MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By CHAIRMAN BERV. KIMBERLEY, on January 16, 1991, at 8:00 A.M.

ROLL CALL

Members Present:
Rep. Berv Kimberley, Chair (D)
Sen. Esther Bengtson, Vice Chair (D)
Sen. Gerry Devlin (R)
Rep. Ed Grady (R)
Rep. Jerry Nisbet (D)
Sen. Cecil Weeding (D)

Members Excused: None

Members Absent: None

Staff Present: Roger Lloyd, Associate Fiscal Analyst (LFA)
Carl Schweitzer, Budget Analyst (OBPP)
Theda Rossberg, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: **CHAIRMAN KIMBERLEY** announced the first order of business was to take Executive Action on the Management Utility Audit, of the Public Service Regulation Division. See Exhibit 1 of January 11, 1991 Minutes.

SEN. BENGSTON stated, after reviewing the utility correspondence she stated she was not prepared to vote on a motion or make a motion.

EXECUTIVE ACTION ON MANAGEMENT UTILITY AUDIT

Motion/Vote: by **SEN. DEVLIN** to disallow the Budget Modification. Motion **CARRIED** unanimously.

DEPARTMENT OF AGRICULTURE

HEARING ON CENTRALIZED SERVICES

EXHIBIT 1 - Roger Lloyd, Legislative Fiscal Analyst referred to the "Cat and Dog" bills listed in the House and Senate.

CHAIR. KIMBERLEY asked to discuss Statewide Indirect Costs.

Carl Schweitzer, Budget Analyst (OBPP) asked **Sandra Kuchenbrod, Department of Agriculture** to explain the SWACAP. She stated, a portion of the indirect funding received from Personal Services and Federal Grants has to be paid to the General Fund. So this is an increase. **Mr.Schweitzer** stated, this pays for some of the Centralized Services like the Budget Office, Department of Administration. It is a way of collecting Federal Funds and reimbursing the General Fund for some of the overhead.

CHAIR. KIMBERLEY asked **Mr.Schweitzer** in regard to travel, the Executive Budget was higher in FY89 and FY90 based on what was spent. Why the request for a budget increase? **Mr. Schweitzer** answered, this is the budget for the Director and Deputy and the Centralized Administration of the Dept. In FY90 there was a new Director and a lot of travel was curtailed as he was basically working in Helena and learning a new job. We have looked at some of the travel history in prior years. There was between $7,000 and $8,000 in the LFA Budget. Between $8,000 and $10,000 has been the historical travel level. We have about $4,600 more in the budget for FY90 do to not as much travel as anticipated. We used the amount which had been appropriated in prior years.

SEN. DEVLIN stated in FY88 there was about $10,000 in the travel budget. **Ms. Kuchenbrod** explained, there were 6 out-of-state trips taken in FY90 and the Department budgeted for 8. The Director's Office does most of the traveling.

Mr. Peck stated, some of the travel is for National Association to coordinate policy on the National level. **Mr. Snortland** has been on a subcommittee of the U.S. Dept. of Agriculture. We also participate in the Canadian import activities. We need to respond to Eastern Montana better than in the past. About $900 of this budget would be for that travel, to deal with some of their issues.

Mr. Snortland in regard to travel to Japan, I have been on 2 trips to represent Agriculture. One included a trip to Taiwan. One other trip to Japan on my own was for the Department of Commerce. The only State represented in the Holstein Festival was Montana. There were a lot of private people attending. We also showed samples of hay, alfalfa pellets and cultural type things. They were interested in our meat exports, as Japan provides 50% of the meat to Taiwan. This may expand into Singapore.

Sen. Bengston asked, to establish marketing of agriculture products when working with the private sector, how closely does the Agriculture Dept. work with them? How does this interface? **Mr. Snortland** replied, the private can't get active without the approval of the State Government. Therefore, we put buyer and seller together. We have a Chinese Nationalist who works with us, but their tastes are different from ours and we have to take

this into consideration. For example, in our dried cherry market we like ours sweetened and they like them the way they are and add their own flavoring.

SEN. DEVLIN Asked, in regard to the Holstein get-together, won't this be reflected in the Department of Commerce Budget? **Mr. Snortland** replied, "yes" this is not the Agriculture Budget.

SEN. BENGSTON stated, I feel that a lot of travel is really justified, but we don't always have the budget for this.

CHAIR. KIMBERLEY asked, in regard to the new computers that were purchased, why would we need more computer software? **Mr. Schweitzer** explained that the software is constantly changing. **Mr. Lloyd** took a three year average for equipment, it is hard to decide what is going to happen. See Exhibit 1 of January 15, 1991 minutes.

SEN. WEEDING asked, is the $6,900 for the network which ties all the computers together and, is this a one time request over the budget? **Mr. Schweitzer** explained, this is a charge the Department of Administration will be charging the Department of Agriculture for this network system. The General Government Sub Committee is still looking at this issue. If they decide on this program, then the cost would go to the Departments to pay for it.

SEN. WEEDING asked, is each Department's computer system separate for this network? **Mr. Schweitzer** stated, the Department of Agriculture is tied into the Department of Administration with the accounting functions such as payroll, etc. However, each Department has their personal computers for their data which don't necessarily go on the main frame. There is statewide information and also department information. We are dealing with the Department computer system. **SEN. WEEDING** asked, who makes the first move, the subcommittee? Will they make the decision and then we will be tied to it? **SEN. BENGSTON** replied, it would have to be the Department of Administration who makes the decision.

SEN. BENGSTON stated, with all the computer business, upgrading, what is going to happen to State Government? I don't feel like doing anything regarding computers.

Mr. Peck replied, the Department of Agriculture was using Word Perfect Version 4.2. However, the budget office put together the budget in Version 5.1. Therefore, the Department of Agriculture had to purchase Version 5.1 to be compatible with the budget office. This is what we are faced with asking for an additional $600. It is the increased technology which is being improved all the time.

SEN. WEEDING asked, why can't you buy the software and copy it into the next one? **Mr. Peck** explained, there are copyrighting laws and we cannot violate these.

SEN. DEVLIN stated, we are going to run into the computer issue in every budget we consider. It is an ongoing issue.

CHAIR. KIMBERLEY asked, in regard to the anhydrous ammonia and alfalfa seed accounts, what account should we use? **SEN. BENGSTON** stated, we should use the anhydrous ammonia account.

Motion/Vote: by **SEN. BENGTSON** to use the anhydrous ammonia account and not the alfalfa seed account for funding. Motion **CARRIED** unanimously.

Mr. Lloyd clarified, SWCAP includes the statewide last allocation plan of which $550 is for dues and $450 education costs, making a total of $1,923.

Motion/Vote: by **SEN. BENGTSON** to approve the Executive Budget with the exception of the $6,910 networking costs.

SEN. DEVLIN stated, in regard to Agriculture donations, refresh me on spending authority of $5,000. **Ms. Kuchenbrod** explained, these are State Special Revenue donations received. The differences is **Mr. Lloyd's** figures reflect actual expenditures of approximately $1,000 in FY90. We only ask for the spending authority if we receive the donations. We would spend approximately $3,300.

SEN. DEVLIN asked, do we need some language in the motion as to spending authority if they receive the donations? **Mr. Schweitzer** explained, we gave them $5,000 for FY90 and FY91, so basically we don't need the language to give them authority to spend it.

Mr. Schweitzer stated, we are telling them how much they can spend. The way this will be spent depends on other decisions this committee will make. You can make a decision as to the level of funding, but you will have to wait for the other decisions to figure out the mix of what sources will fund this later on.

