farm Bureau
Sharon J. Wray	Ottawa	Tr. Co. Farm Bureau
Maureen Lohr	Manhattan	KFB
Sally Doane	Doane	Kansas Farm Bureau
Bill Fuller	Manhattan	Kansas Farm Bureau

Statement

of

Ivan W. Wyatt, President

Kansas Farmers Union

on

The Issue of Development of Kansas Corporate-Contract Pork Production

before

The House Committee on Agriculture

January 15, 1993

Mr. Chairman, Members of the Committee:

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

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

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

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

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

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Economic Development
Attachment 1

Statement
of
Ivan W. Wyatt, President
Kansas Farmers Union
on
HB-2069
Tax Supported Vertical Intergration of the Pork Industry
February 4, 1993
before
The House Committee on Agriculture

The results of the January 14-15 hearings on this issue clearly set out HB-2069 as a political move to replace a competitive marketing system with a corporate vertical intergrated monopoly of the Kansas Pork Industry. It is not part of the natural evolution of farming. It is more like the Bolshevik Revolution that used the power of government to drive the Russian farmers from their farms.

Everything from the proponents statements related to the establishment of Kansas law that would facilitate a raid on Kansas taxpayers, similar to the Oklahoma raid.

State funding of Vertically Integrated Agricultural Production-Processing, using huge amounts of taxpayer dollars, is simply one of the worst forms of corporate socialism.

It is one of the worst because this proposed legislation will allow the drawing from hard-pressed Kansas taxpayers, handing tax dollars over to conglomerate and transnational corporations, least in need of a handout.

Not only will the Kansas taxpayer lose, but the biggest loser will be the state of Kansas' loss of its' remaining young independent farmers, like those who appeared before this committee January 15.

Why should the Legislature want to drive these young Kansas families from the farm. Why should we want to drive off these young taxpayers and reward the conglomerate tax-takers?

Why should the Legislature want to drive out of business these people that practice one of the most effective "value-added" enterprises in the state, the feeding of farm grown grain to farm fed livestock?

Why should state institutions promote "value-added", then support the position of the tax-takers? Kansas taxpayers should take a look at the state's budget and ask, "Is this what we want to spend our tax dollars for?" Taxpayers should ask, "Do we want to funnel our scarce tax dollars to the State Board of Agriculture and K-State Ag economists if they advocate taking from the state's many rural communities to give to absentee conglomerate tax-takers cluster forms"?

Should the Kansas Legislature stand by while tax supported groups make the not-so-subtle threat that if "Tax-Taker Legislation" is not passed, Kansas' independent pork producers will be denied access to new technology?

Who in these tax supported institutions made the decision that the

over

te of Kansas should focus attention only on the development of a vertical-integrated, monopoly-controlled market? Who in these tax supported institution made the decision that Kansas should act like the short tail "Lemming", following other states that have funneled state funds into a socialistic, corporate, welfare hand-out?

Why are these people, living on taxpayer dollars, advocating the use of taxpayer funds be used for the preservation of a half-century old dinosaur? Should they not be looking toward the future, developing a trim, competitive, marketing system, built on the strength of our state and its independent entrepreneurs?

Today, everything is supposed to be market driven. Giving these corporations over \$20,000 to drive each independent producer out of business is not market driven. It is plain corporate socialism.

Does Kansas want their tax dollars used to support socialism for wealthy conglomerates, while destroying free enterprise for its citizens?

One can only ask, Why would the state's legislature turn against its own, denying opportunities to its remaining young in agriculture? To do so gives the appearance of a disorder similar to the brood sow that devours her young. A confused state of mind that says, if we want to be a leader of states, we have to follow every other state to the destruction of its independent operators and producers.

How soon will we be debating whether we should provide taxpayer hand-outs to absentee corporations to compete against the Kansas corn grower, the wheat grower and the Kansas soybean grower?

Finally, what happens if under the rules of the proposed GATT and NAFTA, the MTO (Multilateral Trade Organization) rules. These subsidies to corporations are violations of rules, except the transnational corporations, who operate on a level playing field in numerous foreign countries.

STATEMENT
OF
IVAN W. WYATT, PRESIDENT
DELIVERED BY
MARILYN K. WATTS
KANSAS FARMERS UNION
BEFORE
THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT
ON
SENATE BILL 336
MARCH 9, 1993

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM IVAN WYATT, PRESIDENT OF THE KANSAS FARMERS UNION. I SERVE ON THE EXECUTIVE COMMITTEE OF THE KANSAS RURAL DEVELOPMENT COUNCIL. AT A RECENT MEETING OF THE COUNCIL, ONE OF THE MEMBERS SPOKE OF A CONVERSATION WITH AN OFFICER OF ONE OF DENVER'S LARGE FINANCIAL INSTITUTIONS.

THE STATEMENT RELATED TO THE FACT THAT ONE-THIRD OF ALL THE MONEY THAT FLOWS INTO DENVER COMES FROM KANSAS. THAT TELLS US THERE IS A LOT OF MONEY LEAVING KANSAS, THAT AMOUNT OF MONEY IS NOT BEING CARRIED OUT OF KANSAS BY INDIVIDUALS TRAVELING TO DENVER.

NO DOUBT A GREAT PART OF THAT MONEY IS PROFITS GENERATED IN KANSAS, THAT ARE NOT RETAINED IN KANSAS, BUT RATHER ARE TRANSFERRED TO DENVER BY DENVER BASED CORPORATIONS. THIS IS MONEY THAT IS NOT SPENT WITH KANSAS MERCHANTS, BUSINESSES, OR USED FOR KANSAS COMMUNITY

DEVELOPMENT.

THIS IS THE ISSUE AT STAKE HERE WITH SB-336. THIS IS NOT LEGISLATION TO GENERATE PROFITS THAT WILL STAY IN KANSAS. RATHER IT IS LEGISLATION TO OPEN THE STATE TO VERTICALLY-INTEGRATED, MARKET CONTROL OF A KANSAS RESOURCE, IN THIS CASE, THE KANSAS PORK INDUSTRY CONSISTING OF THOUSANDS OF INDEPENDENT PRODUCERS DISPERSED ACROSS THE STATE.

SOME USE THE ARGUMENT THAT KANSAS PORK PRODUCTION HAS NOT INCREASED AS FAST AS IN OTHER STATES, BUT WE HAVE NOT LOST THE NUMBER OF PRODUCERS OTHER STATES HAVE.

SO WHY HAVE THIS LARGE NUMBER OF PRODUCERS NOT INCREASED IN SIZE LIKE IN OTHER STATES?

