

Approved: 1-28-93
Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE

The meeting was called to order by Chairperson David Corbin at 10:00 a.m. on January 26, 1993 in Room 423-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee: Lee Hamm, Director Designate, Kansas State Grain Inspection Department
Sam Reda, Kansas State Grain Inspection Department
Mike Torrey, Kansas Grain and Feed Association

Others attending: See attached list

The Chairman opened the hearing on SB 71 concerning grain storage; relating to warehouse bonding and receipts.

Lee Hamm appeared in support of SB 71 and submitted written testimony (Attachment 1). Mr. Hamm recommended 34-248A in the statutes needed to be repealed. Staff stated 34-1000 also needed to be repealed. By committee consensus the bill was amended. Following Mr. Hamm's remarks he deferred to Sam Reda to respond to questions.

Mike Torrey appeared in support of SB 71 and submitted written testimony (Attachment 2).

The Chair stated ordinarily hearings and committee action would not occur on the same day, but unless there was opposition he would ask for Committee action on the bill. A motion was made by Senator Wisdom that the bill be recommended favorably for passage as amended. Seconded by Senator Morris. Motion carried.

Senator Wisdom requested that Jack Jones from the Animal Health Department be invited to come and update the Committee on the cleanup of the puppy mills. The Chair said he had talked with Dr. Walker, and he thought everything was going well, however, he would be glad to have an update for the Committee and the Animal Health Department would be contacted to setup a date.

The next meeting is scheduled for January 27, 1993. The meeting adjourned at 10:21 a.m.

GUEST LIST

COMMITTEE: Senate Agriculture

DATE: 1-26-92

[illegible]

THE STATE OF KANSAS

JOAN FINNEY
GOVERNOR



LEE HAMM
DIRECTOR

INSPECTION POINTS

ATCHISON	KANSAS CITY
COLBY	SALINA
DODGE CITY	TOPEKA
HUTCHINSON	WICHITA

GRAIN INSPECTION DEPARTMENT

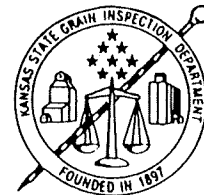
GENERAL OFFICE

700 Jackson, Suite 800, P.O. Box 1918, Topeka, Kansas 66601-1918

INSPECTION DIVISION

WAREHOUSE DIVISION

PHONE (913) 296-3451



Mr. Chairman and Committee Members --

Senate Bill 71 would make two changes in our warehouse laws.

1. Amend K.S.A. 1992 Supp. 34-229 Change the way the requirements for warehouse bonds are figured for warehouses. The present method is out-of-date, hard to understand and figure. If you read through the stricken language, I think you will agree.

We want it to read the same as the Federal warehouse law reads, except the federal law puts a \$500,000 limit on the amount of bond required. We did not do this.

There would be no fiscal impact on our agency. The new formula gives a more uniform amount as the capacities increase and is not as discriminatory to smaller facilities as our present formula.

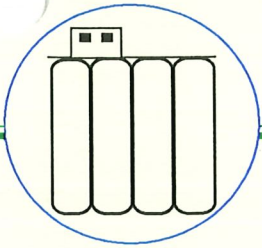
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Attachment 1

2. Amend K.S.A. 34-240 We would like to do away with the requirement for registration of collateral warehouse receipts with the Kansas Grain Inspection Department. We are one of a few states, if not the only state, that registers warehouse receipts issued by the warehouseman on his company-owned grain for collateral purposes.

As I understand, this began in 1966 when we felt this was the best way to monitor and control the collateralization of warehouse receipts by the warehouseman. We now feel we can control and monitor these by the documentation of all stocks on their monthly stock statements, which are inserted in the examiner's field folder for review and audit during their unannounced examination.

It has become burdensome and expensive for the licensee because the warehouse receipts must be sent via an overnight service each time they are redeemed. Also, the time frame for getting the warehouse receipts back into the hands of the warehouseman can be very costly to the warehouseman because of the demurrage charged on rail cars. He cannot load those cars until he has the receipt back in his hands. We feel we can save the warehouseman some money and still provide necessary monitoring of how these collateral receipts are being used.

We failed to get 34-248A in the statutes that need to be repealed. We would ask that that be included.



KANSAS GRAIN AND FEED ASSOCIATION

STATEMENT OF THE
KANSAS GRAIN AND FEED ASSOCIATION
TO THE
SENATE AGRICULTURE COMMITTEE
SEN. DAVE CORBIN, CHAIRMAN
REGARDING S.B. 71
JANUARY 26, 1993

Mr. Chairman and Members of the Committee, I am Michael Torrey, Director of Legislative & Regulatory Affairs for the Kansas Grain and Feed Association. Our Association's approximately 1,000 member locations are involved in the handling, storage and processing of grain. We appreciate the opportunity to comment today in support of S.B. 71.

Essentially this legislation does two things. First, it deals with the calculation of warehouse bonds. The proposal would use the same language as is used now for calculating a federal warehouse bond. Secondly, it eliminates the requirement for registration of collateral warehouse receipts.

Director Hamm met with the Kansas Grain and Feed Association legislative committee last week to discuss these proposed changes. While our industry is normally opposed to additional regulation, our members were encouraged by Director Hamm's proposal which in fact would streamline the system. Consequently, they voted to support this legislation. The KGFA board of directors discussed this issue on Saturday during their

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Attachment 2*

meeting and, like the legislative committee, voted to endorse the proposals brought forth by Director Hamm.

As an added note, we would like to point out that our industry shares Director Hamm's concern with the consolidation of the grain industry and the consequent declining numbers that his agency has experienced. Our board asked that the KGFA grain inspection task force meet with Director Hamm and discuss how the industry and his agency can work together during these changing times. I stand ready to answer any questions you may have.