

Approved: 2/28/94
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Vice Chairperson Gary Haulmark at 3:30 p.m.. on February 23, 1994 in Room 423-S of the Capitol.

All members were present except:

Representative George Dean, excused

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

Conferees appearing before the committee:

Representative Janice Pauls
Representative Barbara Ballard
Jennifer Fort

Chris McKenzie, Executive Director, League of Kansas Municipalities

Others attending: See attached sheet

Vice-Chairman Haulmark opened hearings on HB 2948, creating a neighborhood infrastructure improvement and youth job creation act.

The first conferee was Representative Janice Pauls. She stated the purpose of the program outlined in HB 2948 was to provide summer jobs for high school students below a certain income. She continued the jobs would be neighborhood improvements such as repair of public housing or streets and that the bill was an important crime prevention piece as it would help youth to learn job skills and improve their own neighborhoods. Attachment 1)

Representative Barbara Ballard next spoke to the committee. She told the committee HB 2948 would provide community work opportunities for high school students across the state during the summer months and after schools and would provide jobs for low income youths as a pro-active way to fight crime. She stated it would give students the opportunity to earn money, get work experience, develop skills and get references for future jobs and would be an investment in the future generation. She emphasized to the committee this was not just a welfare or jobs program but was aimed at developing community pride and building self esteem in our youth, reminding the committee you did not tear down things you helped to build. (Attachment 2)

The ViceChair next called on Jennifer Ford, a junior at the University of Kansas. She stated unemployment was a demoralizing experience for many young people and undermines the rest of society because young, unemployed persons constitute a sizeable portion of the criminal population. She concluded the neighborhood infrastructure improvement and youth job creation act would remove unemployed youths from the streets, provide them with legitimate and meaningful work and would help protect them from being enticed into crime. (Attachment 3)

Chris McKenzie, Executive Director of the League of Kansas Municipalities, appeared in support of HB 2948. He stated the program stated in this bill would create a much needed jobs program to create employment opportunities for at-risk youth. He concluded that with the property tax lid in place and other demands for local funds, cities will not be able to afford as large a youth employment program this summer so the program authorized by HB 2948 would be important. (Attachment 4)

Written testimony in support of HB 2948 was also presented by Representative Jim Garner, Representative Thomas Robinett, Jr., and Carolyn Risley Hill, Department of Social and Rehabilitation Services. Attachments 5, 6 and 7)

Following discussion from the committee, the ViceChair closed hearings on SB 2948.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, Room 423-S
Statehouse, at 3:30 p.m. on February 23, 1994.

ViceChairman Haumark then opened hearings on HB 3034, concerning municipal housing authority rental deposit interest rates.

Revisor Bob Nugent gave an overview of the bill which currently requires interest on rental deposits to be paid at the rate of 5% per year but would be reduced to the prevailing market rate by the bill.

Following discussion by the committee the hearings were closed on HB 3034.

Chairman Mead opened SB 554 for committee discussion and action. He distributed testimony from Robert Runnels, Jr., Executive Director of the Kansas Catholic Conference pertaining to SB 554. (Attachment 8)

Representative Wempe offered a balloon and distributed copies to the committee. (Attachment 9) These amendments would move the petition filing date back to the original June 1, 1994 and change "establish" to "prohibit" in Section 1. The amendment would also strike (r) in Section 3 and add a new (v) which would define "swine marketing pools". The balloon would strike all of New Sections 7 through 12 and insert new Sections 7 through 12. Representative Wempe stated Section 7 would provide a mechanism to help independent hog producers have a level playing field, Section 8 would define producers as well as contractors, Section 9 would create a swine marketing pool, Section 10 would provide fair and open access to all registered swine marketing pools and Section 11 would resolve contract disputes by arbitration or mediator.

Following this explanation Representative Wempe moved to adopt the balloon, seconded by Representative Donovan. Following discussion the motion carried.

Representative Rutledge made a conceptual motion to further amend the balloon by adding the same language in Section 1 as stated in the dairy bill, which would require counties to affirmatively act to allow corporate hog production and it could be accommodated through either action by the county commissioners subject to protest petitions or by petitions filed by 5% of qualified voters. This was seconded by Representative Vickery. The motion carried.

Following discussion, Representative Swall made a motion to table the bill for further study and the motion failed.

Representative Haulmark made a motion to pass SB 554, as amended, seconded by Representative Donovan. Following discussion Representative Boston called for the question and the motion carried.

Chairman Mead adjourned the meeting at 5:45 p.m.

The next meeting is scheduled for February 24, 1994.

GUEST LIST

COMMITTEE: HOUSE ECONOMIC DEVELOPMENT DATE: 2/23/94

[illegible]

JANICE L. PAULS
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ADMINISTRATIVE RULES AND REGULATIONS

**Testimony before the
House Economic Development Committee
Regarding
House Bill 2948
by
Representative Janice L. Pauls
District 102**

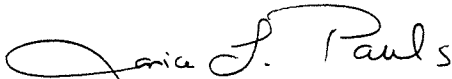
Mr. Chairman and members of the committee, thank you for the opportunity to present testimony on this bill to the committee. HB 2948 establishes a neighborhood infrastructure improvement and youth job creation act.