WHAT IF YOU WERE AN INDEPENDENT PORK PRODUCER AND YOU SAW NUMEROUS PEOPLE ON THE STATE PAYROLL, STATING, THAT THE CORPORATE TAKEOVER OF THE KANSAS PORK INDUSTRY "IS INEVITABLE"? OR WHAT IF YOU SAW THE KANSAS STATE BOARD OF AGRICULTURE AND THE KANSAS STATE UNIVERSITY DEPARTMENT OF ECONOMICS, AS CONTRIBUTORS IN A RECENT REPORT CIRCULATING IN GOVERNMENT CIRCLES, STATING THAT KANSAS IS "ANTI BUSINESS" BECAUSE KANSAS DID NOT MATCH OR EXCEED THE MULTI-MILLION TAX GIFT TO THE SEABOARD CORPORATION, TO LOCATE IN KANSAS SO THEY COULD COMPETE AGAINST THE STATES INDEPENDENT TAXPAYING PORK PRODUCERS?

WOULD YOU THEN FEEL ENCOURAGED TO BORROW MONEY AND COLLATERALIZE YOUR FARM TO FACE SUCH ODDS? WOULD YOU BORROW MONEY WHEN THE TAX-

TAKERS AND THEIR FRIENDS ARE CONSTANTLY ROAMING THE HALLS OF THE STATE'S CAPITAL, ASKING FOR SPECIAL FAVORS TO DRIVE THE INDEPENDENT OUT OF BUSINESS? THAT'S NOT OPEN COMPETITION, THAT'S NOT MARKET DRIVEN, IT'S NOT A LEVEL PLAYING FIELD. IT'S CORPORATE WELFARE TO THOSE WHO NEED OR DESERVE IT THE LEAST WHO WILL END UP TRANSFERRING THE PROFITS EITHER TO DENVER OR SOMEWHERE ELSE, POSSIBLY OUT OF THE UNITED STATES.

I REALIZE THIS BILL DOESN'T ADDRESS THE TAX GIVE-AWAY ISSUE. ANYONE WHO HAS SPENT ANY TIME IN THE HALLS OF THE KANSAS LEGISLATURE KNOW THAT IF THEY CAN'T GET THE WHOLE HOG WITH ONE SHOT, THEY SIMPLY KEEP COMING BACK TIME AFTER TIME, LIKE THEY HAVE THE PAST DECADE, UNTIL THE SPECIAL INTERESTS GETS IT ALL.

I WOULD POINT OUT THAT THE SECRETARY OF THE STATE BOARD OF AGRICULTURE CLAIMS THE BOARD ISN'T TAKING A POSITION ON THIS IMPORTANT ISSUE. IT WOULD SEEM THAT ON AN ISSUE OF THIS IMPORTANCE TO THE ECONOMY OF THE STATE, THE STATE BOARD OF AG WOULD TAKE A POSITION. YOU MEMBERS OF THE LEGISLATURE CAN'T DUCK THE ISSUE. YOU HAVE TO TAKE A POSITION. ALSO, THE GOVERNOR MAY HAVE TO TAKE A POSITION.

BUT WAIT A MINUTE. THE STATE BOARD WAS A PART OF A STUDY THAT STATED KANSAS WAS ANTI-BUSINESS BECAUSE KANSAS TAXPAYER DOLLARS WERE NOT HANDED OVER TO THE SEABOARD CORPORATION. AN AMOUNT THAT WOULD EQUAL APPROXIMATELY \$20,000 TO A CORPORATION FOR EACH INDEPENDENT KANSAS PORK PRODUCER TO DRIVE THEM OUT OF BUSINESS.

WITH THAT KIND OF OPPOSITION AND MOST CERTAINLY NO SUPPORT FOR

THESE YOUNG INDEPENDENT PRODUCERS FROM TAX PAID STATE AGENCIES, THEY MUST BE A PRETTY HARDY GROUP. IF THERE WAS A LITTLE MORE ENCOURAGEMENT AND LESS DOOM AND GLOOM FROM STATE AGENCIES, THERE MIGHT BE A FUTURE YET FOR KANSAS AGRICULTURE AND THE RURAL COMMUNITIES.

IT SEEMS WE HAVE TOO MANY TAX SUPPORTED INDIVIDUALS AND AGENCIES THAT LACK IMAGINATION AND UNDERSTANDING OF THE STRENGTH AND VALUE OF INDEPENDENCE AMONG KANSAS PEOPLE. WHY ELSE DO THEY THINK ONLY A CORPORATION CAN PROVIDE JOBS MOST USUALLY NEAR MINIMUM WAGE. IT WAS THE PRIVATE ENTREPRENEUR THAT BUILT THIS COUNTRY AND THIS STATE, NOT BIG GOVERNMENT OR BIG CORPORATIONS SUCKING UP TAXPAYER DOLLARS.

THE KANSAS STATE BOARD OF AGRICULTURE SPENDS THOUSANDS OF DOLLARS ON STAFF TIME AND TRAVEL TO PROMOTE A JAR OF JELLY OR A BAG OF POPCORN IN NEW YORK, BECAUSE WE HAVE TO ENCOURAGE VALUE-ADDED PRODUCTION. THAT IS EXACTLY WHAT THESE INDEPENDENT PORK PRODUCERS ARE DOING ON THEIR FARMS.

WHERE ARE OUR TAXPAYER-PAID INDIVIDUALS AND AGENCIES WHEN THEY EITHER IGNORE OR TURN AGAINST THESE THOUSANDS OF INDEPENDENT PRODUCERS? SHOULD THE STATE OF KANSAS BE INVOLVED IN DISCRIMINATING AGAINST THESE INDEPENDENT PRODUCERS.

LADIES AND GENTLEMEN OF THIS COMMITTEE, DID YOU REALIZE THAT UNLESS YOU BELONG TO AN ORGANIZATION SUPPORTING THE CORPORATE TAKE-OVER OF THE KANSAS PORK INDUSTRY, YOU HAVE TO PAY A HIGHER FEE TO ATTEND STATE FUNDED INFORMATIONAL SEMINARS? IS THAT THE ROLE THE STATE OF

KANSAS SHOULD BE PLAYING? WHAT'S SO WRONG WITH THESE INDEPENDENT PRODUCERS? THESE FARMERS MUST FEEL LIKE A DEER AT HUNTING SEASON, WITH ALL THESE STATE AGENCIES' STAFFS AND EDUCATIONAL PEOPLE ROLLING OUT THE BIG CORPORATE GUNS, ARMED WITH TAXPAYER DOLLARS TO ELIMINATE THEM.

LADIES AND GENTLEMEN OF THIS COMMITTEE, IF YOU WANT TO BUILD A FUTURE FOR OUR YOUNG PEOPLE IN RURAL AREAS, YOU SHOULD VOTE AGAINST THIS BILL.

