

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on February 14, 2001, in Room 519-S of the Capitol.

All members were present.

Committee staff present: Raney Gilliland, Legislative Research Department
 Gordon Self, Revisor of Statutes Office
 Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Jamie Clover Adams, Secretary, Kansas Department of Agriculture
Todd Domer, Director of Communications, Kansas Livestock Association
Harold Walker, President, Kansas National Farmers Organization (written only)
Jan Lyons, Manhattan
Roger Black, Arkansas City
Allie Devine, Director of Legal Research, Kansas Livestock Association
Doug Wareham, Kansas Grain and Feed Assn. and Kansas Fertilizer and Chemical Assn.
Gary Beachner, General Manager, Beachner Grain, Inc., St. Paul
Max Sudbeck, Agronomist, Taylor Seed Farms, White Cloud
Mike Jensen, President, Kansas Pork Association

Others attending: See attached list

Jamie Clover Adams, Secretary, Kansas Department of Agriculture, provided background information and discussed the stepped-up surveillance and preventive measures the Kansas Department of Agriculture is taking in light of emerging issues in Europe regarding bovine spongiform encephalopathy (BSE). She included a copy of a memorandum she sent to all rendering plants, feed mills, and other interested parties on January 31, 2001, informing them of the Kansas Department of Agriculture's zero-tolerance enforcement policy with regard to Good Manufacturing Practices inspections. (Attachment 1)

Todd Domer, Director of Communications, Kansas Livestock Association, emphasized that BSE does not exist in Kansas or the United States. He discussed the aggressive action plan centered around broad distribution of factual information the Kansas Livestock Association and others put in place at the onset of heavy BSE coverage in the U.S. media. He said that the publicity surrounding BSE has created a situation in which public fear exceeds actual risk. (Attachment 2)

Discussion and action on HB 2011- Incentives for production of ethanol from agricultural products; amounts; removal of cap; expiration date.

Representative Hayzlett moved to reconsider committee action taken on February 12 on HB 2011. Seconded by Representative Feuerborn, the motion carried.

Discussion and action on HB 2103 - Increasing total aggregate loans under agricultural production loan deposit program.

Harold Walker, President, Kansas National Farmers Organization, submitted written comments in support of **HB 2103**. (Attachment 3)

Representative Hutchins moved to recommend HB 2103 favorable for passage. The motion was seconded by Representative Hayzlett.

Representative Schwartz offered a substitute motion to amend HB 2103 to provide for the recalculation of interest rates on these loans on the first business day of January and July of each year using the market rate then in effect.

(Attachment 4) Seconded by Representative Dahl, the amendment passed.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections. Page 2

CONTINUATION SHEET

Representative Hutchins moved to pass **HB 2103** as amended. Seconded by Representative Hayzlett, the motion carried.

Continuation of Hearings on:

HB 2278 - Unfair and unlawful actions involving agricultural contracts.

HB 2280 - Agricultural production contracts, good faith.

HB 2281 - Agricultural production contracts, confidentiality provisions.

Chairman Johnson opened the hearings on **HB 2278**, **HB 2280** and **HB 2281** for opponents only.

Jan Lyons, Manhattan, representing the Kansas Livestock Association, appeared in opposition to **HB 2278**, **HB 2280** and **HB 2281** and gave her perspective of how these bills would impact the livestock industry and her family's operations in particular. She chaired a special KLA subcommittee to review the contract producer protection act and make recommendations to the KLA Executive Committee and Board. She reported that after reviewing these bills, the Kansas Livestock Association believes many provisions are contrary to their statement of principles, included with her testimony, and therefore cannot support these bills. (Attachment 5)

Roger Black, Arkansas City, representing the Kansas Livestock Association, testified in opposition to **HB 2278**, **HB 2280** and **HB 2281**. He also served on the KLA subcommittee to review these bills. He discussed his concerns in regard to the definition sections of these bills. He believes these bills only complicate and discourage innovation and freedom in the marketplace; that these issues should be addressed by education, not by legislation. (Attachment 6)

Allie Devine, Director of Legal Research, Kansas Livestock Association, outlined a number of legal concerns KLA has with **HB 2278**, **HB 2280** and **HB 2281** involving contracts. She stated that contracts are so fundamental to our economy, that Article 1, Section 10, of the United States Constitution prohibits a state from enacting legislation that impairs existing contracts. She discussed a number of issues arising under the various aspects of each of these bills. She emphasized that KLA supports producers' rights to contract freely and therefore opposes legislation that interferes with these fundamental rights. (Attachment 7)

Doug Wareham, Kansas Grain and Feed Association and Kansas Fertilizer and Chemical Association, expressed concerns regarding **HB 2278**, **HB 2280** and **HB 2281**. He discussed their associations' Free Enterprise Policy in regard to agriculture contracting and highlighted specific requirements in these bills their associations cannot support. (Attachment 8)

Gary Beachner, General Manager, Beachner Grain, Inc., St. Paul, and Legislative Committee Chairman for the Kansas Grain and Feed Association and member of KGFA's Board of Directors, appeared in opposition to **HB 2278**, **HB 2280** and **HB 2281**. He agreed that while some provisions in these bills appear reasonable, the language is vague and extremely one-sided. (Attachment 9)

Max Sudbeck, Agronomist, Taylor Seed Farms, White Cloud, and Legislative Committee Chairman for the Kansas Fertilizer and Chemical Association and director on KFCA's Board, testified in opposition to **HB 2278**, **HB 2280** and **HB 2281** and shared his concerns in regard to these bills. (Attachment 10)

Mike Jensen, President, Kansas Pork Association, testified in opposition to **HB 2278**, **HB 2280** and **HB 2281** stating that KPA membership wants less government, not more. He stated that contracting is a form of financial risk management and that KPA members feel that current law already exists to adequately protect their rights. He noted that KPA has long been active in producing educational materials as well as serving as a clearinghouse for information on contracting. He reported that KPA membership feels strongly that this "voluntary" approach is much more palatable than additional government oversight. (Attachment 11)

Representative Larkin distributed copies of a ConAgra settlement agreement to a lawsuit filed by Georgia contract poultry growers. (Attachment 12) He also provided information regarding an USDA investigation into the business practices of Perdue, a poultry company based in Maryland. (Attachment 13)

Chairman Johnson closed the hearings on **HB 2278**, **HB 2280** and **HB 2281**.
CONTINUATION SHEET

Discussion and action on HB 2123 - Disposition of moneys to certain agricultural related fee funds.

Raney Gilliland reminded the committee that the Kansas Department of Agriculture had reported drafting problems with this bill. Secretary Jamie Clover Adams explained her proposed amendment to **HB 2123**. (February 12, Attachment 1) Representative Faber moved to amend **HB 2123** as requested by the Secretary. Seconded by Representative Ostmeyer, the motion passed.

Gordon Self, Revisor of Statutes Office, explained a technical correction on Page 1, Line 36, of the bill. The word "and" should be "an." Representative Faber moved to make this correction. Seconded by Representative Hutchins, the motion passed.

Representative Faber moved to pass **HB 2123** as amended. The motion was seconded by Representative Light. The motion carried.

The meeting adjourned at 5:15 p.m. The next meeting is scheduled for February 19, 2001.