

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on February 3, 2003, in Room 423-S of the Capitol.

All members were present except: Representative Compton - Excused
Representative Freeborn - Excused
Representative Gatewood - Excused
Representative Light - Excused
Representative Miller - Excused

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

Conferees appearing before the committee:

Chuck Stones, Senior Vice President, Kansas Bankers Association
Tom Lowe, Environmental Scientist, Kansas Water Office
Leslie Kaufman, State Director, Governmental Relations, Kansas Farm Bureau
Todd Johnson, Kansas Livestock Association
Kansas Grain & Feed Association; Kansas Agribusiness Retailers Association; and Kansas Cooperative Council
Kansas Department of Agriculture, Greg Foley, Acting Secretary

Others attending: See attached list

Chairman Johnson explained that **HCR 5004**, passed by the committee on January 29 to assist Experience Works in their competitive grant application to the U.S. Department of Labor to continue to operate the Senior Community Service Employment Program in Kansas, needs to be in Washington by Wednesday of this week. He asked for introduction of a House Resolution identical to **HCR 5004** to facilitate movement through the House. The Senate will introduce a similar resolution. Representative Dahl moved to introduce a House Resolution. Seconded by Representative Powell, the motion carried.

On Wednesday, the committee will be receiving background information concerning the State Meat and Poultry Inspection Program and the Performance Audit Report: Meat Processing Plants. As a bill to discontinue the State Meat and Poultry Inspection Program has been introduced, the Chairman requested introduction of a bill to amend current law should the committee decide to retain the state inspection program. Representative Feuerborn moved to introduce this legislation. Seconded by Representative Powell, the motion carried.

Minutes of the January 27 and 29 meetings were distributed. Members were asked to notify the committee

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secretary of any corrections or additions prior to 5:00 p.m. February 5, or the minutes will be considered approved as presented.

Hearing on HB 2055 - Interest rate on agricultural production loan deposit agreements.

Chairman Johnson opened the hearing on **HB 2055**. Raney Gilliland provided background information on the agricultural production loan deposit agreement program passed by the Legislature in 2000. Under this legislation the state places an agricultural production linked deposit with an eligible lending institution at an interest rate of 2% below the market rates. The lending institution then loans the money to qualified farmers at an interest rate of not more than 2% above the market rate. This bill would amend the interest rate to eligible agricultural borrowers to not more than 4% greater than the interest rate on agricultural production loan deposits.

Chuck Stones, Senior Vice President, Kansas Bankers Association, appeared in support of **HB 2055**. He explained that this bill would change the formula that the loan rate is based on as interest rates have dropped so low there is no longer a 4% spread. The linked deposit would continue to be based on the market rate; however, the loan rate would be 4% over the deposit rate, instead of the current 2% over the market rate. He said this would insure the 4% spread that banks need to justify these risky loans. (Attachment 1)

Peggy Hanna of the State Treasurer's office answered committee questions and reported that this has been a very popular program. She noted that the credit risk lies with the banks, these loans are not guaranteed by the State. The State Treasurer's budget would experience no fiscal effect from **HB 2055**.

As there were no other conferees, the Chairman closed the hearing on **HB 2055**.

Hearing on HCR 5003 - Concurrent Resolution urging Congress to provide emergency disaster assistance to agricultural producers.

Chairman Johnson opened the hearing on **HCR 5003**. Raney Gilliland briefed the committee on the resolution outlining some of the losses due to drought and reduced water supplies. He noted that if the committee would like for a copy of this resolution to also go to the Majority Leader of the United States Senate, an amendment would be necessary.

Tom Lowe, Environmental Scientist, Kansas Water Office, the agency responsible for monitoring drought in Kansas, testified in support of **HCR 5003**. While appreciative of the assistance provided to date through the USDA, he said that additional federal emergency disaster assistance is needed. The Kansas Water Office also supports the National Drought Preparedness Act introduced in the U.S. Senate in 2002 to implement a cohesive federal policy, similar to that in place for other types of disasters, to lessen serious economic and environmental losses accompanying drought. (Attachment 2)

Leslie Kaufman, State Director, Governmental Relations, Kansas Farm Bureau, appeared in support of **HCR 5003** to assist farmers and ranchers dealing with devastating weather-related losses. Included with her testimony is a copy of a letter to Congressman Todd Tiahrt from Steve Baccus, President, Kansas Farm

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Bureau, seeking drought assistance for Kansas farmers and ranchers. (Attachment 3)

Todd Johnson, Kansas Livestock Association, testified in support of **HCR 5003** to encourage Congress to act expediently in providing needed assistance to Kansas farmers and ranchers. He praised USDA on their decision to allow the use of Conservation Reserve Program land for haying and grazing in emergency situations and implementation of the Livestock Compensation Program to provide needed resources to producers forced to purchase forage for their livestock as a result of limited or no pasture grass. He noted that many inequities exist in these programs which are highlighted in a letter, a copy of which is included with his testimony, from the president of KLA to Ann M. Veneman, U.S. Secretary of Agriculture. (Attachment 4)

Kansas Grain & Feed Association, Kansas Agribusiness Retailers Association, and the Kansas Cooperative Council submitted written testimony in support of **HCR 5003** urging Congress to move swiftly in adopting emergency disaster assistance for agricultural producers that have suffered crop and livestock losses. They note that the on-going drought and subsequent yield reductions have negatively impacted grain handlers that store wheat, corn, soybeans, and other commodities, as well as limited sales of crop inputs such as fertilizer and crop protection chemicals provided by local agribusiness retailers. The effects of the drought are impacting main street businesses in communities of every size. (Attachment 5)

The Kansas Department of Agriculture submitted written testimony in support of emergency disaster assistance to Kansas farmers and passage of **HCR 5003**. Acting Secretary Greg Foley is in Washington, along with other members of the National Association of State Departments of Agriculture, learning first hand about the specifics of proposed disaster assistance for American farmers. (Attachment 6)

There being no other conferees, Chairman Johnson closed the hearing on **HCR 5003**.

The meeting adjourned at 4:04 p.m. The next meeting is scheduled for February 5, 2003.