I WOULD ENCOURAGE THIS COMMITTEE TO AT LEAST GIVE THESE INDEPENDENT PRODUCERS AN EVEN BREAK. BETTER YET, LET'S INVEST A LITTLE ENCOURAGEMENT IN THEM. SURELY THEY ARE ENTITLED TO AS MUCH ENCOURAGEMENT AS A JAR OF JELLY OR A BAG OF POPCORN.

RECENTLY, WE HEARD FROM PEOPLE WHO WOULD NOT HAVE BEEN HERE IF SOMEONE HAD NOT PAID THEIR WAY, DECLARING THESE YOUNG INDEPENDENT PRODUCERS ARE OUT-DATED, AND HOW INEFFICIENT THEY ARE. REMEMBER THOUGH, YOU HAVEN'T SEEN THEM UP HERE ASKING FOR TAX BREAKS OR SPECIAL PRIVILEGE. THEY ARE NOT TAX TAKERS, THEY ARE TAX PAYERS.

TODAY, THEY ARE HERE AT THEIR OWN EXPENSE, NOT ASKING FOR A TAX HAND-OUT, OR SPECIAL PRIVILEGES FROM GOVERNMENT.

DON'T YOU FEEL A LITTLE BIT PROUD OF THESE YOUNG PEOPLE. THEY AREN'T SAYING THAT WE HAVE TO HAVE BIG CORPORATIONS OR BIG GOVERNMENT TO DO SOMETHING FOR US. THEY ARE SAYING THAT WE HAVE CONFIDENCE IN OURSELVES. TO PASS SB-336 TO ALLOW THESE "CORPORATE CLUSTER FARMS" TO

GANG UP ON THEM WILL CERTAINLY CAUSE THESE PEOPLE AND THEIR FAMILIES TO
MAKE EVEN GREATER SACRIFICES TO SURVIVE AGAINST THE TAX-TAKERS AND
THEIR FRIENDS.

THANK YOU.



Kansas Farm Bureau

2627 KFB Plaza, P.O. Box 3500, Manhattan, Kansas 66502-8508 / (913) 587-6000

March 12, 1993

To: Rep. Bob Mead, Chairman and Members of the House Economic Development Committee

**From: Warren Parker, Assistant Director, Public Affairs
Kansas Farm Bureau**

Subj: Corporate Farm Issue

Mr. Chairman and members of the Committee:

Following the hearings on **SB 336** Thursday, there were questions raised outside the committee room about some aspects of the Corporate Farm Issue. I felt it was important to address at least two of those items which may not have been fully explained during the hearings.

You heard a great deal from opponents of **SB 336** about the fact that Nebraska has extremely strict Corporate Farming Laws, and comparisons were drawn between that state and Kansas relating to the need to keep strict prohibitions here.

It must be pointed out that **prior** to the 1984 passage of Nebraska's "Initiative 300" which prohibits new farming corporations from entering the state, Nebraska was the home to at least four major corporate swine production facilities, and three major packing plants. "Initiative 300" did not affect these already established entities. Nebraska continues to enjoy the benefits of these facilities, and to compare the Nebraska situation with Kansas, which has no such proliferation of corporate activity is, in our view, highly questionable.

Another issue, of great concern to everyone, is the type of environmental protection in place to apply to a possible corporate, or private swine facility. Our information reveals three levels of permit/non-permit status for swine facilities.

Under 300 head - No permit required unless a containment structure is present. KDHE will respond to a complaint.

300-2500 head - Requires a KDHE permit. Rules and Policies must be adhered to regarding types and sizes of containment structures, application times and rates, locale set-back requirements, and detailed record keeping, including temperature and rain fall.

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Over 2500 head - Requires special EPA permit, administered by KDHE. Standards in Kansas are higher than federal mandates. Includes discharge limitations more stringent than municipal treatment centers. Effluent must be utilized within parameters of a pre-designed plan compatible with unit operation and the environment.

Thank you for your time and attention to this important issue. If we can provide any other information for you, please contact us.

March 10, 1992

Msgr. John Geo. Weber
Rural Life Director, Salina Diocese (*Covers a territory from Manhattan to the Colorado border and all counties to the north of I-70.*)
SS Peter & Paul Church
Clay Center, KS 67432
913-632-5011

Statement prepared for the Economic Development Committee, Kansas House

The Rural Life Commission passed a resolution opposing any further weakening of the Kansas Corporate Farm law at their recent quarterly meeting. The resolution reads as follows:

The Salina Diocese Rural Life Commission opposes any further weakening of the current Kansas Corporate Farm Law. The changes in the law as currently being proposed encourage vertical integration, which would be harmful to rural communities.

The Rural Life Commission supports having many diversified farmers on the land, rather than a few large farms that will evolve with the weakening of our current law. Kansas should remain in the block of states like North Dakota, South Dakota, Nebraska, Iowa, Minnesota and Wisconsin, to name those in our region that have restrictive corporate farming laws.

As you know, in many small communities, the church (any denomination) serves as the core of the community. This is what concerns our Rural Life Commission:
Rural churches may be particularly impacted with the loss of more farmers within our diocese. Church and community support seems to be stronger in areas where many more diversified farms are clustered. The current bill being considered will have a negative long term impact on rural churches because the bill encourages specialization and urbanization. For the sake of rural areas and for the sake of urban areas please weigh the value of having more diversified farms vs. fewer specialized farms and a loss of population in rural areas. **Vote NO! on Senate Bill #336.**

Thank You.

*As Amended by Senate Committee**Session of 1993***SENATE BILL No. 336**

By Committee on Agriculture

2-16

AN ACT concerning agricultural corporations; relating to swine production facilities *and dairy production facilities*; amending K.S.A. 12-1749b and 79-250 and K.S.A. 1992 Supp. 17-5903, 17-5904 and 79-32,154 and repealing the existing sections; also repealing K.S.A. 17-5905 and 17-5906.

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

Sec. 1. K.S.A. 12-1749b is hereby amended to read as follows: 12-1749b. No revenue bonds shall be issued under authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, in which all or part of the proceeds of such bond issue are to be used to purchase, acquire, construct, reconstruct, improve, equip, furnish, repair, enlarge or remodel property for any swine ~~confinement~~ *production facility or dairy production facility* on agricultural land which is owned, acquired, obtained or leased by a corporation. As used in this section, "corporation," "*dairy production facility*," "agricultural land" and "swine ~~confinement~~ *production facility*" have the meanings respectively ascribed thereto by K.S.A. 17-5903, and amendments thereto.

Section 2. K.S.A. 1992 Supp. 17-5903 is hereby amended to read as follows: 17-5903. As used in this act:

(a) "Corporation" means a domestic or foreign corporation organized for profit or nonprofit purposes.