Motion **CARRIED** unanimously.

CHAIR. KIMBERLEY stated we need to take action on the modification. **Mr. Lloyd** clarified, this modification would be necessary for your consideration upon: approval of Environmental Management modification and passage of Legislation increasing pesticide registration fees. If these pass then the funding of this program will need to be switched. Therefore, the committee might consider delaying action on this Modification until we receive further information.

CHAIR. KIMBERLEY agreed to delay action on the modification.

HEARING ON STATE GRAIN LAB.

Mr. Peck addressed the workload factor they are facing in the

State Grain Lab. In FY90 the Director asked us to look at the Grain Lab. on an annual bases in regard to work, revenue and ability to meet the workload. We recommended two items, 1. moving the vacant FTE in the Department of Agriculture to the State Grain Lab. 2. Using the budget you gave us in the last session, it was stated, if the workload increased we would have authority for a budget amendment. We asked for an additional 2 FTE's in FY90 to help with the workload. This is funded by the fees which come in for the services provided by the State Grain Lab.

CHAIR. KIMBERLEY suggested discussing the LFA Budget before we proceed with the testimony.

EXHIBIT 2 - Mr. Lloyd analyzed the budget comparisons as follows: In FY92 the Executive Budget is $58,062 greater than the LFA Budget and 1.5 FTE's greater. In FY93 the Executive is greater by $61,564 and the 1.5 FTE's. These differences were because of the workload increase. The partial FTE's which were eliminated from the LFA Budget were .62. These were used in the Executive Budget to help the workload.

Mr. Schweitzer stated, the Executive Budget includes a Budget Modification for an increase of 2 FTE's and Executive Budget of $63,546 for FY92 and 2 FTE's and $43,512 for FY93. You may also want to consider language in HB2. The current language for FY91 is stated in the **EXHIBIT 2.** All of the positions shown here are currently in the Grain Lab. We transferred some funds from the wheat and barley program as they had some excess funds.

Mr. Peck explained, the industry requested the State Grain Lab to conduct an analysis of oil seed. In order to provide that function it would cost $20,000 to buy the equipment needed. The 2 FTE's are Grain Inspectors. They have to be trained and pass a Federal Grain inspection exam. which takes from 6 months to a year.

REP. GRADY asked, if this equipment was to keep up with the Canola Oil Industry? **Mr. Williams** replied, we have a lot of requests for making oil from safflower and recently on Canola oil. Canada has contacted us in this regard. The equipment needed would make the oil from the product.

SEN. DEVLIN asked if it would be better to request a .5 FTE rather than pay overtime. The overtime cost is based on actual 1990. **Mr. Williams** replied, this overtime is for temporary part time help we would hire during harvest. Farmers usually work as long as it is light enough.

Mr. Peck stated to summarize operating costs differences of contracted services; there was $11,949 difference between the LFA Budget and the Executive Budget. $2,000 is the amount we have to pay the Federal Government for Federal Grain Inspections. When our budget was low we did our own janitorial work. However, due

to the workload we issued bids for janitorial work which amount to $200 per month, which makes $2,400 difference in contracted services. **Mr. Peck** detailed all of the expenditures within the Department. The floor in the Lab needs replacing. It is 39 years old and has holes in it. An estimate to replace the floor is $4,250.

EXHIBIT 3 - Mr. Williams stated, these copies of awards from the American Association of Cereal Chemists were for accuracy in protein testing of grains. The other Association is the Grain, Weighing and Inspection Agencies. This includes all State and private weighing and inspection systems. The membership to National Associations is very important for Federal feedback.

SEN. DEVLIN asked, a 39 year old floor? What about the increase of 2 FTE's? **Mr. Williams** stated, the building is 39 years old and this is the original floor. **Mr. Peck** stated, the 2 FTE's are currently used for the extra workload.

Mr. Snortland stated, there was a request from other States to look at our lab facilities, so we had to clean up the lab as it was pretty run down.

SEN. WEEDING stated, I presume the 3.5 additional FTE's will be used for the oil seed equipment. **Mr.Williams** stated, in regard to the oil seed equipment, we can get by on existing staff.

REP. GRADY asked, **Mr. Peck**, it sounded like some Federal mandated language here. If so, it should be included in the General Fund. Can someone answer that? **Mr. Lloyd** answered, the LFA budget is developed to give this committee and the Legislature a base to start from. We try to develop a current level and in this case this is what the Legislature left last session. In developing the budget, we don't try to anticipate work load increases.

REP. GRADY asked, in regard to staff training, is there any way in which staff can have some in-house training by other staff?

Mr. Peck replied, the staff does train other staff. **Mr. Williams** stated, training for Grain Inspectors is done in-house. We try to send one employee per year to a state training session. Also, our computer program has been the biggest advance in the Grain Lab.

SEN. BENGSTON stated, it was mentioned, there was a transfer of funds from the Wheat & Barley Program, which are State Special Revenue. How does the two agencies within the Dept. of Agriculture operate to interchange funds? Is that legal?

Mr. Snortland answered, we had the money in the Grain Lab. but we didn't have the authority to spend it. The Wheat and Barley committee had the authority to spend so the authority was moved over to the Grain Lab.

SEN. BENGTSON asked, you can transfer spending authority from one account to another? **Mr. Peck** replied, under State Law the Agency has authority to transfer 5% to other agencies.

CHAIR. KIMBERLEY asked, why is that language necessary? **Mr. Peck** answered, we don't think we will have the authority in the next 2 years without the language.

Mr. Snortland clarified, in 1988 we had rain on our crops during harvest and caused some quality problems. Some people didn't trust anyone, So they were sending 3 or 4 samples from the same bin into the Grain Lab. Due to increased costs we had to use any emergency powers we had to meet that demand.

REP. GRADY asked, does the college in Bozeman do any grain testing and are we doubling up, funding two different grain laboratories? **Mr. Williams** answered, in Bozeman we have a seed laboratory, but the only State Grain Lab. for testing grain is in Great Falls, Montana.

CHAIR. KIMBERLEY stated, we will take Executive Action at this time unless there is further discussion.

Mr. Peck thanked the committee for the hearing on the Grain Lab. today.

EXECUTIVE ACTION ON THE STATE GRAIN LAB.

EXHIBIT 2.
Motion/Vote: by **SEN. DEVLIN** to approve the Executive Budget on the Increased Workload. Motion **CARRIED** unanimously.

Motion/Vote: by **SEN. WEEDING** to approve the Budget Modification for the Grain Lab. Increase. Motion **CARRIED** unanimously.

SEN. WEEDING asked, about HB2 language? **Mr. Lloyd** clarified, at present there is no language in HB2. It is up to the committee to use any language they wish. The present language in HB2 will end in FY91.

SEN. BENGTSON stated, if we don't put that language in, they cannot ask for a budget amendment.

Motion/Vote: by **REP. GRADY** to add the HB2 language. Motion **CARRIED** unanimously.

HEARING ON AGRICULTURAL DEVELOPMENT

EXHIBIT 4 - Mr. Mike Murphy, Administrator of Agricultural Development Division gave an overview of the functions of the Agricultural Development Division.

EXHIBIT 5 - Mr. Lloyd reviewed the budget analysis with the committee. In comparisons of the differences, in FY92 the Executive Budget is $418,642 over the LFA Budget. In FY93 the Executive Budget was over the LFA by $419,972. The budget base differences were because of the LFA taking the actual expenditures in FY90 and the Executive taking the appropriated amount in FY91.