The cost of the program will depend on how much money is appropriated to the project, and probably should be set up as a pilot project in at least one rural community, and one urban community.

The program is administered by the Secretary of Human Resources who will provide grants to non-profit private organizations, units of local government, or a native American Indian tribe. No more than 25% of the grant may be used for administrative costs and equipment.

The purpose of the program is to provide summer jobs for high school students below a certain income. The jobs will be neighborhood improvements such as a repair of public housing or streets.

This bill is an important crime prevention piece as it will both help youth to learn job skills and improve their own neighborhoods. The bill has forty-six co-sponsors, and I believe it will receive enthusiastic public support.


Janice L. Pauls
Representative
District 102
Economic Development
February 23, 1994
Attachment 1

BARBARA W. BALLARD
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TOPEKA

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Testimony on House Bill 2948
Before Economic Development Committee

Barbara W. Ballard
February 23, 1994

Thank you, Mr. Chairman and members of the Committee.

Painting bridges, repairing and renovating public buildings, erecting or replacing traffic control signs, repairing public housing units, cleaning up parks and playgrounds, installing ramps for individuals with disabilities and weatherizing community facilities...

HB 2948 would provide these kind of community work opportunities for high school students across the state during the summer months and after school. Students would receive payments for labor and related costs associated with the repair and renovation of essential and/or historic community facilities. I stress essential because I believe meaningful projects will help to build self-esteem in our young people, and create a sense of community pride. It is important that our youth feel they are a vital part of community if we want them to take pride and ownership in what happens to the community.

Under HB 2948 local units of government, nonprofit organizations or Native American tribes would be able to apply to the Secretary of Human Resources for state grants. I envision several "pilot" programs around the state that would include rural, urban and middle size communities. What is the fiscal note? I would make a request to the Appropriations Committee for \$100,000 for this statewide program. I also envision partnerships with businesses and organizations.

This bill would provide jobs for low income youths as a pro-active way to fight crime. It would give students the opportunity to earn money, get work experience, develop skills and get references for future jobs. HB 2948 would be an investment in our future generation.

Thank you for your consideration and I ask you to support HB 2948.

Barbara
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Attachment 2

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Chairman Mead and Committee:

I am a junior at the University of Kansas studying political science and religious studies. My particular academic and practical interest is in the building of community and the development of social capital--the features of social organization, such as networks, norms, and trust, that facilitate coordination and cooperation for mutual benefit. It is with these interests in mind that I am voicing my support of HB 2948.

Unemployment is a demoralizing experience for many young people. It also undermines the rest of society because young unemployed persons constitute a sizeable portion of the criminal population. The neighborhood infrastructure improvement and youth job creation act would remove unemployed youths from the streets; it would provide them, often for the first time, with legitimate and meaningful work; and it would help protect them from being enticed into crime. Above all, the program would provide a way to develop the character of those who participate, aside from whatever skills they might acquire. From personal experience, I know that intrinsically meaningful work experiences can have a profound effect on one's personal development and on one's perception of the world. Indeed, much of the potential impact of HB 2948 lies in the psychic development, in enhancing the individual's self respect, sense of worth, and outlook on the future. The building of moral commitment to community in our youth is critical to social stability and the maintenance of order and experience is the most effective teacher.

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The youth who participate in the program will not only benefit financially but also through the acquisition of work experience and the development of a sense of responsibility, self-discipline, self-reliance, and increased self-worth. The community-at-large will benefit not only from the program by the tangible infrastructure improvements but also by the intangible positive ramifications of community commitment in youth. It is in the best interest of all of us when the government sponsors programs which encourage and develop the virtues of hard work, responsibility, cooperation, and other qualities which aid in efforts to build community and improve economic productivity.

HB 2948 is an innovative, pro-active government program which focuses on the citizen as a participant in a government program, not as a client. The ultimate goal of any social program should be an empowered and activated populace--not the creation of new dependencies. The neighborhood infrastructure improvement and youth job creation act meets this standard. The program provides for physical capital improvements while at the same time encouraging the production of valuable social capital. That is money well spent. If approved, HB 2948 will have significant long-term positive effects on individual Kansas youth and Kansans as a whole.

Thank you for your time!



Jennifer Ford
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**League
of Kansas
Municipalities**

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL 112 S.W. 7TH TOPEKA, KS 66603-3896 (913) 354-9565 FAX (913) 354-4186

TO: House Committee on Economic Development
FROM: Chris McKenzie, Executive Director *Chris McKenzie*
DATE: February 23, 1994
RE: Support for HB 2948

It is with pleasure that I appear today in support of HB 2948 on behalf of the 540 member cities of the League of Kansas Municipalities. This measure would create a much needed jobs program to create employment opportunities for at-risk youth.

For many years cities have been the main source of public summer job opportunities at the community level. Federal funding for summer jobs programs comes and goes, but local support can usually be counted on. Last summer the City of Ottawa gave up waiting for federal assistance and created a program of its own with some limited support from local businesses. With the property tax lid in place and other demands for local funds, however, the City will not be able to afford as large a program this summer. This is where the program authorized by HB 2948 could come into play.