(b) "Nonprofit corporation" means a corporation organized not for profit and which qualifies under section 501(c)(3) of the federal internal revenue code of 1954 as amended.

(c) "Limited partnership" has the meaning provided by K.S.A. 56-1a01, and amendments thereto.

(d) "Limited agricultural partnership" means a limited partnership founded for the purpose of farming and ownership of agricultural land in which:

- (1) The partners do not exceed 10 in number;
- (2) the partners 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

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1 formed under the laws of the state of Kansas; and

2 (3) at least one of the general partners is a person residing on
3 the farm or actively engaged in the labor or management of the
4 farming operation. If only one partner is meeting the requirement
5 of this provision and such partner dies, the requirement of this
6 provision does not apply for the period of time that the partner's
7 estate is being administered in any district court in Kansas.

8 (e) "Corporate partnership" means a partnership, as defined in
9 K.S.A. 56-306, and amendments thereto, which has within the as-
10 sociation one or more corporations or one or more limited liability
11 companies.

12 (f) "Feedlot" means a lot, yard, corral, or other area in which
13 livestock fed for slaughter are confined. The term includes within
14 its meaning agricultural land in such acreage as is necessary for the
15 operation of the feedlot.

16 (g) "Agricultural land" means land suitable for use in farming.

17 (h) "Farming" means the cultivation of land for the production
18 of agricultural crops, the raising of poultry, the production of eggs,
19 the production of milk, the production of fruit or other horticultural
20 crops, grazing or the production of livestock. Farming does not
21 include the production of timber, forest products, nursery products
22 or sod, and farming does not include a contract to provide spraying,
23 harvesting or other farm services.

24 (i) "Fiduciary capacity" means an undertaking to act as executor,
25 administrator, guardian, conservator, trustee for a family trust, au-
26 thorized trust or testamentary trust or receiver or trustee in
27 bankruptcy.

28 (j) "Family farm corporation" means a corporation:

29 (1) Founded for the purpose of farming and the ownership of
30 agricultural land in which the majority of the voting stock is held
31 by and the majority of the stockholders are persons related to each
32 other, all of whom have a common ancestor within the third degree
33 of relationship, by blood or by adoption, or the spouses or the
34 stepchildren of any such persons, or persons acting in a fiduciary
35 capacity for persons so related;

36 (2) all of its stockholders are natural persons or persons acting
37 in a fiduciary capacity for the benefit of natural persons; and

38 (3) at least one of the stockholders is a person residing on the
39 farm or actively engaged in the labor or management of the farming
40 operation. A stockholder who is an officer of any corporation referred
41 to in this subsection and who is one of the related stockholders
42 holding a majority of the voting stock shall be deemed to be actively
43 engaged in the management of the farming corporation. If only one

1 stockholder is meeting the requirement of this provision and such
2 stockholder dies, the requirement of this provision does not apply
3 for the period of time that the stockholder's estate is being admin-
4 istered in any district court in Kansas.

5 (k) "Authorized farm corporation" means a Kansas corporation,
6 other than a family farm corporation, all of the incorporators of which
7 are Kansas residents and which is founded for the purpose of farming
8 and the ownership of agricultural land in which:

9 (1) The stockholders do not exceed 15 in number;

10 (2) the stockholders are all natural persons or persons acting in
11 a fiduciary capacity for the benefit of natural persons or nonprofit
12 corporations; and

13 (3) at least 30% of the stockholders are persons residing on the
14 farm or actively engaged in the day-to-day labor or management of
15 the farming operation. If only one of the stockholders is meeting
16 the requirement of this provision and such stockholder dies, the
17 requirement of this provision does not apply for the period of time
18 that the stockholder's estate is being administered in any district
19 court in Kansas.

20 For the purposes of this definition, if more than one person re-
21 ceives stock by bequest from a deceased stockholder, all of such
22 persons, collectively, shall be deemed to be one stockholder, and a
23 husband and wife, and their estates, collectively, shall be deemed
24 to be one stockholder.

25 (l) "Trust" means a fiduciary relationship with respect to prop-
26 erty, subjecting the person by whom the property is held to equitable
27 duties to deal with the property for the benefit of another person,
28 which arises as a result of a manifestation of an intention to create
29 it. A trust includes a legal entity holding property as trustee, agent,
30 escrow agent, attorney-in-fact and in any similar capacity.

31 (m) "Family trust" means a trust in which:

32 (1) A majority of the equitable interest in the trust is held by
33 and the majority of the beneficiaries are persons related to each
34 other, all of whom have a common ancestor within the third degree
35 of relationship, by blood or by adoption, or the spouses or step-
36 children of any such persons, or persons acting in a fiduciary capacity
37 for persons so related; and

38 (2) all the beneficiaries are natural persons, are persons acting
39 in a fiduciary capacity, other than as trustee for a trust, or are
40 nonprofit corporations.

41 (n) "Authorized trust" means a trust other than a family trust in
42 which:

43 (1) The beneficiaries do not exceed 15 in number;

(2) the beneficiaries are all natural persons, are persons acting in a fiduciary capacity, other than as trustee for a trust, or are nonprofit corporations; and

(3) the gross income thereof is not exempt from taxation under the laws of either the United States or the state of Kansas.

For the purposes of this definition, if one of the beneficiaries dies, and more than one person succeeds, by bequest, to the deceased beneficiary's interest in the trust, all of such persons, collectively, shall be deemed to be one beneficiary, and a husband and wife, and their estates, collectively, shall be deemed to be one beneficiary.

(o) "Testamentary trust" means a trust created by devising or bequeathing property in trust in a will as such terms are used in the Kansas probate code.

(p) "Poultry confinement facility" means the structures and related equipment used for housing, breeding, laying of eggs or feeding of poultry in a restricted environment. The term includes within its meaning only such agricultural land as is necessary for proper disposal of liquid and solid wastes and for isolation of the facility to reasonably protect the confined poultry from exposure to disease. As used in this subsection, "poultry" means chickens, turkeys, ducks, geese or other fowl.

(q) "Rabbit confinement facility" means the structures and related equipment used for housing, breeding, raising, feeding or processing of rabbits in a restricted environment. The term includes within its meaning only such agricultural land as is necessary for proper disposal of liquid and solid wastes and for isolation of the facility to reasonably protect the confined rabbits from exposure to disease.

(r) "Processor" means a person, firm, corporation, limited liability company or limited partnership, which alone or in conjunction with others, 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. Any person, firm, corporation, member or limited partner with a 10% 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 shall also be considered a processor. The term "processor" shall not include collective bargaining units or farmer-owned cooperatives.