Regarding the Agricultural Finance Program: A. Grants - there was a switch of some expenditures which were recorded as Grants in FY90. Now they are being recorded as expenditures. So the Executive Budget shows $2,600. In the Hail Insurance Program, the LFA eliminated .25 FTE as this position had been vacant for more than 6 months. There was also some difference in overtime and per diem between the Executive and the LFA Budgets.

In the Agricultural Statistics Program is the .25 FTE the Executive moved from the Milk and Egg Program into the Grain Laboratory. The LFA keeps it in the Milk and Egg Program, so this shows a negative difference of ($4,923).

In the Agricultural Development Council there is a slight difference in per diem between the LFA and Executive Budgets.

In the Wheat and Barley Committee there are .12 FTE's the Executive moved into the Grain Lab. The LFA eliminated that because it had been vacant for more than 6 months. There is no difference in either budget as this position is no longer within this program. In the printing costs, the LFA used the actual FY90 expenditure of $14,190 and the Executive added this much more to the budget. In new membership dues, the difference is $14,000 which the LFA did not include in membership to new organizations. The $47,273 for current membership dues is included in the LFA Budget. Under Grants, there is a difference of $371,453 added to the Executive Budget for new grants, whereas, the LFA used actual FY90 expenditures.

The committee may wish to consider language as it appears in HB2 for FY91 or change it or delete it. The language is as follows: "The department is authorized to make grants to state agencies from the Growth Through Agriculture account as approved by the Montana Agriculture Development Council in accordance with title 90, chapter 9. The state agency that receives a grant from the Montana Agriculture Development Council is authorized additional appropriation authority equal to the grant amount."

Mr. Schweitzer stated the only reason this language is recommended is, if they do get a grant this gives them authority to spend it.

EXHIBIT 6 - Mr. Murphy introduced the people from the Wheat and Barley Commission: **Mr. Larry Barber, Past Chairman** and **Jim Christianson, Bureau Chief. Mr. Murphy** reviewed the items listed on **Mr. Lloyd's** Budget Analysis as follows:

Administration Budget - The base funding for the Division of Administration is provided by the General Fund, with the exception of State Revenue Funds of $8,500 which is from the tax check-off from your State Income Tax. This facilitates the Ag. In The Class Room program. Budget Base Differences - the budget in FY90 was not expended because there was no out-of State travel and the Executive Budget included this back into the Budget. Contracted Services - the LFA Budget reduced the Contracted Services in FY90 by $620 which is reflected in the Ag. in the Class Room Program.

We ask that this committee approve the Executive Budget.

QUESTIONS:

SEN. BENGTSON asked, who is actually in charge in developing the Ag. In The Classroom program? **Mr. Murphy** replied, we helped facilitate a non-profit program. The membership is comprised of persons throughout the State. They work out of their homes which saves a lot of expenses such as telephone, etc. A lot of donated time and effort has gone into this program. The $8,500 is primarily for instructional materials.

EXHIBIT 7 - Alfalfa Seed Committee - **Mr. Murphy** reviewed the LFA Budget Analysis of this program. He stated, the revenue is $4,421 for FY92 and $3,397 for FY93. The LFA excluded the Per Diem of $425 each year.

EXHIBIT 8 - Agriculture Finance Program - **Mr. Murphy** gave an overview of this program and a comparison of the LFA Budget Analysis. The recent audit by the Legislative Audit Office addressed the way we had appropriated the funding which was used to facilitate the Young Ag. Couples Conference. This was previously in the Grant program and the auditor decided this should go back into the operating budget. The LFA budget did not reflect the total transfer of this amount in the base by about $4,128 in FY92 and $4,334 in FY93. In FY90 there was an appropriation of $20,000 in Grants. When this was transferred out of Grants, the Executive Budget left $2,600 in that account and $17,400 was transferred to the operating budget.

QUESTIONS:

SEN. BENGTSON asked, wasn't there something years ago to do away with this program. **Mr. Murphy** replied, he hadn't heard anything about that. **SEN. BENGTSON** asked, is their a lot of competition from different groups for this funding and how does the Young Ag Couples Conference work? **Mr. Murphy** stated, in the Young Ag Couples program we work with farm organizations in the State and we send out letters requesting nominations of individuals they would like to have attend. This has resulted in between 35 to 45 couples attending this program and the feedback is tremendous. **SEN. BENGTSON** asked if their was a limit to how much was budgeted for that conference. The $17,400 was to facilitate that

conference.

SEN. BENGTSON asked, how much was in the loan account. **Mr. Murphy** stated, the assets at this time are 2.5 million and the loan portfolio ranges between 180 and 240 loans per year.

REP. GRADY stated, this is a good program for young people as it is hard for them to get financing for a start in agriculture.

SEN. BENGTSON asked, what is the age group for the financing program? **Mr. Murphy** replied, the Junior Ag. Program is from age eight to twenty one and parents co-signature is required for the loans. The Rural Assistance Loans are from age eighteen and over and they have to provide proof that they actually need a loan. **SEN. BENGTSON** asked, is the percent of interest tied to the bank? **Mr. Murphy** answered, "yes" we tie the interest rate to several factors. It is less than the current market rate. The rate at present is 8.5%

EXHIBIT 9 - Hail Insurance Program - **Mr. Murphy** gave an overview of this program and reviewed the LFA Analysis differences. The program is authorized to hire up to 13 hail adjusters at a .25 FTE's. These adjusters are only hired during the hail season. The LFA reduced the budget by .25 FTE as that position was not used during the FY90 season. The LFA also reduced operating expenses to FY90 levels. We retained one FTE adjuster to help the 12 FTE's in a heavy hail season. The budget to cover per diem was also excluded. These exclusions amount to a difference of $5,853 in FY92 and FY93.

QUESTIONS:

CHAIR. KIMBERLEY asked, what the status of that program was with privatization? **Mr. Snortland** replied, nothing has been done with privatization. We did not get any responses from the people at this time. There is a meeting with the State Hail Board on the 18th in regard to this.

Mr. Murphy stated, we had a lot of travel in FY91 due to a heavy hail year. In FY90 we had none.

SEN. BENGTSON asked **Mr. Snortland** if there wasn't something in the newspaper in regard to the financial condition of hail insurance.

Mr. Snortland state, what you are referring to is, $24 per acre on dryland insurance and $48 on irrigated land. We have a reserve account of about 5 million dollars established by the State Hail Board. We will not be paying any dividend this year on the insurance premiums due to a heavy hail year. We may have to raise the premiums to increase the reserve fund.

SEN. BENGTSON asked, do you think there will be an effort to raise the coverage and the premiums? **Mr. Snortland** stated, he

didn't know, but the State Hail Insurance has a rate per hundred dollars of coverage per county. Private companies go by districts which could include more than one county. The State Hail Insurance is lower than private companies. However, private companies cover fire and the State Hail Insurance does not, so we could be stuck with the high-risk insurance at a lower rate.

SEN. WEEDING asked, if the budget was based on the actual FY90, why isn't it reflected in this budget.

Mr. Schweitzer stated, it is in the budget.

Mr. Murphy stated we had a heavy hail year last year and the travel cost was high for the adjusters. We do have adjusters in different areas around the State which does help keep travel costs down.

EXHIBIT 10 - Agricultural Marketing & Administration - **Mr. Murphy** reviewed this program with the committee.

