

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on February 12, 2008 in Room 423-S of the Capitol.

All members were present except:
Steve Morris- excused

Committee staff present:
Raney Gilliland, Kansas Legislative Research Department
Jason Thompson, Office of Revisor of Statutes
Matt Todd, Office of Revisor of Statutes
Judy Seitz, Committee Assistant

Conferees appearing before the Committee:
Michael Anschutz, Russell County Farmer
Bud Burke, Kansas Legislative Director, Southwestern Association
John Bottenberg, Farm Equipment Manufacturers Association (FEMA)
Hank Brucker, Customer Service Manager, Landoll Corporation
Douglas S. Hoopes, Senior Marketing Manager, Krause Corporation
Duane Simpson, Chief Operating Office and Vice President, Kansas Agribusiness Retailers Association

Others attending:
See attached list.

Chairman Taddiken opened the hearing on **SB 502–Farm equipment, warranty repair work, transportation expenses.**

Raney Gilliland, Kansas Legislative Research Department, reviewed **SB 502.** This bill deals with the issue of repair work performed on farm equipment sold on or after July 1, 2008. It would require the farm equipment dealer to pay for any transportation expenses related to repair work. The expenses would be limited to the cost of sending repair service personnel to the location of the farm equipment or the cost of hauling the equipment to the service location or both, if those costs were necessary. This bill would also require the farm equipment manufacturer to reimburse the dealer for any transportation expenses related to that repair work.

Mr. Gilliland stood for questions.

Chairman Taddiken recognized Dr. Barry Flinchbaugh and students from Kansas State who were visiting the meeting.

Senator Lee introduced **SB 502** at the request of Michael Anschutz, a farmer from her district. She noted that South Dakota has passed a law regarding this issue and distributed a copy to each Committee member (**Attachment 1**).

Chairman Taddiken noted that **SB 502** references K.S.A. 16-120, which defines farm equipment and a copy was provided for each member of the Committee (**Attachment 2**).

Michael Anschutz, Russell County Farmer, testified in support of **SB 502** (**Attachment 3**). Some farmers are required to drive many miles to get to their dealer for repair. He believes that it is the manufacturer's responsibility to compensate the dealers for charges they incur while performing necessary warranty repairs onsite where a qualified technician is required.

Mr. Anschutz answered questions from the Committee.

Bud Burke, Southwestern Association, gave neutral testimony on **SB 502** (**Attachment 4**). If manufacturers

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were required to reimburse dealers for transportation on items still under warranty, the price of the equipment would increase to offset the unknown cost to the manufacturer for transportation. It would be difficult to determine how to define the limits on what the manufacturer would pay regarding transportation.

Mr. Burke took questions from the Committee.

John Bottenberg, representing Farm Equipment Manufacturers Association, (FEMA) presented testimony in opposition to **SB 502** (Attachment 5) because it would impose an unfair burden on their manufacturing members.

Mr. Bottenberg took questions.

Hank Brucker, Customer Service Manager, Landoll Corporation, testified in opposition to **SB 502** (Attachment 6). He said this legislation would make the manufacturer solely responsible for excessive warranty costs. The increased warranty costs would force the manufacturer to implement more restrictions and limitations on their warranty policies, ultimately negatively affecting the retail customer. He also said a shorter warranty period could impede product development. State regulation would reduce the competitive advantage of the specialty manufacturers in Kansas potentially costing the state of Kansas jobs.

Mr. Brucker stood for questions.

Douglas S. Hoopes, Krause Corporation, presented testimony in opposition of **SB 502** (Attachment 7). He stated that by legislating additional warranty costs to the manufacturer, the result will be higher prices for the machines or reduced warranty for the customer.

Mr. Hoopes answered questions from the Committee.

Duane Simpson, Chief Operating Officer and Vice President, Kansas Agribusiness Retailers Association (KARA), testified in opposition of **SB 502** (Attachment 8). Nothing in the law prevents manufacturers from offering transportation costs as part of their warranties or equipment dealers from offering it as a customer service. He noted that farmers are not prohibited from negotiating transportation costs into their warranty protection. If the state of Kansas mandates dealers to cover those costs, the dealers may be forced to increase the price of their equipment in order to pay for the new government mandate.

Mr. Simpson offered to stand for questions.

Meeting adjourned.