

SESSION OF 2008

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2897

As Amended by Senate Committee of the Whole

Brief*

HB 2897, as amended, pertains to grain commodity commissions.

Commodity Commission Membership Provisions

The bill would allow each commission, by majority approval of the commissions, to appoint a first purchaser as a member of the Commission in addition to the other two potential at-large members provided by current law. A first purchaser would serve a term determined by the commodity commission not to exceed a three-year term of appointment and must be a Kansas resident and have been a first purchaser for at least five years preceding the appointment.

A first purchaser, as defined in current law, is any person, public or private corporation, association or partnership buying, or otherwise acquiring after harvest, corn, grain sorghum, soybeans, or wheat from a grower. This definition also includes a mortgagee, pledgee, lienor or other person having a claim against the grower under a nonrecourse loan made against the grower of such commodities.

Commission Assessment Rates Provisions

These provisions would:

- Increase the assessment rate set by the corn and grain

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

sorghum commissions from not more than 5 mills per bushel to not more than 10 mills per bushel;

- Change the assessment rate set by the soybean commission from not more than 20 mills per bushel to one-half of 1 percent of the net market price received by the grower;
- Increase the assessment rate set by the wheat commission from not more than 10 mills per bushel to not more than 20 mills per bushel;
- Increase the assessment rate set by the sunflower commission from not more than seven and one-half mills per bushel (\$0.03) to \$0.06 per cwt;
- Prohibit assessments for any commodity to be collected while a national checkoff program for that commodity remains in effect; and
- Require collections of assessments to be reinstated upon the withdrawal of a national checkoff program for that commodity.

Prohibited Activity

The bill would prohibit any grain commodity commission from engaging in lobbying as defined in KSA 46-225. However, nothing in this prohibition would be construed to prohibit any commission from engaging in any action designed to market the commodity or products directly to a foreign government or political subdivision of a foreign government.

Background

Conferees who presented favorable testimony and recommended changes to the original bill included representatives of the Kansas Soybean Commission; the

Kansas Association of Wheat Growers; the Kansas Corn Growers Association/Kansas Grain Sorghum Producers Association; the Kansas Association of Wheat Growers; the Kansas Grain & Feed Association/Kansas Agribusiness Retailers Association; and the Kansas Cooperative Council. Individuals from Muscotah and Topeka also provided testimony in support of the bill.

The House Committee on Agriculture and Natural Resources amended the bill to:

- Restore the language pertaining to the required contents of the annual report submitted by the commissions to specified committees of the Legislature;
- Provide that the soybean assessment rate would be one-half of 1 percent of the net market price received by the grower rather than a mill levy assessment;
- Clarify that assessment rates must be approved by majority vote of growers of each respective commodity; and
- Clarify that ballot forms indicating a proposed change in the assessment rate must be sent to all growers of each respective commodity.

The Senate Committee on Agriculture amended the bill to:

- Clarify that the “first purchaser” member of a commission could be in addition to the other two “at-large” positions provided for under current law;
- Eliminate language that would have required any increase in the assessments to be approved by mail ballot;
- Reinstate language that prohibits the commissions from raising the assessment rates more than once per year (return language to current law); and

- Prohibit the commodity commissions from “lobbying” as defined by KSA 46-225.

The Senate Committee of the Whole amended the provision relating to the prohibition from “lobbying” to clarify that engaging in any action designed to market the commodity or products directly to a foreign government or a political subdivision of the foreign government.

The fiscal note on the original bill indicates that the Department of Agriculture states there would be no fiscal effect associated with the enactment of the bill. Revenues from the levies are not deposited in the state treasury, so any increase a commission may adopt would not affect the state budget.