QUESTIONS:

SEN. BENGTSON asked, who heads up the marketing program? **Mr. Murphy** answered, the marketing program manager is **Carol Andrews.**

EXHIBIT 11 - Agricultural Statistics Program - **Mr. Murphy** reviewed this program with the committee and the LFA Budget Analysis. The LFA Budget is nearly equal to the Executive Budget which is $4,923 in FY92 and $4,918 in FY93.

SEN. BENGTSON asked **Mr. Pratt**, in regard to surveys that are sent out, what percent of response do you receive? **Mr. Pratt** replied, over the last 4 years about 85% including telephone surveying.

EXHIBIT 12 - Agricultural Development Council - **Mr. Murphy** reviewed this program with the committee and the LFA Budget Analysis. We agree with the LFA Budget in regard to appropriations for Grants. See **EXHIBIT 5.**

CHAIR. KIMBERLEY asked **Mr. Murphy**, what are those statutory grants used for? **Mr. Murphy** answered, the grants are tied to the marketing development activities. An example, in the Glendive area this grant provided for the collection of eggs from paddle fish.

SEN. BENGTSON stated, I have heard some complaints regarding this program and I didn't think this is where the grant should go. **Mr. Murphy** replied, that is correct and we have a request to present this program to the Senate Ag. Committee and the House Ag. Committee this afternoon.

CHAIR. KIMBERLEY, asked **Mr. Murphy** if he would provide this committee with a list of the past Grants.

REP. GRADY asked, can these grants be used for organic farming for an individual operator? **Mr. Murphy** replied, the money which is available for grants are tied to activities that provide for public benefit rather than an individual.

REP. GRADY asked, could this be tied to an individual for organic farming which would provide data. **Mr. Murphy** replied, an individual could probably qualify for a grant if it would benefit input for public benefit.

REP. GRADY asked, do you have any individual grants at present? **Mr. Murphy** replied, there is one that I know of; the grant was made because the individuals effort was directed at developing a new market for a particular agriculture product. **REP. GRADY** asked to see some past grants and also some current grants. **Mr. Murphy** said he would provide this information after a meeting on Monday.

See **EXHIBIT 6** - Wheat and Barley Bureau - **Mr. Murphy** reviewed this program previously. He stated the budget of $14,190 did not reflect printing of the Wheat and Barley News in the Montana Farmer Stockman magazine, which was initiated in FY91. The LFA reduced the grants by $371,453 in FY92 and FY93, to the FY90 level. It is difficult to estimate the amount of revenue from the sale of Wheat and Barley because of the fluctuating conditions of the weather.

QUESTIONS:
SEN. WEEDING asked, what the difference was in the $371,453 for grants. Was this based on FY88 and FY89? **Mr. Christianson, Bureau Chief** of the **Montana Wheat and Barley Bureau** stated, crops based on 1985 and 1988 were the worst crops we had and we try to hold about 50% of our budget in reserve for disasters. The amount of grants we spent was $627,000 which had been sharply reduced and increased in FY91 which will get us back to the funding level we were in FY84. We asked for $999,000 for grants based upon wheat and barley yield. There is no way this can be accurately estimated. We have 36 grants in the current FY91 budget.

SEN. WEEDING asked if the committee could get a list of these grants. **Mr. Christianson** said he would get copies for the committee.

Mr. Schweitzer said, of the difference of approximately $371,000 they spent $600,000 in FY90 and the Executive Budget includes a little over $900,000. So they spent between $600,000 and a million for grants.

Mr. Williams explained the reserve is used to cover any crop failures which may occur, so we try to keep some funds in this account.

Mr. Christianson stated, we would like to get enough money so we

would have one budget in reserve. There is paranoia that if the reserve gets too big something will happen to it.

SEN. BENGTSON asked, when did the Wheat and Barley Commission begin? **Mr. Christianson** answered, this started in 1967 and has grown considerably because we have added barley since then.

CHAIR. KIMBERLEY asked, what about the possibility of privatizing this program?

Mr. Barber answered, privatizing has been talked about since 1967. It currently goes through the appropriation and some feel it should go directly into accounts which are handled by the producer and not by legislation. If we can get our reserve up to pay our bills and go through the producer themselves, this would be the main focus on privatization.

SEN. BENGTSON asked, if there were any other committees which model their programs after yours? **Mr. Christianson** answered, Alfalfa Seed is one of them.

Mr. Snortland stated if they were to be decoupled, they wouldn't have to go through the bureaucracy that we do now. We probably would still have some kind of an audit to make sure funds were spent according to law.

SEN. DEVLIN asked, have you tried this in previous years and why should the State even be in it? **Mr. Barber** answered, I think the only complaint would be, some people think this should be controlled by the legislative process which created the committee. They would probably be concerned that the process would be done right.

SEN. DEVLIN asked, is the Board appointed by the Governor and would that change? **Mr. Christianson** answered, this would be the same as before. A list of candidates is submitted to the Governor and he makes his selection.

Mr. Schweitzer explained, if the program was decoupled, there would be financial ramifications. In the Centralized Services Budget of the dept. we assess the Wheat and Barley Commission about $45,000 to $48,000 a year for overhead. If we lose them we will have to replace that with General Fund.

Mr. Snortland stated, we would still have to be the flow-through person to collect the funds and make the refunds.

REP. GRADY asked, if our approval of this budget would help to get ahead as to the reserve? **Mr. Christianson** answered, the reserve account is part of the State Fund and we don't need authority to spend it.

CHAIR. KIMBERLEY said, we would delay action on this item due to the time.

EXHIBIT 13 - Environmental Management Division - **Mr. Snortland** introduced **Gary Gingery, Administrator of Environmental Management Division. Mr. Gingery** gave lengthy testimony on the functions of this program.

This Division manages the activities of 5 programs:
1. Pesticide and Pest Management Program - **EXHIBIT 14**
2. Vertebrate Pest Management Program - **EXHIBIT 15**
3. Weed Management - **EXHIBIT 16**
4. Ground Water Management - **EXHIBIT 17**
5. Laboratory Services - **EXHIBIT 18**

ADJOURNMENT

Adjournment: 11:50 A.M.

Berv Kimberley
REP.BERV KIMBERLEY, Chair

Theda Rossberg
THEDA ROSSBERG, Secretary

BK/tr

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL DATE 1-16-91

NAME	PRESENT	ABSENT	EXCUSED
SEN. ESTHER BENGTSON, VICE-CHAIR	✓		
REP. ED GRADY	✓		
REP. JERRY NISBET	✓		
SEN. GERRY DEVLIN	✓		
SEN. CECIL WEEDING	✓		
REP. "BERV" KIMBERLY, CHAIRMAN	✓		

Motion
By Devlin.