(s) "Swine confinement production facility" means the land, structures and related equipment owned or leased by a corporation and used for housing, breeding, farrowing or feeding of swine in

(r) "Processor" means a person, firm, corporation, limited liability company or limited partnership, which alone or in conjunction with others, 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. Any person, firm, corporation, member or limited partner with a 10% 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 shall also be considered a processor. The term "processor" shall not include collective bargaining units or farmer-owned cooperatives.

1 ~~an enclosed environment~~. The term includes within its meaning
2 only such agricultural land as is necessary for proper disposal of
3 liquid and solid wastes in environmentally sound amounts for crop
4 production and to avoid nitrate buildup and for isolation of the facility
5 to reasonably protect the confined animals from exposure to disease.

6 ~~(t)~~ (s) "Limited liability company" has the meaning provided by
7 K.S.A. 1992 Supp. 17-7602, and amendments thereto.

8 ~~(u)~~ (t) "Limited liability agricultural company" means a limited
9 liability company founded for the purpose of farming and ownership
10 of agricultural land in which:

11 (1) The members do not exceed 10 in number;

12 (2) the members are all natural persons, persons acting in a
13 fiduciary capacity for the benefit of natural persons or nonprofit
14 corporations, or general partnerships other than corporate partner-
15 ships formed under the laws of the state of Kansas; and

16 (3) at least one of the members is a person residing on the farm
17 or actively engaged in the labor or management of the farming
18 operation. If only one member is meeting the requirement of this
19 provision and such member dies, the requirement of this provision
20 does not apply for the period of time that the member's estate is
21 being administered in any district court in Kansas.

22 (u) *"Dairy production facility" means the land, structures and*
23 *related equipment used for housing, breeding, raising, feeding or*
24 *milking dairy cows. The term includes within its meaning only such*
25 *agricultural land as is necessary for proper disposal of liquid and*
26 *solid wastes and for isolation of the facility to reasonably protect*
27 *the confined cows from exposure to disease.*

28 Sec. 3. K.S.A. 1992 Supp. 17-5904 is hereby amended to read
29 as follows: 17-5904. (a) No corporation, trust, limited liability com-
30 pany, limited partnership or corporate partnership, other than a
31 family farm corporation, authorized farm corporation, limited liability
32 agricultural company, limited agricultural partnership, family trust,
33 authorized trust or testamentary trust shall, either directly or in-
34 directly, own, acquire or otherwise obtain or lease any agricultural
35 land in this state. The restrictions provided in this section do not
36 apply to the following:

37 (1) A bona fide encumbrance taken for purposes of security.

38 (2) Agricultural land when acquired as a gift, either by grant or
39 devise, by a bona fide educational, religious or charitable nonprofit
40 corporation.

41 (3) Agricultural land acquired by a corporation or a limited lia-
42 bility company in such acreage as is necessary for the operation of
43 a nonfarming business. Such land may not be used for farming except

1 under lease to one or more natural persons, a family farm corpo-
2 ration, authorized farm corporation, family trust, authorized trust or
3 testamentary trust. The corporation shall not engage, either directly
4 or indirectly, in the farming operation and shall not receive any
5 financial benefit, other than rent, from the farming operation.

6 (4) Agricultural land acquired by a corporation or a limited lia-
7 bility company by process of law in the collection of debts, or pur-
8 suant to a contract for deed executed prior to the effective date of
9 this act, or by any procedure for the enforcement of a lien or claim
10 thereon, whether created by mortgage or otherwise, if such cor-
11 poration divests itself of any such agricultural land within 10 years
12 after such process of law, contract or procedure, except that pro-
13 visions of K.S.A. 9-1102, and amendments thereto, shall apply to
14 any bank which acquires agricultural land.

15 (5) A municipal corporation.

16 (6) Agricultural land which is acquired by a trust company or
17 bank in a fiduciary capacity or as a trustee for a nonprofit corporation.

18 (7) Agricultural land owned or leased or held under a lease pur-
19 chase agreement as described in K.S.A. 12-1741, and amendments
20 thereto, by a corporation, corporate partnership, limited corporate
21 partnership or trust on the effective date of this act if: (A) Any such
22 entity owned or leased such agricultural land prior to July 1, 1965,
23 provided such entity shall not own or lease any greater acreage of
24 agricultural land than it owned or leased prior to the effective date
25 of this act unless it is in compliance with the provisions of this act;
26 (B) any such entity was in compliance with the provisions of K.S.A.
27 17-5901 prior to its repeal by this act, provided such entity shall
28 not own or lease any greater acreage of agricultural land than it
29 owned or leased prior to the effective date of this act unless it is
30 in compliance with the provisions of this act, and absence of evidence
31 in the records of the county where such land is located of a judicial
32 determination that such entity violated the provisions of K.S.A. 17-
33 5901 shall constitute proof that the provisions of this act do not apply
34 to such agricultural land, and that such entity was in compliance
35 with the provisions of K.S.A. 17-5901 prior to its repeal; or (C) any
36 such entity was not in compliance with the provisions of K.S.A. 17-
37 5901 prior to its repeal by this act, but is in compliance with the
38 provisions of this act by July 1, 1991.

39 (8) Agricultural land held or leased by a corporation or a limited
40 liability company for use as a feedlot, *a swine production facility*,
41 *a dairy production facility*, a poultry confinement facility or rabbit
42 confinement facility.

43 (9) Agricultural land held or leased by a corporation for the pur-

1 pose of the production of timber, forest products, nursery products
2 or sod.

3 (10) Agricultural land used for bona fide educational research or
4 scientific or experimental farming.

5 (11) Agricultural land used for the commercial production and
6 conditioning of seed for sale or resale as seed or for the growing of
7 alfalfa by an alfalfa processing entity if such land is located within
8 30 miles of such entity's plant site.

9 (12) Agricultural land owned or leased by a corporate partnership
10 or limited corporate partnership in which the partners associated
11 therein are either natural persons, family farm corporations, au-
12 thorized farm corporations, limited liability agricultural companies,
13 family trusts, authorized trusts or testamentary trusts.

14 (13) Any corporation, either domestic or foreign, or any limited
15 liability company, organized for coal mining purposes which engages
16 in farming on any tract of land owned by it which has been strip
17 mined for coal.

18 (14) Agricultural land owned or leased by a limited partnership
19 prior to the effective date of this act.

20 (b) ~~Except as provided for in K.S.A. 17-5905, and amend-~~
21 ~~ments thereto,~~ Production contracts entered into by a corporation,
22 trust, limited liability company, limited partnership or corporate
23 partnership and a person engaged in farming for the production of
24 agricultural products shall not be construed to mean the ownership,
25 acquisition, obtainment or lease, either directly or indirectly, of any
26 agricultural land in this state.