It is not necessary to emphasize the connection between this measure and the joint state-local concern about crime prevention. The connection is an obvious and strong one.

We would urge the Committee to give the Department of Human Resources maximum flexibility in implementing this program. If it is possible to have the program in place for use this summer, it would be desirable. One way this could be achieved would be to allow the Department to administer the program initially without formal rules and regulations.

RECOMMENDATION: We recommend approval of HB 2948.

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February 23, 1994
Attachment 4*

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TOPEKA

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NCSL STATE AND FEDERAL ASSEMBLY
LAW AND JUSTICE COMMITTEE

TESTIMONY IN SUPPORT OF
HOUSE BILL 2948

Mr. Chairman and members of the committee:

Thank you for this opportunity to testify in support of HB 2948. If passed, HB 2948 would be one of the best anti-crime measures enacted by the 1994 legislature. HB 2948 would create grants for summer and afterschool jobs program for high school kids and put them to work on community facility improvement projects.

To have a meaningful response to crime we must offer a comprehensive approach -- an approach that is tough on those who commit crimes and is also smart on preventing crime in the first place. This bill provides a vital part in crime prevention.

By making a small investment in youth job programs, we provide real alternatives to crime and gang activities. Crime must be combated at the local community level. This bill allows communities to develop afterschool and summer programs that address the problems facing the youth in their community.

Giving young people alternatives to criminal activity can multiply the effectiveness of the existing law enforcement system. For every kid not committing crimes, police can concentrate more resources on hard-core criminals. Moreover, much success in crime prevention is shown by exposing kids to new environments and activities. The December 13, 1993 issue of Business Week included a very informative article entitled "The Economics of Crime." That article mentioned studies of the federal Job Corps programs, a similiar residential jobs for youth program. The article

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stated that the studies " show a big drop in arrests for program participants. " (pg. 79).

If the 1994 Legislature is to make a meaningful impact on crime, we must include passage of crime prevention measures. HB 2948 would be a great step forward in the direction of crime prevention.

Again, thank you for allowing me this opportunity to express my support for HB 2948. I urge the committee to take favorable action on this bill.

STATE OF KANSAS

THOMAS A. ROBINETT, JR.
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TOPEKA

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JUDICIARY
JOINT COMMITTEE, PENSIONS, INVESTMENTS
& BENEFITS

TESTIMONY OF REP. TOM ROBINETT
HOUSE ECONOMIC DEVELOPMENT COMMITTEE
HB 2948
FEBRUARY 23, 1994

Mr. Chairman and Committee members, thank you for the opportunity to appear before you this afternoon in support of HB 2948.

As you all know, one of the points of emphasis this session that has excited the press, our constituents and all of us is the war on crime. Bill after bill has been drafted, introduced, studied and worked already -- a good number of them will pass and become law. Unfortunately, these bills too often miss the mark -- they deal with crimes and punishing people for committing crimes. They are reactionary, negative and do very little to affect behavior; they produce nothing that we can take pride in.

HB 2948 offers a means to affect the lives of young people in a positive manner, to reach them before it becomes necessary to simply decide on how they should be punished. The funny thing about this process is that not only do we help these young people by providing jobs, teaching personal responsibility and creating pride and community spirit, we all get something, too. Our neighborhoods are revitalized as the infrastructure is enhanced and often restored or rebuilt, and, as a result of these efforts, our own community pride and spirit grows.

This is a relatively simple plan that takes a common sense approach toward helping our young people by creating a situation in which they can grow and accomplish something worthwhile and take pride in themselves and their work. In HB 2948 we have an opportunity to answer those critics who accuse us of ignoring the root of many of our problems -- the disenfranchised youth -- and spending all of our time and resources on the high-profile crime issues.

I urge you to redirect at least some of our energy to our own neighborhoods and build for the future of Kansas by recommending HB 2948 favorable for passage.

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KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Donna L. Whiteman, Secretary

Economic Development Committee
Testimony on House Bill 2948

February 23, 1994

SRS Mission Statement

"The Kansas Department of Social and Rehabilitation Services empowers individuals and families to achieve and sustain independence and to participate in the rights, responsibilities and benefits of full citizenship by creating conditions and opportunities for change, by advocating for human dignity and worth, and by providing care, safety and support in collaboration with others".

TITLE

An act creating the neighborhood infrastructure improvement and youth job creation act.

TESTIMONY

Mr. Chairman and members of the Committee, on behalf of Secretary Whiteman, I appreciate this opportunity to provide testimony in support of HB 2948. This bill is a positive step in the search for solutions that address juvenile crime and should be considered a model prevention program.

BACKGROUND

Jobs provide an opportunity for youth to contribute to the community, to develop self esteem, and to learn important life skills. With the establishment of HB 2948 and the neighborhood infrastructure improvement and youth job creation act, Kansas youth will have an excellent opportunity to participate in projects which will benefit the neighborhoods they live in and maybe avoid the pitfalls of the streets. While they are working on projects through local governments, non-profit organizations or Native American tribes, they will see the constructive results of their work rather than the destructive results of crime and gangs. Research shows jobs can provide an out for youth who have been involved with gangs.