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL VOTE

DATE 1-16-91 **AGENCY** Nat Resources **NUMBER** _____

MOTION: Management Utility Cutoff Modifications

Motion To Disallow

NAME	AYE	NO
SEN. ESTHER BENGTSOM, VICE-CHAIR	✓	
REP. ED GRADY	✓	
REP. JERRY NISBET	✓	
SEN. GERRY DEVLIN	✓	
SEN. CECIL WEEDING	✓	
REP. "BERV" KIMBERLY, CHAIRMAN	✓	
TOTAL	6	

Failed Unanimously

1-16-91
Ex 1

NATURAL RESOURCES SUBCOMMITTEE
1991 SESSION

EXHIBIT 1
DATE 1-16-91
HB

CAT AND DOG BILLS
AND
BILLS WITH FISCAL IMPACT
(AS OF JANUARY 15, 1991)

	House Bills	C & D	F I
6	Appropriate funds for water development and renewable resource grants/loans (DNRC)	X	
7	Appropriate money for water development for water development loans and approve bond issuance (DNRC)	X	
8	Appropriate money for reclamation and development grants (DNRC)	X	
10	Oil overcharge appropriation (DNRC)	X	
31	Establish open season in shooting preserves and repeal bird license requirement (FWP)		X
46	Establishing small business coordination system (AG and COMMERCE)		X
56	Provide annual adjustment of retirement allowance for certain game wardens (FWP)		X
66	Revise bee inspection procedures and definitions (AG)		X
118	Allowing pharmacists to use pharmacy technicians (COMMERCE)		X

	Senate Bills	C & D	F I
3	Extend agricultural assistance program (AG)		X
13	Make permanent the wildlife habitat acquisition program (FWP)		X
18	Revising oil and gas pooling law: responsibility for mitigation of damages (DNRC)		X

Exhibit 1
Jan 16-91

6201 DEPARTMENT OF AGRICULTURE
15 CENTRALIZED SERVICES DIVISION
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	10.00	10.00	10.00	.00	10.00	10.00	.00
Personal Services	300,638	354,395	353,988	407	354,530	354,141	389
Operating Expenses	75,250	90,223	69,161	21,062	90,734	69,445	21,289
Equipment	4,775	4,940	4,375	565	5,475	4,375	1,100
Total Expend.	$380,663	$449,558	$427,524	$22,034	$450,739	$427,961	$22,778
Fund Sources							
General Fund	194,313	195,752	190,108	5,644	196,617	190,296	6,321
State Revenue Fund	168,718	193,940	183,891	10,049	194,266	184,086	10,180
Federal Revenue Fund	17,632	25,287	18,851	6,436	25,277	18,870	6,407
Expendable Trust Fund	0	34,579	34,674	95-	34,579	34,709	130-
Total Funds	$380,663	$449,558	$427,524	$22,034	$450,739	$427,961	$22,778

CURRENT LEVEL ISSUES:

	--EXEC OVER (UNDER) LFA-- FY 92	FY93
1. PERSONAL SERVICES - A. The LFA budget reflects that no overtime was paid in fiscal 1990 - 0	$376	$376
B. LFA reflects correct longevity and benefits of position upgrades.	$31	$13
2. DEPARTMENT OF ADMINISTRATION COMPUTER NETWORKING FEES - The Executive Budget includes the increased networking fees contained in the DofA budget modification for expansion of network services.	$6,910	$6,910
3. AGRICULTURAL DONATIONS - The LFA reflects actual fiscal 1990 expenditures.	$3,968	$3,968
4. BASE DIFFERENCES - The Executive Budget is higher due to using the FY 1991 appropriation as a base, whereas the LFA current level is based on FT 1990 actual expenses.	$10,749	$11,524
TOTAL CURRENT LEVEL	$22,034	$22,778

FUNDING

The committe may wish to consider the assessement of charges to the anhydrous ammonia and the alfalfa seed accounts in funding this program.

EXECUTIVE BUDGET MODIFICATION:

1. [illegible] INDI[illegible] COSTS[illegible] CH - [illegible] depa[illegible]t pr[illegible] to [illegible]itut[illegible] 9.367[illegible] ener[illegible]d i[illegible]al [illegible]

EXHIBIT 1
DATE 1-16-91
HB Natural Res Subc.

4201 PUBLIC SERVICE REGULATION
01 PUBLIC SERVICE REGULATION PROG
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

1-11-91

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	46.00	46.00	44.00	2.00	46.00	44.00	2.00
Personal Services	1,372,335	1,528,660	1,481,995	46,665	1,527,623	1,481,061	46,562
Operating Expenses	304,111	371,349	318,531	52,818	371,958	317,900	54,058
Equipment	45,910	38,605	33,605	5,000	42,079	37,079	5,000
Total Expend.	$1,722,356	$1,938,614	$1,834,131	$104,483	$1,941,660	$1,836,040	$105,620
Fund Sources							
General Fund	1,683,400	1,892,696	1,788,213	104,483	1,895,742	1,790,122	105,620
Federal Revenue Fund	21,780	25,918	25,918	0	25,918	25,918	0
Proprietary Fund	17,176	20,000	20,000	0	20,000	20,000	0
Total Funds	$1,722,356	$1,938,614	$1,834,131	$104,483	$1,941,660	$1,836,040	$105,620

2w acp

CURRENT LEVEL ISSUES:

	--EXEC OVER (UNDER) LFA-- FY 92	FY93
1. FTE REDUCTION - LFA current level eliminates 2.0 FTE that had been vacant over 6 months in the 1991 biennium.	$46,665	$46,562
2. BIENNIAL APPROPRIATION - The Executive Budget includes a $50,000 biennial appropriation for consultants, whereas the LFA current level is based on actual expenses.	$18,886	$18,886
3. EQUIPMENT - The Executive Budget includes additional computer software.	$5,000	$5,000
4. BUDGET BASE DIFFERENCES - The Executive Budget is higher due to using the FY 1991 appropriation as a base, whereas the LFA current level is based on FY 1990 actual expenses.	$33,932	$35,172
TOTAL CURRENT LEVEL ISSUES	$104,483	$105,620

EXECUTIVE BUDGET MODIFICATIONS:	FTE FY 92	FY 93		
1. TRAVEL/REGISTATION FEES	0.00	0.00	$25,000	$25,000
2. UTILITY MANAGEMENT AUDIT	1.00	2.00	$48,286	$175,516
TOTAL EXECUTIVE BUDGET MODIFICATIONS	1.00	2.00	$73,286	$200,516

ELECTED OFFICAL MODIFICATIONS:				
1. RELOCATION OF PSC	0.00	0.00	$191,650	$160,000
2. EXEMPT POSITIONS	0.00	0.00	$15,000	$15,000
TOTAL ELECTED OFFICIAL MODIFICATIONS	0.00	0.00	$206,650	$175,000

EXHIBIT 1
DATE 1-16-91
HB Natural Res. Div.

1-16-91

Exh 2

6201 DEPARTMENT OF AGRICULTURE
25 STATE GRAIN LABORATORY
00000 STATE GRAIN LAB

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	.00	13.50	12.00	1.50	13.50	12.00	1.50
Personal Services	373,602	367,697	333,979	33,718	367,930	335,064	32,866
Operating Expenses	60,863	86,187	62,353	23,834	90,996	62,798	28,198
Equipment	41,960	19,500	19,000	500	16,000	15,500	500
Total Expend.	$476,425	$473,384	$415,332	$58,052	$474,926	$413,362	$61,564
Fund Sources							
State Revenue Fund	476,425	473,384	415,332	58,052	474,926	413,362	61,564
Total Funds	$476,425	$473,384	$415,332	$58,052	$474,926	$413,362	$61,564

CURRENT LEVEL ISSUES:

	--EXEC OVER (UNDER) LFA-- FY 92	FY93
1. INCREASED WORKLOAD - The LFA funds the program at fiscal 1990 levels, whereas the Executive Budget transfers 1.5 FTE from other programs due to workload increases. The FTE transfers were: #20204 .25 FTE From the Agricultural Development Division; #00804 .12 FTE From the Agricultural Development Division; #90006 .13 FTE From the Plant Industry Division; #90011 .50 FTE From the Plant Industry Division; #00621 .50 FTE From the Plant Industry Division. Because positions #90011 and #00804 had been vacant over six months, the LFA eliminated them (.62 FTE) from the originating division.	$58,052	$61,564

EXECUTIVE BUDGET MODIFICATION:

	FTE FY 92	FTE FY 93		
1. GRAIN LAB INCREASE	2.00	2.00	$63,546	$43,512

HOUSE BILL 2 LANGUAGE - "If the workload at the grain laboratory requires additional resources beyond that amount appropriated, the workload increase is an emergency for budget amendment purposes under 17-7-401 through 17-7-405, MCA.

