



"Feeding Beef for the Future"

Representative Sharon Schwartz
Chairperson
House Agriculture and Natural Resources Committee
300 SW 10th Ave
Topeka, KS 66612

Representative Schwartz;

I am writing in favor of HB 2404, repealing the current laws prohibiting the operation of farm corporations in the State of Kansas. I am an agricultural operator who was born and raised in Kansas and who has been educated and lived in Kansas all my life. My primary occupation is feeding cattle and growing irrigated and dryland crops in Central and Northeast Kansas. By most standards I would be considered a large operator in the agricultural sectors I work in. The existing law is an impediment to further development of my current operation and also to any opportunity I may have to exit the business I have built over the last 35 years.

Agriculture today is not a small business that a young person can pursue just because he enjoys the life and wants to participate. Entry into farming is restricted by the need for huge amounts of capital just to be a small farmer. Capital that a 20 something young man does not have access to. With irrigated land going for \$1 million per 160 acres and tractors at \$250,000 each, it is impossible to start farming without help. I have helped many young people be able to participate by using the corporate ownership structure to allow them to have ownership of shares of an operation rather than acres of ground. Today in my corporation 36% of the ownership of the company is held by people who draw a paycheck from that company. That would include in excess of 20 people. Without this structure possibly 4 would be able to participate in production agriculture. The State of Kansas will continue to lose our young people if we do not allow the restrictions on corporate entities to be removed so there is a simple way to allow ownership of agriculture operations in Kansas.

The ability to attract new capital for the development of agriculture in Kansas is severely restricted by the current status of corporate land ownership. This restriction is particularly evident if that capital is coming from outside the borders of Kansas. Two years ago when I was approached by an outside entity about them joining my company with an equity investment it was aborted in the early stages because they felt the anti corporate laws in Kansas would prohibit their participation. It has caused our growth to be limited to earnings of the company or smaller local capital investors. The ability to innovate and grow agriculture in Kansas is directly related to the amount of capital that can be attracted to support that

innovation and growth. Under current law attracting outside capital is much more difficult in Kansas than in many other states.

I am 66 years old and moving towards the end of my working life. The ability to transfer ownership of a viable and profitable company the size of mine is very limited. That opportunity is almost nonexistent without the repeal of the present corporate restrictions to ownership of ag land in Kansas. What is the alternative to selling the company as a working entity which employs close to 300 people? There is only one, and that is to break it up and sell it piece by piece. That causes the elimination of many if not most of the 300 jobs that now exist. It eliminates a company that has paid millions of dollars in taxes and been the major supporter of local projects in the communities where we operate. It is just one more business that will not be able to continue in rural Kansas. Only this business ceases to exist because it was legislated out of business, not because it was unprofitable.

I would ask that support be given to HB 2404.

Thank You.

Lee Borck
Chairman
Innovative Livestock Services, Inc.