EFFECT OF PASSAGE

The cost of a prevention-type program is minimal as compared to the staggering costs of crime in the United States. According to the Urban Policy Institute Joint Center for Political and Economic Studies, violent crime costs \$425 billion a year -- \$125 billion more than the defense budget. In addition, the institute estimates that it costs over \$50 billion for various forms of urban decay, including job loss, resident disinvestment and flight. We must begin to redirect our resources to programs that will assist our youth. Real prevention programs will assist us in creating positive changes and help us in establishing productive, contributing members of our communities, our youth.

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page two

RECOMMENDATION

The department fully supports efforts to provide Kansas youth an opportunity for positive, productive and responsible choices.

Carolyn Risley Hill, Commissioner
Youth and Adult Services
Department of Social and
Rehabilitation Services

(913) 296-3284

TESTIMONY

S.B. 554

House Economic Development Committee - Room 423-S
February 22, 1994 - 3:30 p.m.

KANSAS CATHOLIC CONFERENCE
Robert Runnels, Jr., Executive Director

Thank you Chairperson Mead 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 changes 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

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Testimony
House Economic Development Committee

February 22, 1994

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that strikes at the very heart of our strength in Kansas,
the family farm.

If in 1994 you allow corporate breeding of swine then wouldn't it follow the gain of a small minority interest would adversely effect the livelihood of the state's 5,200 plus hog farmers and accelerate the decline of family farming.

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

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

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

SENATE BILL No. 554

By Committee on Agriculture

1-20

11 AN ACT concerning agricultural corporations *and limited liability*
12 *companies*; relating to swine production facilities; *relating to con-*
13 *tract mediation between the processor and producer*; amending
14 K.S.A. 12-1749b and 79-250 and K.S.A. 1993 Supp. 17-5903, 17-
15 5904 and 79-32,154 and repealing the existing sections; also re-
16 pealing K.S.A. 17-5905 and 17-5906.

17
18 *Be it enacted by the Legislature of the State of Kansas:*

19 New Section 1. (a) The provisions of subsection (a)(15) of K.S.A.
20 17-5904, and amendments thereto, allowing agricultural land held
21 or leased by a corporation or limited liability company to be used
22 as a swine production facility shall be effective in every county unless
23 a petition in opposition to the same, signed by qualified electors of
24 the county equal in number to not less than ~~10%~~ 5% of the electors
25 of the county who voted for the office of secretary of state at the
26 last preceding general election at which such office was elected, is
27 filed with the county election officer of such county on or before
28 June 1, 1994 [Sept. 1, 1994].

June 1, 1994

29 (b) In the event a valid petition is filed, the county election
30 officer shall submit the question of whether a swine production
31 facility shall be allowed to be established in such county to the
32 electors of the county at the August 2, 1994 primary election.

prohibited from being

33 (c) If a majority of the votes cast and counted are in favor of
34 allowing swine production facilities to be established in such county,
35 the county election officer shall transmit a copy of the result to the
36 secretary of state who shall publish in the Kansas register the result
37 of such election and that swine production facilities are allowed to
38 be established in such county.

prohibiting

39 (d) If a majority of the votes cast and counted are in opposition
40 to allowing swine production facilities to be established in such
41 county, the county election officer shall transmit a copy of the result
42 to the secretary of state who shall publish in the Kansas register the
43 result of such election and that swine production facilities are not

prohibited

prohibiting

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1 allowed to be established in such county.
 2 (e) The election provided for by this section shall be conducted,
 3 and the votes counted and canvassed, in the manner provided by
 4 law for question submitted elections of the county.

prohibited

5 (f) If no petition as specified above is filed in the county in
 6 accordance with the provisions of this section, after June 1, 1994,
 7 swine production facilities shall be allowed to be established in such
 8 county.

9 (g) *If at the August 2, 1994 primary [Nov. 8, 1994 general]
 10 election, a county votes in the majority to oppose allowing swine
 11 production facilities in such county, at every statewide primary elec-
 12 tion thereafter, the electors of the county may petition to resubmit
 13 the question of whether a swine production facility shall be allowed
 14 to be established in such county. The petition shall be signed by
 15 qualified electors of the county equal in number to not less than 5%
 16 of the electors of the county who voted for the office of secretary
 17 of state at the last preceding general election at which such office
 18 was elected and shall be filed with the county election officer of such
 19 county on or before June 1 of the year of the statewide primary
 20 election. In the event a valid petition is filed, the county election
 21 officer shall submit the question of whether a swine production
 22 facility shall be allowed to be established in such county to the
 23 electors of the county at the statewide primary election. The pro-
 24 visions of subsections (c), (d) and (e) shall apply to such election.*

August 2, 1994 primary

25 Sec. 2. K.S.A. 12-1749b is hereby amended to read as follows:
 26 12-1749b. No revenue bonds shall be issued under authority of
 27 K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, in
 28 which all or part of the proceeds of such bond issue are to be used
 29 to purchase, acquire, construct, reconstruct, improve, equip, furnish,
 30 repair, enlarge or remodel property for any swine ~~confinement~~
 31 *production* facility on agricultural land which is owned, acquired,
 32 obtained or leased by a corporation. As used in this section, "cor-
 33 poration," "agricultural land" and "swine ~~confinement~~ *production*
 34 *facility*" have the meanings respectively ascribed thereto by K.S.A.
 35 17-5903, and amendments thereto.