2
DATE 1-16-91
SEC Natural Res. Sub

EXHIBIT 2
DATE 1-16-91
HB. Natural Res. Sub.

DEPARTMENT OF AGRICULTURE
CENTRALIZED SERVICES

ADDENDUM

1. The committee may wish to direct the department to establish a state special revenue account to receive assessments against the hail and rural development expendable trust accounts so that the legislature does not have to include special language in the appropriation bill addressing the expenditures.

2. Since this program is funded from assessments based on budgets of other programs, the committee may wish to consider the funding of this program after taking action on all other programs.

exh - 3

Certificate of Excellence

AMERICAN ASSOCIATION OF CEREAL CHEMISTS • PACIFIC NORTHWEST SECTION

This is to certify that Allen Williams AND STAFF

of the Laboratory of the Grain Standards Bureau has made the most Accurate

Protein Tests on the collaborative samples of this Section

during the Association year of 1990

Signed:

Steve Bedelhold

Chairman

Secretary

EXHIBIT 3
DATE 1-16-91
HB Nattrin Rep Dir

©GOES 453

LITHO IN U.S.A.

EXHIBIT 3
DATE 1-16-91
HB Natural Res. Div.

Nov 6, 1990

State grain lab given award

The Montana State Grain Laboratory in Great Falls has been awarded a certificate of excellence of protein testing for the third consecutive year, according to Everett Snortland, state agriculture department director.

The award, for the most accurate protein test with the Kjeldahl system, was presented by the Pacific Northwest Section of the American Association of Cereal Chemists. It was made on a competitive basis of analyses by grain laboratories in the Pacific Northwest.

Snortland credited Al Williams, State Grain Laboratory manager, and the staff for surpassing other labs including large official laboratories in quality checking evaluations.

Certificate of Excellence

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ALLEN WILLIAMS AND STAFF

of the Laboratory of the GRAIN STANDARDS BUREAU has made the most Accurate

Protein Tests on the collaborative samples of this Section

during the Association year of 1989

Signed: Bernard L. Bruinsma

Chairman

Arthur D. Betty

Secretary

EXHIBIT 3

DATE 1-16-9

©GOES 463

LITHO IN U.S.A.

Midwest's fall corn harvest.

"You wouldn't think you'd have a car shortage right now," Christianson said.

BN spokesman Pat Keim has said that the delays probably will continue at least until April.

At the Montana Grain Growers Association convention in Great Falls earlier this month, BN spokesman Mike Dana said the heavily leveraged railroad will look at harvests and export volume over the next

Radermacher said last week that the question haunting the industry is: "What is a delay and what is a shortage? If you can get a car in a week or two, it's a delay. If it's a month, it's a car shortage."

"We haven't had anything serious for about 10 years," Radermacher said. "Ever since they (BN) started the unit trains" of 52 cars of grain bound for the same destination instead of booking cars one by one.

"This is the first serious one, the first critical one, in about 10 years," he said. "I

problem.

"Russia has been more feed grains than wheat" in purchases, Christianson grains sales have been Coast terminals such as Po

When the Soviet Union that grain usually goes Orleans, he said, and it c that point by other railroad

Radermacher said elevator-to-coast turnaroun

State Grain Lab wins test honors

For the second straight year, the State Grain Lab has won regional honors for its performance for a procedure used in measuring barley protein.

But lab manager Al Williams says employees' biggest reward came earlier when workers got their first weekends off since September.

After about half of the state's spring grains were caught under unrelenting rains in the midst of harvest, farmers and buyers concerned about possible sprout damage buried the lab in grain samples.

The lab fell several weeks behind and employees put in 10-hour days, seven days a week from September through the first weekend in December.

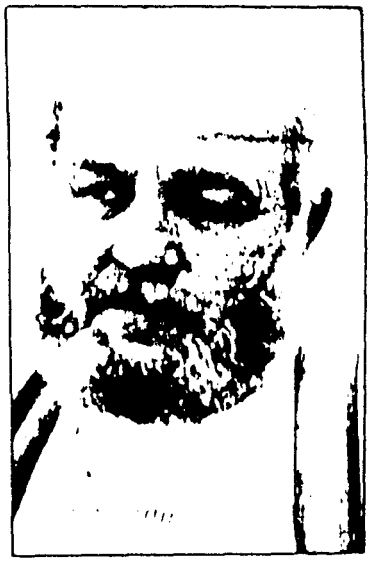
The lab was forced to cancel its priority service last month, as most samples came in with the extra payment for one-day service and it was impossible to get all the testing done.

"We're totally caught up now," Williams said last week.

The lab's award from the Pacific Northwest Cereal Chemists Association was the second in a row for running the Kjeldahl System Test, which uses a chemical process to determine protein levels.

The Kjeldahl System is considered to be a better measure for barley than the near-infrared (NIR) system used to measure wheat protein.

Malt-barley buyers also have little faith in NIR measurements and usually reject any barley tested at 13 percent protein or



Al Williams

above, preferring the 45-minute Kjeldahl test instead of the nearly instantaneous NIR method.

If protein content is too high, then there's an extreme price discount if barley rates only feed quality instead of malting.

Barley suitable as a beer ingredient, for example, now is selling for as much as $6 per hundredweight while mere feed barley is bringing around $4.

The State Grain Lab competed with about three dozen other public and private labs from Washington, Oregon, California, Idaho and Alberta.

The lab is in the process of remodeling and restructuring its staff to better meet emergencies such as the one caused by this year's harvest.

Hard whi

By T.J. GILLES
Tribune Agriculture Editor

The state's efforts to come up with a new class of wheat moved a step ahead recently with the federal government's approval of a new class of wheat: hard white wheat.

The Federal Grain Inspection Service decided to certify the experimental wheat strain as a new wheat class.

Jim Christianson of the Montana Wheat and Barley Committee said it's good that hard white wheat got its own class "rather than be a subclass under white wheat."

Allan Taylor, winter wheat breeder at Montana State University who has been developing hard white for the past 15 years, said the splitting of the white wheat class into hard and soft is the only major change FGIS made this year.

He called the move "at least a recognition by the federal system that hard white wheat is here to stay."

Previously, there were seven classes of wheat, including white wheat, which until recent developments meant soft whites — lower-

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Canada seen

OTTAWA (CP) — Canada became a global country when it voted for the free-trade agreement with the United States and now it has to become a bigger player in world commerce, Barry Steers, former ambassador to Japan, said Monday.

"The free-trade agreement showed that Canada was casting its lot with the future and not just being a North American nation," Steers told the opening session of a national agrifood conference. "But it also said we were putting too much emphasis on our link to the United States.

"We have got to thinkglobally ... traditionally most of our agriculture exports have been concentrated in a few areas."

The two-day conference is looking at an agriculture policy discus-

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AG CALENDAR

Jan. 8-21 — National Western Stock Show, Denver.