27 (c) Any corporation, trust, limited liability company, limited part-
28 nership or corporate partnership, other than a family farm corpo-
29 ration, authorized farm corporation, family trust, authorized trust or
30 testamentary trust, violating the provisions of this section shall be
31 subject to a civil penalty of not more than \$50,000 and shall divest
32 itself of any land acquired in violation of this section within one year
33 after judgment is entered in the action. The district courts of this
34 state may prevent and restrain violations of this section through the
35 issuance of an injunction. The attorney general or district or county
36 attorney shall institute suits on behalf of the state to enforce the
37 provisions of this section.

38 (d) Civil penalties sued for and recovered by the attorney general
39 shall be paid into the state general fund. Civil penalties sued for
40 and recovered by the county attorney or district attorney shall be
41 paid into the general fund of the county where the proceedings were
42 instigated.

43 Sec. 4. K.S.A. 79-250 is hereby amended to read as follows: 79-

1 250. No city or county may grant any exemption from ad valorem
2 taxation under section 13 of article 11 of the Constitution of the state
3 of Kansas for all or any portion of the appraised valuation of all or
4 any part of the buildings, improvements, tangible personal property
5 and land of any poultry confinement facility, ~~or, dairy production~~
6 ~~facility,~~ rabbit confinement facility or swine ~~confinement production~~
7 facility which is on agricultural land and which is owned or operated
8 by a corporation. As used in this section, "corporation," "agricultural
9 land," "poultry confinement facility," ~~and, "dairy production facil-~~
10 ~~ity,"~~ "rabbit confinement facility" and "swine ~~confinement produc-~~
11 ~~tion~~ facility" have the meanings respectively ascribed thereto by
12 K.S.A. 17-5903, and amendments thereto.

13 Sec. 5. K.S.A. 1992 Supp. 79-32,154 is hereby amended to read
14 as follows: 79-32,154. As used in this act, the following words and
15 phrases shall have the meanings respectively ascribed to them herein:
16 (a) "Facility" shall mean any factory, mill, plant, refinery, warehouse,
17 feedlot, building or complex of buildings located within the state,
18 including the land on which such facility is located and all machinery,
19 equipment and other real and tangible personal property located at
20 or within such facility used in connection with the operation of such
21 facility. The word "building" shall include only structures within
22 which individuals are customarily employed or which are customarily
23 used to house machinery, equipment or other property.

24 (b) "Qualified business facility" shall mean a facility which satisfies
25 the requirements of paragraphs (1) and (2) of this subsection.

26 (1) Such facility is employed by the taxpayer in the operation of
27 a revenue producing enterprise, as defined in subsection (c). Such
28 facility shall not be considered a qualified business facility in the
29 hands of the taxpayer if the taxpayer's only activity with respect to
30 such facility is to lease it to another person or persons. If the taxpayer
31 employs only a portion of such facility in the operation of a revenue
32 producing enterprise, and leases another portion of such facility to
33 another person or persons or does not otherwise use such other
34 portions in the operation of a revenue producing enterprise, the
35 portion employed by the taxpayer in the operation of a revenue
36 producing enterprise shall be considered a qualified business facility,
37 if the requirements of paragraph (2) of this subsection are satisfied.

38 (2) If such facility was acquired by the taxpayer from another
39 person or persons, such facility was not employed, immediately prior
40 to the transfer of title to such facility to the taxpayer, or to the
41 commencement of the term of the lease of such facility to the tax-
42 payer, by any other person or persons in the operation of a revenue
43 producing enterprise and the taxpayer continues the operation of the

1 same or substantially identical revenue producing enterprise, as de-
2 fined in subsection (i), at such facility.

3 (c) "Revenue producing enterprise" shall mean: (1) The assembly,
4 fabrication, manufacture or processing of any agricultural, mineral
5 or manufactured product;

6 (2) the storage, warehousing, distribution or sale of any products
7 of agriculture, aquaculture, mining or manufacturing;

8 (3) the feeding of livestock at a feedlot;

9 (4) the operation of laboratories or other facilities for scientific,
10 agricultural, aquacultural, animal husbandry or industrial research,
11 development or testing;

12 (5) the performance of services of any type;

13 (6) the feeding of aquatic plants and animals at an aquaculture
14 operation;

15 (7) the administrative management of any of the foregoing activ-
16 ities; or

17 (8) any combination of any of the foregoing activities.

18 "Revenue producing enterprise" shall not mean a swine confine-
19 ment *production facility or a dairy production facility* as defined in
20 K.S.A. 17-5903, and amendments thereto.

21 (d) "Qualified business facility employee" shall mean a person
22 employed by the taxpayer in the operation of a qualified business
23 facility during the taxable year for which the credit allowed by K.S.A.
24 79-32,153, and amendments thereto, is claimed. A person shall be
25 deemed to be so engaged if such person performs duties in con-
26 nection with the operation of the qualified business facility on: (1)
27 A regular, full-time basis; (2) a part-time basis, provided such person
28 is customarily performing such duties at least 20 hours per week
29 throughout the taxable year; or (3) a seasonal basis, provided such
30 person performs such duties for substantially all of the season cus-
31 tomary for the position in which such person is employed. The
32 number of qualified business facility employees during any taxable
33 year shall be determined by dividing by 12 the sum of the number
34 of qualified business facility employees on the last business day of
35 each month of such taxable year. If the qualified business facility is
36 in operation for less than the entire taxable year, the number of
37 qualified business facility employees shall be determined by dividing
38 the sum of the number of qualified business facility employees on
39 the last business day of each full calendar month during the portion
40 of such taxable year during which the qualified business facility was
41 in operation by the number of full calendar months during such
42 period. Notwithstanding the provisions of this subsection, for the
43 purpose of computing the credit allowed by K.S.A. 79-32,153, and

1 amendments thereto, in the case of an investment in a qualified
2 business facility, which facility existed and was operated by the
3 taxpayer or related taxpayer prior to such investment, the number
4 of qualified business facility employees employed in the operation
5 of such facility shall be reduced by the average number, computed
6 as provided in this subsection, of individuals employed in the op-
7 eration of the facility during the taxable year preceding the taxable
8 year in which the qualified business facility investment was made at
9 the facility.