36 Sec. 3. K.S.A. 1993 Supp. 17-5903 is hereby amended to read
 37 as follows: 17-5903. As used in this act:

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

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

43 (c) "Limited partnership" has the meaning provided by K.S.A.

1 the manufacturing, processing or preparation for sale of pork
2 products having a total annual wholesale value of \$10,000,000
3 or more shall also be considered a processor. The term "pro-
4 cessor" shall not include collective bargaining units or farmer-
5 owned cooperatives.

6 ~~(r) "Processor" means a person, firm, corporation, limited li-~~
7 ~~ability company or limited partnership, which alone or in conjunction~~
8 ~~with others, directly or indirectly, controls the manufacturing, proc-~~
9 ~~essing or preparation for sale of pork products having a total annual~~
10 ~~wholesale value of \$10,000,000 or more. Any person, firm, corpo-~~
11 ~~ration, member or limited partner with a 10% or greater interest~~
12 ~~in another person, firm, corporation, limited liability company or~~
13 ~~limited partnership involved in the manufacturing, processing, or~~
14 ~~preparation for sale of pork products having a total annual wholesale~~
15 ~~value of \$10,000,000 or more shall also be considered a processor.~~
16 ~~The term "processor" shall not include collective bargaining units~~
17 ~~or farmer-owned cooperatives.~~

18 (s) ~~(r)~~ (s) "Swine confinement production facility" means the
19 land, structures and related equipment owned or leased by a cor-
20 poration or limited liability company and used for housing, breeding,
21 farrowing or feeding of swine in an enclosed environment. The
22 term includes within its meaning only such agricultural land as is
23 necessary for proper disposal of liquid and solid wastes in environ-
24 mentally sound amounts for crop production and to avoid nitrate
25 buildup and for isolation of the facility to reasonably protect the
26 confined animals from exposure to disease.

27 (t) ~~(s)~~ (t) "Limited liability company" has the meaning provided
28 by K.S.A. 1993 Supp. 17-7602, and amendments thereto.

29 (u) ~~(t)~~ (u) "Limited liability agricultural company" means a lim-
30 ited liability company founded for the purpose of farming and own-
31 ership of agricultural land in which:

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

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

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

3 Sec. 4. K.S.A. 1993 Supp. 17-5904 is hereby amended to read

(v) "Swine marketing pool" means an association whose membership includes three or more business entities or individuals formed for the sale of hogs to buyers but shall not include any trust, corporation, limited partnership or corporate partnership, or limited liability company other than a family farm corporation, authorized farm corporation, limited liability agricultural company, limited agricultural partnership, family trust, authorize trust or testamentary trust.

3 pensation to persons qualifying as qualified business facility em-
 4 ployees, as determined under subsection (d), at the qualified business
 5 facility, and the denominator of which is the total amount paid in
 6 this state during the tax period by the taxpayer for compensation.
 7 The compensation paid in this state shall be determined as provided
 8 in K.S.A. 79-3283, and amendments thereto.

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

12 (h) "Related taxpayer" shall mean (1) a corporation, partnership,
 13 trust or association controlled by the taxpayer; (2) an individual,
 14 corporation, partnership, trust or association in control of the tax-
 15 payer; or (3) a corporation, partnership, trust or association controlled
 16 by an individual, corporation, partnership, trust or association in
 17 control of the taxpayer. For the purposes of this act, "control of a
 18 corporation" shall mean ownership, directly or indirectly, of stock
 19 possessing at least 80% of the total combined voting power of all
 20 classes of stock entitled to vote and at least 80% of all other classes
 21 of stock of the corporation; "control of a partnership or association"
 22 shall mean ownership of at least 80% of the capital or profits interest
 23 in such partnership or association; and "control of a trust" shall mean
 24 ownership, directly or indirectly, of at least 80% of the beneficial
 25 interest in the principal or income of such trust.

26 (i) "Same or substantially identical revenue producing enterprise"
 27 shall mean a revenue producing enterprise in which the products
 28 produced or sold, services performed or activities conducted are the
 29 same in character and use, are produced, sold, performed or con-
 30 ducted in the same manner and to or for the same type of customers
 31 as the products, services or activities produced, sold, performed or
 32 conducted in another revenue producing enterprise.