Certificate of Excellence

AMERICAN ASSOCIATION OF CEREAL CHEMISTS • PACIFIC NORTHWEST SECTION

This is to certify that Allen E. Williams and Staff

of the Laboratory of the Grain Standards Bureau has made the most Accurate

Protein Tests on the collaborative samples of this Section

during the Association year of 1987-88

Signed: Bernard L. Bruinsma Chairman

Dianne Bergen Secretary

EXHIBIT 3
DATE 1-16-91

©GOES 453

LITHO IN U.S.A.

11-27-88

Grain lab a winner

By T.J. GILLES
Tribune Agriculture Editor

When it comes to testing protein, nobody does it better than the State Grain Lab at Great Falls.

The lab and its Grain Standards Bureau were honored recently with a certificate of excellence from the Pacific Northwest Cereal Chemists Association. More than three dozen private and public grain-testing labs from Montana, Idaho, Washington, Oregon, California — and even a few from Alberta — submitted samples each month, along with their evaluations of those samples.

Grain Lab manager Rex Denning credited his 10-person staff and protein chief Al Williams for besting even large labs at export terminals in the quality-checking evaluations.

The award specifically is for performance administering the complex Kjeldahl test for evaluating protein and is the first such award the lab has won since 1979. It's also the first time the once-beleaguered State Grain Lab has entered in several years. "We haven't belonged to the association due to economic conditions in the lab," Denning said.

Low volume of samples a few years ago threatened to close the lab's doors and only a grant of $32,000 from the Montana Wheat and Barley Committee kept the lab alive.

After layoffs, the facility was inundated with samples following the harvest during the drought of 1985, when growers and buyers wanted to determine the exact condition of kernels shriveled by drought and-or molded or sprouted by late rains that came too late to save crops but timely enough to damage what was left.

Denning said the lab is handling about 100 samples daily, which is about right to keep the staff working efficiently while allowing occasional vacations or other time off. He said the facility is doing plenty of business on both old crops and this year's production and is handling quite a bit of unit-train sampling.

Malting barley has become a bigger item, and has led to a rejuvenation of the Kjeldahl procedure, which takes about 45 minutes to perform compared to the more modern near infrared (NIR) test which is completed in a matter of minutes.

"The reason we joined (the association) is that we're doing malting barley strictly on Kjeldahl," Dennings said. "We have found that NIR, in our opinion, isn't accurate enough."

Malters who purchase malting barley also don't have enough faith in the NIR method as an indicator of protein (brewers usually want barley at no more than 13 percent protein).

Denning said the award gives more credibility to the quality of the entire state's grain crops.

It's a return to a tradition begun by the lab's founder, George H. Moran, who headed the operation from 1920 to 1961, and successors Victor Ehman and L.N. "Bud" Vigen, who amassed numerous awards during the 1960s and 1970s.

1-16-91
Exhibit 4

EXHIBIT 4
DATE 1-16-91
HB

AGRICULTURAL MARKETING & ADMINISTRATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	3.67	3.67	2.67	.00	2.67	2.67	.00	2.67
Personal Services	93,471.17	112,783	82,617	189	82,806	82,698	189	82,887
Operating Expenses	110,453.48	176,690	31,931	350	32,281	32,299	310	32,609
Equipment	628.41	0	0	0	0	0	0	0
Grants	0.00	1,494	0	0	0	0	0	0
Total Agency Costs	$204,553.06	$290,967	$114,548	$539	$115,087	$114,997	$499	$115,496
General Fund	130,070.56	152,548	102,415	472	102,887	102,869	427	103,296
State Special Revenue Fund	36,297.41	77,808	12,133	67	12,200	12,128	72	12,200
Federal Special Revenue Fund	38,185.09	60 611	0	0	0	0	0	0
Total Funding Costs	$204,553.06	$290,967	$114,548	$539	$115,087	$114,997	$499	$115,496

OVERVIEW

The Agricultural Development Division is comprised of three bureaus: Rural Development, Marketing and Wheat and Barley. The primary purpose of the division and its administration is to enhance and promote Montana agriculture through programs directed at improving current and future economic conditions within the state's agricultural industry and the state of Montana.

The Marketing Program is located within the Marketing Bureau. The primary intent of the Marketing Program is to provide market development, enhancement and promotion assistance to Montana agricultural producers and businesses. Activities include market research, in-state and regional promotion of Montana raw and processed products, and direct assistance to Montana businesses in marketing their products domestically and internationally.

GOALS

Primary goals of the Marketing Program include:

- Develop domestic markets for Montana's Agricultural raw products and value added products.
- Develop international markets by hosting trade teams and making foreign office inquiries into business opportunities available to Montana companies.
- Provide trade/export assistance to businesses entering international markets.
- Assist Montana companies with raw and value added product development for domestic and international marketing.
- Conduct market research domestically and internationally.
- Investigate specific promotions such as retail mail order catalogs, in-store promotions, restaurant promotions and others.
- Continue to develop and expand the electronic bulletin board to assist in the flow of reliable information to the Montana agricultural industry.

AUTHORIZATION

80-11-101 through 104, MCA	Defines Montana Department of Agriculture market development responsibilities.
80-1-101 and 102, MCA	Defines department information services and general responsibilities to Montana agriculture.

BASE PROGRAM

Domestic and Foreign Market Development --

The Department of Agriculture Marketing Program actively assists Montana Agricultural producers and processors in marketing their products in both domestic and foreign markets. The assistance can range from in-state market acceptance tests to assistance in developing markets in Japan, The Republic of China on Taiwan, Singapore, Malaysia and other foreign countries.

The program provides for product and label acceptance reviews in several countries.

The program also hosts many foreign trade teams and plans, coordinates and participates in trade shows in Montana, regionally, nationally and internationally. A recent food show in the Republic of China on Taiwan awarded the Montana booth the honor of being the #2 out of 1,000 booths present. Participants were from nearly every country in the free world. A recent in-state promotion resulted in one producer selling all of the products he brought, over two times the amount he had ever sold in a similar show.

The program publishes a number of information resource materials such as a buyers guide listing over 700 agricultural and food companies and associations, a "Grain Movement Report" and other promotional literature.

Market Development/Support --

This fall the marketing program was selected as an association member to administer federal grant monies, (Targeted Export Assistance (TEA)), provided through the Western United States Agricultural Trade Association (WUSATA). The WUSATA grant provides for promotion of processed and fresh foods in Singapore and Malaysia. The promotion is intended for interested states and food companies from the Western United States and gives Montana products a unique opportunity to explore these markets with very little expense or risk. Promotions include a large supermarket chain in Malaysia and another large chain in Singapore. There will be fresh food promotions at two major restaurant chains.

Support of the foreign offices in Japan and Taiwan has become a major concern of the marketing program. We have assisted Montana businessmen including hay producers, cattle ranchers, traditional and non-traditional farmers, food processors and others in developing markets in Japan and Republic of China (R.O.C.) on Taiwan. Examples include a rancher who sold $125,000 worth of live cattle to a Japanese company as a result of hosting a trade team. A Montana food processor recently developed a contract worth over $300,000 by working with the marketing program during the past two years.

We have found it to be extremely important to have representatives in Montana to assist producers in doing business in the Pacific Rim. The Japanese trade office has been instrumental in increasing exports to Japan. The growth experienced could only be attained through joint efforts of Japanese and Montana staff persons introducing buyers and sellers.

The marketing program has hosted several trade teams and private businessmen from Japan and the R.O.C. on Taiwan in the past years. Most notable was the latest wheat procurement mission from the R.O.C. on Taiwan. The mission resulted in the purchase of a record 17.8 million dollars worth of Montana wheat.