10 (e) "Qualified business facility investment" shall mean the value
11 of the real and tangible personal property, except inventory or prop-
12 erty held for sale to customers in the ordinary course of the taxpayer's
13 business, which constitutes the qualified business facility, or which
14 is used by the taxpayer in the operation of the qualified business
15 facility, during the taxable year for which the credit allowed by
16 K.S.A. 79-32,153, and amendments thereto, is claimed. The value
17 of such property during such taxable year shall be: (1) Its original
18 cost if owned by the taxpayer; or (2) eight times the net annual
19 rental rate, if leased by the taxpayer. The net annual rental rate
20 shall be the annual rental rate paid by the taxpayer less any annual
21 rental rate received by the taxpayer from subrentals. The qualified
22 business facility investment shall be determined by dividing by 12
23 the sum of the total value of such property on the last business day
24 of each calendar month of the taxable year. If the qualified business
25 facility is in operation for less than an entire taxable year, the qual-
26 ified business facility investment shall be determined by dividing
27 the sum of the total value of such property on the last business day
28 of each full calendar month during the portion of such taxable year
29 during which the qualified business facility was in operation by the
30 number of full calendar months during such period. Notwithstanding
31 the provisions of this subsection, for the purpose of computing the
32 credit allowed by K.S.A. 79-32,153, and amendments thereto, in the
33 case of an investment in a qualified business facility, which facility
34 existed and was operated by the taxpayer or related taxpayer prior
35 to such investment the amount of the taxpayer's qualified business
36 facility investment in such facility shall be reduced by the average
37 amount, computed as provided in this subsection, of the investment
38 of the taxpayer or a related taxpayer in the facility for the taxable
39 year preceding the taxable year in which the qualified business fa-
40 cility investment was made at the facility.

41 (f) "Commencement of commercial operations" shall be deemed
42 to occur during the first taxable year for which the qualified business
43 facility is first available for use by the taxpayer, or first capable of

being used by the taxpayer, in the revenue producing enterprise in which the taxpayer intends to use the qualified business facility.

(g) "Qualified business facility income" shall mean the Kansas taxable income, as defined in article 32 of chapter 79 of the Kansas Statutes Annotated and amendments thereto, derived by the taxpayer from the operation of the qualified business facility. If a taxpayer has income derived from the operation of a qualified business facility as well as from other activities conducted within this state, the Kansas taxable income derived by the taxpayer from the operation of the qualified business facility shall be determined by multiplying the taxpayer's Kansas taxable income, computed in accordance with article 32 of chapter 79 of the Kansas Statutes Annotated and amendments thereto, by a fraction, the numerator of which is the property factor, as defined in paragraph (1), plus the payroll factor, as defined in paragraph (2), and the denominator of which is two.

(1) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in connection with the operation of the qualified business facility during the tax period, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period. The average value of all such property shall be determined as provided in K.S.A. 79-3281 and 79-3282, and amendments thereto.

(2) The payroll factor is a fraction, the numerator of which is the total amount paid during the tax period by the taxpayer for compensation to persons qualifying as qualified business facility employees, as determined under subsection (d), at the qualified business facility, and the denominator of which is the total amount paid in this state during the tax period by the taxpayer for compensation. The compensation paid in this state shall be determined as provided in K.S.A. 79-3283, and amendments thereto.

The formula set forth in this subsection (g) shall not be used for any purpose other than determining the qualified business facility income attributable to a qualified business facility.

(h) "Related taxpayer" shall mean (1) a corporation, partnership, trust or association controlled by the taxpayer; (2) an individual, corporation, partnership, trust or association in control of the taxpayer; or (3) a corporation, partnership, trust or association controlled by an individual, corporation, partnership, trust or association in control of the taxpayer. For the purposes of this act, "control of a corporation" shall mean ownership, directly or indirectly, of stock possessing at least 80% of the total combined voting power of all

1 classes of stock entitled to vote and at least 80% of all other classes
2 of stock of the corporation; "control of a partnership or association"
3 shall mean ownership of at least 80% of the capital or profits interest
4 in such partnership or association; and "control of a trust" shall mean
5 ownership, directly or indirectly, of at least 80% of the beneficial
6 interest in the principal or income of such trust.

7 (i) "Same or substantially identical revenue producing enterprise"
8 shall mean a revenue producing enterprise in which the products
9 produced or sold, services performed or activities conducted are the
10 same in character and use, are produced, sold, performed or con-
11 ducted in the same manner and to or for the same type of customers
12 as the products, services or activities produced, sold, performed or
13 conducted in another revenue producing enterprise.

7. ~~14 Sec. 6. K.S.A. 12-1749b, 17-5905, 17-5906 and 79-250 and~~
15 ~~K.S.A. 1992 Supp. 17-5903, 17-5904 and 79-32,154 are hereby~~
16 ~~repealed.~~

8. ~~17 Sec. 7. This act shall take effect and be in force from and after~~
18 ~~its publication in the statute book.~~

New Sec.6. (a) It is unlawful for any processor to, either directly or indirectly, own, acquire or otherwise obtain or lease a swine production facility.

(b) This section shall be part of and supplemental to the provisions of K.S.A. 17-5902 through 17-5904, and amendments thereto.

As Amended by Senate Committee

*Session of 1993***SENATE BILL No. 336**

By Committee on Agriculture

2-16

9 AN ACT concerning agricultural corporations; relating to swine pro-
10 duction facilities *and dairy production facilities*; amending K.S.A.
11 12-1749b and 79-250 and K.S.A. 1992 Supp. 17-5903, 17-5904 and
12 79-32,154 and repealing the existing sections; also repealing
13 K.S.A. 17-5905 and 17-5906.

14
15 *Be it enacted by the Legislature of the State of Kansas:*

16 Sec. 1. K.S.A. 12-1749b is hereby amended to read as follows:
17 12-1749b. No revenue bonds shall be issued under authority of
18 K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, in
19 which all or part of the proceeds of such bond issue are to be used
20 to purchase, acquire, construct, reconstruct, improve, equip, furnish,
21 repair, enlarge or remodel property for any swine ~~confinement~~
22 *production facility or dairy production facility* on agricultural land
23 which is owned, acquired, obtained or leased by a corporation. As
24 used in this section, "corporation," "*dairy production facility*," "ag-
25 ricultural land" and "swine ~~confinement~~ *production facility*" have
26 the meanings respectively ascribed thereto by K.S.A. 17-5903, and
27 amendments thereto.

28 Section 2. K.S.A. 1992 Supp. 17-5903 is hereby amended to read
29 as follows: 17-5903. As used in this act:

30 (a) "Corporation" means a domestic or foreign corporation or-
31 ganized for profit or nonprofit purposes.

32 (b) "Nonprofit corporation" means a corporation organized not
33 for profit and which qualifies under section 501(c)(3) of the federal
34 internal revenue code of 1954 as amended.

35 (c) "Limited partnership" has the meaning provided by K.S.A.
36 56-1a01, and amendments thereto.

37 (d) "Limited agricultural partnership" means a limited partner-
38 ship founded for the purpose of farming and ownership of agricultural
39 land in which:

40 (1) The partners do not exceed 10 in number;

41 (2) the partners are all natural persons, persons acting in a fi-
42 duciary capacity for the benefit of natural persons or nonprofit cor-
43 porations, or general partnerships other than corporate partnerships

March 16, 1993
Economic Development
Attachment 5

1 classes of stock entitled to vote and at least 80% of all other classes
2 of stock of the corporation; "control of a partnership or association"
3 shall mean ownership of at least 80% of the capital or profits interest
4 in such partnership or association; and "control of a trust" shall mean
5 ownership, directly or indirectly, of at least 80% of the beneficial
6 interest in the principal or income of such trust.