33 ~~New Sec. 7. As used in sections 7 through 12:~~

34 (a) ~~"Secretary" means the acting secretary of the department of~~
 35 ~~agriculture.~~

36 (b) ~~"Processor" means that definition given in K.S.A. 17-5903,~~
 37 ~~and amendments thereto.~~

38 (c) ~~"Producer" means a person who produces or causes to be~~
 39 ~~produced swine in a quantity for sale to another and is able to~~
 40 ~~transfer title to another.~~

41 ~~New Sec. 8. A contract for the sale of swine between a processor~~
 42 ~~and producer must contain language providing for resolution of~~
 43 ~~contract disputes by either mediation or arbitration. If there is a~~
 44 ~~contract dispute, either party may make a written request to the~~
 45 ~~secretary for mediation or arbitration services as specified in the~~

1 contract, to facilitate resolution of the dispute.

2 New Sec. 9. (a) A processor shall not terminate or cancel a
3 contract that requires a producer to make a capital investment in
4 buildings or equipment that cost \$100,000 or more and have a useful
5 life of five years or more until:

6 (1) The producer has been given written notice of the intention
7 to terminate or cancel the contract at least 180 days before the
8 effective date of the termination or cancellation or as provided in
9 subsection (c); and

10 (2) the producer has been reimbursed for damages incurred by
11 an investment in buildings or equipment that was made for the
12 purpose of meeting minimum requirements of the contract.

13 (b) Except as provided in subsection (c), if a producer fails to
14 comply with the provisions of a contract that requires a capital
15 investment subject to subsection (a), a processor may not terminate
16 or cancel that contract until:

17 (1) The processor has given written notice with all the reasons
18 for the termination or cancellation at least 90 days before termination
19 or cancellation or as provided in subsection (c); and

20 (2) the producer who receives the notice fails to correct the
21 reasons stated for termination or cancellation in the notice within
22 60 days of receipt of the notice.

23 (c) The 180-day notice period under subsection (a)(1) and the
24 90-day notice period and 60-day notice period under subsection (b)(1)
25 and (b)(2), are waived and the contract may be terminated or can-
26 celled immediately if the alleged grounds for termination or can-
27 cellation are:

28 (1) Voluntary abandonment of the contract relationship by the
29 producer; or

30 (2) conviction of the producer of an offense directly related to
31 the business conducted under the contract.

32 New Sec. 10. If the processor is the subsidiary of another cor-
33 poration, partnership or association, the parent corporation, part-
34 nership or association is liable to the producer for the amount of
35 any unpaid claim or contract performance claim if the processor
36 fails to pay or perform according to the terms of the contract.

37 New Sec. 11. There is an implied promise of good faith by all
38 parties in the contract. In an action to recover damages, if the court
39 finds that there has been a violation of this provision, damages,
40 court costs and attorney fees may be recovered.

41 New Sec. 12. (a) The secretary may adopt rules and regulations
42 to implement the provisions of this act.

43 (b) The department of agriculture shall provide information, in-

1 ~~investigate complaints arising from sections 7 through 12, and provide~~
2 ~~and facilitate dispute resolutions.~~

3 Sec. 7 13. K.S.A. 12-1749b, 17-5905, 17-5906 and 79-250 and
4 K.S.A. 1993 Supp. 17-5903, 17-5904 and 79-32,154 are hereby re-
5 pealed.

6 Sec. 8 14. This act shall take effect and be in force from and
7 after its publication in the Kansas register.

Sec. 7. K.S.A. 1993 Supp. 74-8905 is hereby amended to read as follows: 74-8905. (a) The authority is hereby authorized and empowered to issue bonds, either for a specific activity or on a pooled basis for a series of related or unrelated activities or projects duly authorized by a political subdivision or group of political subdivisions of the state in such amounts as shall be determined by the authority for the purpose of financing capital improvement facilities, educational facilities, health care facilities and housing developments. Nothing in this act shall be construed to authorize the authority to issue bonds or use the proceeds thereof to (1) purchase, condemn, or otherwise acquire a utility plant or distribution system owned or operated by a regulated public utility or (2) finance any capital improvement facilities, educational facilities, or health care facilities which are authorized under the laws of the state to be financed by the issuance of general obligation or utility revenue bonds of a political subdivision, except that the acquisition by the authority of general obligation or utility revenue bonds issued by political subdivisions with the proceeds of pooled bonds shall not violate the provisions of the foregoing. Nothing in this subsection (a) shall prohibit the issuance of bonds by the authority when any statute specifically authorizes the issuance of bonds by the authority or approves any activity or project of a state agency for purposes of authorizing any such issuance of bonds in accordance with this section and provides an exemption

from the provisions of this subsection (a).

(b) The authority is hereby authorized and empowered to issue bonds for activities and projects of state agencies as requested by the secretary of administration. No bonds may be issued pursuant to this act for any activity or project of a state agency unless the activity or project either has been approved by an appropriation or other act of the legislature or has been approved by the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto. When requested to do so by the secretary of administration, the authority is further authorized and empowered to issue bonds for the purpose of refunding, whether at maturity or in advance of maturity, any outstanding bonded indebtedness of any state agency. The revenues of any state agency which are pledged as security for any bonds of such state agency which are refunded by refunding bonds of the authority may be pledged to the authority as security for the refunding bonds.

(c) The authority is hereby authorized and empowered to issue bonds for the purpose of financing industrial enterprises, agricultural business enterprises, educational facilities, health care facilities and housing developments, or any combination of such facilities, or any interest in facilities, including without limitation leasehold interests in and mortgages on such facilities. No less than 30 days prior to the issuance of any

bonds authorized under this act with respect to any project or activity which is to be undertaken for the direct benefit of any person or entity which is not a state agency or a political subdivision, written notice of the intention of the authority to provide financing and issue bonds therefor shall be given by the president of the authority to the governing body of the city in which the project or activity is to be located, or, if the project or activity is not proposed to be located within a city, such notice shall be given to the governing body of the county. No bonds for the financing of the project or activity shall be issued by the authority for a one-year period if, within 15 days after the giving of such notice, the governing body of the political subdivision in which the project or activity is proposed to be located shall have duly enacted an ordinance or resolution stating express disapproval of the project or activity and shall have notified the president of the authority of such disapproval. The provisions of this subsection shall not apply to the Kansas basic enterprises loan program.

(d) The authority is hereby authorized and empowered to issue bonds for the purpose of establishing and funding one or more series of venture capital funds in such principal amounts, at such interest rates, in such maturities, with such security, and upon such other terms and in such manner as is approved by resolution of the authority. The proceeds of such bonds not placed in a venture capital fund or used to pay or reimburse organizational, offering and administrative expenses and fees

necessary to the issuance and sale of such bonds shall be invested and reinvested in such securities and other instruments as shall be provided in the resolution under which such bonds are issued. Moneys in a venture capital fund shall be used to make venture capital investments in new, expanding or developing businesses, including, but not limited to, equity and debt securities, warrants, options and other rights to acquire such securities, subject to the provisions of the resolution of the authority. The authority shall establish an investment policy with respect to the investment of the funds in a venture capital fund not inconsistent with the purposes of this act. The authority shall enter into an agreement with a management company experienced in venture capital investments to manage and administer each venture capital fund upon terms not inconsistent with the purposes of this act and such investment policy. The authority may establish an advisory board to provide advice and consulting assistance to the authority and the management company with respect to the management and administration of each venture capital fund and the establishment of its investment policy. All fees and expenses incurred in the management and administration of a venture capital fund not paid or reimbursed out of the proceeds of the bonds issued by the authority shall be paid or reimbursed out of such venture capital fund.

(e) The authority is hereby authorized and empowered to use the proceeds of any bond issues herein authorized, together with any other available funds, for venture capital investments or for

purchasing, leasing, constructing, restoring, renovating, altering or repairing facilities as herein authorized, for making loans, purchasing mortgages or security interests in loan participations and paying all incidental expenses therewith, paying expenses of authorizing and issuing the bonds, paying interest on the bonds until revenues thereof are available in sufficient amounts, purchasing bond insurance or other credit enhancements on the bonds, and funding such reserves as the authority deems necessary and desirable. All moneys received by the authority, other than moneys received by virtue of an appropriation, are hereby specifically declared to be cash funds, restricted in their use and to be used solely as provided herein. No moneys of the authority other than moneys received by appropriation shall be deposited with the state treasurer.

(f) (1) The authority is hereby authorized and empowered to develop and implement the Kansas basic enterprises loan program and to issue bonds for the financing of loans thereunder. The authority is hereby authorized to target preference among agricultural applicants within the basic enterprises loan program for swine production facilities and swine marketing pools which are owned, acquired, obtained or leased by any family farm corporation, authorized farm corporation, limited liability agricultural company, limited agricultural partnership, family trust, authorized trust or testamentary trust. All loans under the program shall be made to eligible Kansas basic enterprises in accordance with guidelines and conditions prescribed by the

authority and by statute. Each loan under the program shall be qualified, entered into and serviced by a financial institution acting as the agent of the authority and receiving a fee for such services pursuant to a contract entered into by the authority with the financial institution. The authority shall prescribe monitoring and reporting requirements for participating financial institutions to provide for the monitoring of each loan under the program and the activities of the eligible Kansas basic enterprise in connection with the loan to provide for compliance with the loan provisions and the provisions of this subsection. Each loan under the program shall be in an amount of not less than \$20,000 and not more than \$200,000 and shall be matched by a loan to the eligible Kansas basic enterprise from the participating financial institution which shall be in an amount of not less than 15% of the amount of the loan made under the program. The eligible Kansas basic enterprise receiving a loan under the program shall contribute equity capital to the project, for which the loan is being made under the program, which capital is equal to at least 10% of the total cost of the project. Loans may be made to an eligible Kansas basic enterprise under the Kansas basic enterprise loan program for the purposes of purchasing, leasing, constructing, restoring, renovating, altering, repairing and equipping facilities, refinancing of facilities and providing working capital. Subject to the provisions of this subsection (f), the authority is hereby authorized to pledge moneys credited to the Kansas basic

enterprises loan guarantee fund in security for bonds issued under the program. Nothing in this act shall preclude the making of any loan under this program as part of a packaged loan arrangement for an eligible Kansas basic enterprise which includes one or more loans or loan guaranties from the small business administration or farmers home administration of the federal government or from other lenders.