7 (i) "Same or substantially identical revenue producing enterprise"
8 shall mean a revenue producing enterprise in which the products
9 produced or sold, services performed or activities conducted are the
10 same in character and use, are produced, sold, performed or con-
11 ducted in the same manner and to or for the same type of customers
12 as the products, services or activities produced, sold, performed or
13 conducted in another revenue producing enterprise.

14 Sec. 6. K.S.A. 12-1749b, 17-5905, 17-5906 and 79-250 and
15 K.S.A. 1992 Supp. 17-5903, 17-5904 and 79-32,154 are hereby
16 repealed.

17 Sec. 7. This act shall take effect and be in force from and after
18 its publication in the statute book.

New Sec. 6. See Attached.

Renumber remaining sections
accordingly

New Sec. 6. (a) The agricultural value added processing center, created in K.S.A. 76-481, and amendments thereto, shall develop and establish models of alternative marketing concepts and strategies for live hogs produced by independent hog producers. Marketing concepts and strategies shall include, but not be limited to, marketing contracts, group marketing, informal pooling, cooperative marketing, carcass merit pricing and electronic marketing.

(b) Subject to appropriations, grants may be made to applicants who submit proposals for the development of accepted models of alternative marketing concepts and strategies. Such grants shall not exceed \$8,000 for each approved grant. The director of the agricultural value added processing center shall make the final approval of the grants.

(c) The director of the agricultural value added processing center shall accept funds and grants to develop and establish models of alternative marketing concepts and strategies.

(d) There is hereby created in the state treasury the hog marketing strategies fund. All moneys credited to the hog marketing strategies fund shall be expended in the administration of this section.

(e) All expenditures from the hog marketing strategies fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the director of the agricultural value added processing center or by a person or persons designated by the director.

(f) The director may contract with any person or entity to implement this section.

ROCKY NICHOLS

STATE REPRESENTATIVE, FIFTY-EIGHTH DISTRICT
SHAWNEE COUNTY

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TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

MEMBER: LABOR & INDUSTRY
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STATEHOUSE—282-W
TOPEKA, KANSAS 66612-1504
(913) 296-7675

Meatpacking Work Place Safety

1. MOST HAZARDOUS INDUSTRY IN AMERICA:
 - * 33.4 per 100 workers annual injury rate (U.S. Dept. of Labor statistics 1988).
 - * This represents over three times the rate for manufacturing injuries (10.6 per 100 employees), and over four times the private sector rate (7.9 per 100 employees).
2. 17,000 KANSAS MEATPACKING WORKERS WERE INJURED (1980-88).
 - * More than one-third lost work time and 8 died.
 - * One-third of these injuries involved deep cuts and punctures.
 - * One-third of injuries were related to carpal tunnel syndrome and other cumulative trauma disorders.
3. "[Meat] Packers readily admit that injuries cost them money--but the cost is a minor, acceptable one. Industry wide, payment for workers compensation benefits, insurance, and hospitalization averaged \$1.47 per \$100 of sales"-- Source, "The Effects of Restructuring on Beefpacking in Kansas", Dr. Donald D. Stull, Dr. Michael J. Broadway, University of Kansas.
 - * THEREFORE, according to industry experts and owners of the plants, there is little incentive for meatpacking plant owners to clean up their work place. Many owners apparently see their incredibly unsafe job sites, and the fines and liabilities that they must pay, to be a cost of running their business.

Job safety study slams Kansas

6-2

Lack of state law, poor workers' comp listed as problems

Eagle staff and wire reports

Kansas ranks as one of the worst states in the country in preventing on-the-job hazards, according to a study by a non-profit group that campaigns for worker safety.

The study released Tuesday by the National Safe Workplace Institute also gave the federal government poor marks in protecting workers on the job.

Arkansas was ranked by the group as having the worst safety laws, followed by Wyoming, New Mexico and Kansas. California had the best safety laws, followed by New Jersey, Illinois, New York and Massachusetts, according to the report.

"It really is an indictment. . . . Looking at some of the states, it was so feeble," said Joseph Kinney of Chicago, who founded the group in 1987 after his brother was killed in a work-related accident.

The states were ranked according to a formula that considered such factors as the generosity of their workers' compensation systems and a review of documents at the federal Occupational Safety and Health Administration. Also considered was whether states had laws

THE BEST AND THE WORST

Here are the best and worst states, ranked by job safety laws, enforcement and workers' compensation systems, according to an analysis by the National Safe Workplace Institute. A (T) indicates a tie.

BEST

1. California
2. New Jersey
3. Illinois (T)
3. New York
5. Massachusetts
6. Texas
7. Maine
8. Connecticut
9. Minnesota
10. Michigan

WORST

- 40 (T). Hawaii
40. South Dakota
41. Mississippi
44. Idaho (T)
44. Tennessee
46. North Dakota
47. **Kansas**
48. New Mexico
49. Wyoming
50. Arkansas

limiting toxins used in manufacturing. Kansas has no such law.

Joe Dick, who took over as secretary of the Kansas Department of Human Resources in July, said he had not seen the report, but he expressed concern that Kansas would be viewed so poorly. Job safety, he said, is the department's No. 1 priority.

In some ways it is no surprise that Kansas laws would

rank so low, based on the group's formula. Kansas relies on OSHA for enforcement of all job safety laws. The state assumes responsibility for education and training of employers.

In addition, workers injured in Kansas receive some of the lowest weekly workers' compensation payments, according to the U.S. Bureau of Labor Statistics. A worker in Kansas can receive a maximum of \$289 a week in compensation insurance. Only seven states pay less. One of Dick's first acts as secretary was to form a task force to review the workers' compensation system. The task force's report is due in mid-January.

Mark Cowan, a former OSHA official who is a corporate consultant on job safety, said it was unfair to blame the states for not having tougher job safety laws.

"The states have traditionally looked to Washington in those areas," he said. "That's why (OSHA) is a federal law. To turn around and say that the states are doing a lousy job is unfair."

Kansas employers reported 74 deaths and nearly 90,000 injuries and accidents during the year ended July 31. That means that about one out of every 10 Kansas workers suffered a job-related illness or injury, higher than the national average of 8.6 percent.

Organized labor in Kansas has called for increased enforcement of safety regulations and tougher penalties against companies that do not provide safe workplaces.

Contributing: Jean Hays of The Eagle; Associated Press