(2) There is hereby established in the state treasury the Kansas basic enterprises loan guarantee fund. The fund shall be administered by the authority and all moneys in the fund shall be used for the purposes of pledging security for bonds issued to finance loans to eligible Kansas basic enterprises pursuant to this subsection (f). All expenditures from the Kansas basic enterprises loan guarantee fund shall be made in accordance with the provisions of appropriations acts for the purposes of satisfying obligations arising pursuant to surety agreements entered into pursuant to this subsection (f) on warrants of the director of accounts and reports issued pursuant to vouchers signed by the president of the authority or a person designated by the president.

New Sec. 8. (a) For the purposes of this section the term "contractor" means any corporation, trust, limited liability company, or limited partnership or corporate partnership other than a family farm corporation, authorized farm corporation, limited liability agricultural company, limited agricultural partnership, family trust, authorized trust or testamentary trust

which established a swine production facility in this state or which contracts with a producer to grow or raise hogs in this state and in either case which in the ordinary course of business buys hogs in this state.

(b) For the purposes of this section the term producer means any individual, family farm corporation, authorized farm corporation, limited liability, agricultural company, limited agricultural partnership, family trust, authorized trust or testamentary trust which raises hogs in this state or provides the service of raising hogs in this state and which is able to transfer title in such hogs to another or who provides management, labor, facilities, machinery or other production input for raising hogs in this state.

(c) For the purposes of this section production input includes, but is not limited to, management, labor, facilities, machinery or feed used in the raising of hogs in this state.

(d) If the contractor is the subsidiary of another corporation, partnership, or a member of another association or other business entity, the parent corporation, partnership, association or other business entity is liable to a seller for the amount of any unpaid claim or contract performance claim if the contractor fails to pay or perform according to the terms of the contract.

(e) There is an implied promise of good faith as defined in subsection (19) of K.S.A. 84-1-201, by all parties in all agricultural contracts. In an action to recover damages, if the

court finds that there has been a violation of this provision, damages, court costs, and attorney fees may be recovered.

(f) Each contractor shall require in its contract that the producer comply with any applicable state and federal environmental laws and shall provide to the producer, upon request, information regarding compliance with such laws.

New Sec. 9. (a) For the benefit of orderly marketing of swine in Kansas and to facilitate the capture of markets by swine producers and to improve the quality of the state's swine herd, registered swine marketing pools may be created. To qualify for participation under this act a swine marketing pool created pursuant to this act must register with the Kansas state board of agriculture. The Kansas state board of agriculture will facilitate creation of swine marketing pools and information sharing to foster contract agreements between swine marketing pools and purchasers of hogs for slaughter. Such registration for any swine marketing pool may be revoked by the Kansas state board of agriculture for due and sufficient cause subsequent to a hearing pursuant to the provisions of the Kansas administrative procedure act.

(b) Swine marketing pools are hereby authorized to do the following on behalf of their members:

(1) Perform normal course of business, including the assumption of debt;

(2) enter and negotiate contracts including for the sale and delivery of hogs;

- (3) own assets;
- (4) sue and be sued;
- (5) assist members to upgrade the quality of hogs marketed by the pool;
- (6) negotiate in good faith for timely completion and quality assurance of swine marketing contracts; and
- (7) perform any other activities to achieve the goals and objectives of the swine marketing pool.

New Sec. 10. (a) Any contractor who establishes a swine production facility in this state or who contracts for the production or raising of hogs in this state shall:

(1) Provide fair and open access to all registered swine marketing pools and actively negotiate in good faith with all registered swine marketing pools who desire to market hogs to that contractor;

(2) provide to all registered swine marketing pools on a regular basis descriptive data concerning carcass efficiency value;

(3) pay a fair price; and

(4) make all payments promptly pursuant to the requirements of applicable federal and state law.

(b) For the purposes of this section, the terms contractor and producer shall have the meaning ascribed to them in section 8.

(c) Nothing in this section shall prohibit any contractor from purchasing hogs from any other business entity or from

refusing to purchase and/or discounting hogs which do not meet the contractor's quality specifications or delivery terms.

(d) Nothing in this section shall prevent a marketing pool from selling hogs to any other business entity.

New Sec. 11. (a) Any swine purchasing contract, swine marketing contract or swine production contract between a contractor and a swine production facility owner or swine marketing pool or swine producer shall contain language providing for resolution of contract disputes by either mediation or arbitration. If there is a contract dispute the parties may submit the disputed issue to an arbitrator or mediator selected by the parties pursuant to the contract provisions. If the parties cannot agree upon a mediator or arbitrator, either party may make a written request to the secretary of Kansas state board of agriculture for mediation or arbitration services to facilitate resolution of the dispute.

(b) For the purposes of this section, the terms contractor and producer shall have the meaning ascribed to them in section 8.

New Sec. 12. The Kansas state board of agriculture may promulgate rules and regulations to implement the provisions of sections 8, 9, 10 and 11.