Export Assistance:

The marketing program is actively involved in promoting Montana's agricultural products in the world market place. The program offers export assistance to Montana's agricultural producers by developing sales leads, providing export advice, promotion at international trade shows,

6201 DEPARTMENT OF AGRICULTURE
50 AGRICULTURAL DEVELOPMENT
00000

DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

01-16-91
Exh 5

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	24.00	20.71	20.71	.00	20.71	20.71	.00
Personal Services	513,099	543,294	540,877	2,417	542,643	539,793	2,850
Operating Expenses	616,792	624,937	582,765	42,172	626,535	583,466	43,069
Equipment	11,313	3,340	3,340	0	3,300	3,300	0
Grants	708,947	1,001,936	627,883	374,053	1,001,936	627,883	374,053
Total Expend.	$1,850,151	$2,173,507	$1,754,865	$418,642	$2,174,414	$1,754,442	$419,972
Fund Sources							
General Fund	196,984	174,462	174,032	430	169,455	172,687	3,232-
State Revenue Fund	1,382,326	1,728,318	1,326,875	401,443	1,733,202	1,327,214	405,988
Federal Revenue Fund	50,164	12,000	11,999	1	12,000	12,001	1-
Expendable Trust Fund	220,677	258,727	241,959	16,768	259,757	242,540	17,217
Total Funds	$1,850,151	$2,173,507	$1,754,865	$418,642	$2,174,414	$1,754,442	$419,972

EXHIBIT 5
DATE 1-16-91
HB

:RENT LEVEL ISSUES:

	--EXEC OVER (UNDER) LFA-- FY 92	FY93
ADMINISTRATION OPERATING BUDGET BASE DIFFERENCES	$1,896	$2,020
ALFALFA SEED COMMITTEE OPERATING BUDGET BASE DIFFERENCES	$3,996	$3,972
AGRICULTURAL FINANCE PROGRAM		
A. Grants - Expenditures, not reclassified as operations, were $0 in fiscal 1990.	$2,600	$2,600
B. Operating budget base differences	$4,128	$4,334
HAIL INSURANCE PROGRAM		
A. Because .25 FTE had been vacant more than six months, the LFA eliminated the position.	$3,753	$3,743
B. Overtime	$1,875	$1,875
C. Per Diem	$225	$225
D. Operating budget base differences	$4,187	$4,440
AGRICULTURAL MARKETING OPERATING BUDGET BASE DIFFERENCES	($530)	($395)
AGRICULTURAL STATISTICS PROGRAM		
A. The Executive Budget transfers .25 FTE to the Grain Lab	($4,923)	($4,918)
B. Operating budget base differences	($221)	($401)
AGRICULTURAL DEVELOPMENT COUNCIL action delayed		
A. Per Diem	$312	$750
B. Operating budget base differences	$590	$580
WHEAT AND BARLEY COMMITTEE action delayed		
A. The Executive Budget transfers .12 FTE to the Grain Lab		
B. The LFA eliminates .12 FTE which had been vacant more than six months		
C. Per Diem	$750	$750
D. Printing - LFA reflects actual 1990 expenditures	$14,190	$14,190
E. New membership dues in the barley and wheat food councils are not include in the LFA. Increase in dues of $47,273 each year is included in the LFA.	$14,000	$14,000
F. Grants - LFA includes actual fiscal 1990 actual grant expenditures	$371,453	$371,453
G. Operating budget base differences	($64)	$329
REMAINING BUDGET BASE DIFFERENCES	$361	$754
TAL CURRENT LEVEL	$418,642	$419,972

RICULTURAL DEVELOPMENT COUNCIL STATUTORILY APPROPRIATED GRANTS - The Executive Budget includes $210,264 in fiscal 1992 and $210,401 in fiscal 1993 of Growth Through Agriculture coal tax proceeds. This program receives .76 percent of total coal tax collections.

USE BILL 2 LANGUAGE - "The department is authorized to make grants to state agencies from the Growth Through Agriculture account as approved by the Montana Agriculture Development Council in accordance with title 90, chapter 9. The state agency that receives a grant from the Montana Agriculture Development Council is authorized additional appropriation authority equal to the grant amount."

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WHEAT AND BARLEY BUREAU

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	4.12	4.12	4.12	-.12	4.00	4.12	-.12	4.00
Personal Services	108,522.82	127,364	122,921	-1,433	121,488	122,682	-1,431	121,251
Operating Expenses	364,363.64	383,403	386,869	53,325	440,194	387,994	52,729	440,723
Equipment	7,080.27	892	892	-492	400	892	-892	0
Grants	627,882.85	999,336	999,336	0	999,336	999,336	0	999,336
Total Agency Costs	$1,107,849.58	$1,510,995	$1,510,018	$51,400	$1,561,418	$1,510,904	$50,406	$1,561,310
State Special Revenue Fund	1,107,849.58	1,510,995	1,510,018	51,400	1,561,418	1,510,904	50,406	1,561,310
Total Funding Costs	$1,107,849.58	$1,510,995	$1,510,018	$51,400	$1,561,418	$1,510,904	$50,406	$1,561,310

OVERVIEW

The Montana Wheat and Barley Committee (MW & BC) was established as the result of the 1967 legislature's response to the state grain producer's request for authority to institute a "self-help" program. This producer funded and directed organization has as its purpose, by state statute, "...encouraging and promoting intensive, scientific, and practical research into all phases of wheat and barley culture and production, marketing, as well as into the development of markets for wheat and barley grown in Montana."

GOALS

o The goal of the Montana Wheat and Barley Committee is to provide for research and marketing activities that will benefit the Montana wheat and barley industry through production improvements, enhanced marketing opportunities and economic returns.

AUTHORIZATION

2-15-3002, MCA Establishes Montana Wheat and Barley Committee.

80-11-201 through 224, MCA Creates assessment on wheat and barley and defines provisions of program activity.

BASE PROGRAM

The Farmer-directors of the MW & BC have expanded research involvement at Montana State University to a current level that totals 12-13 percent of MSU's Grants and Endowments Program. Producer directed research is funding research in wheat and barley variety breeding, disease resistance, winter hardiness, fertilizer utilization, storage conditions, insect concerns, tillage practices, cost-of-production and other new end-utilization/value added areas.

A key role of the MW & BC is a conduit between the "wants and needs" of the international market place and the research community. The marketing function of the MW & BC is far larger than helping to provide a foreign customer with a usable Montana product. The MW & BC directors serve on the boards of two major producer-funded international market development organizations through the Committee's financial support of U.S. Wheat Associates, Inc. and the

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U.S. Feed Grains Council. These farmer owned and financed non-profit working director boards control programs in more than 100 countries around the world through 26 overseas and 3 domestic offices. The result is a large international network of trade servicing, technical assistance, market information and analysis, and consumer promotion, all aimed at increased demand for Montana grain in the spectrum of U.S. quality.

Montana's number one customer, Japan, who buys one out of every three bushels of the wheat grown in this state, serves as an excellent example of what a market development organization, in this case U.S. Wheat Associates, Inc., can do. Today's U.S. share of nearly 60 percent of the 185 million bushel Japanese wheat market compares with only 32 percent of a 95 million bushel market in 1960. In addition, with the initial assistance of U.S. Wheat sponsored technicians, the Japanese baking industry has developed into one of the most modern and efficient industries in the world. It is this advanced technology that allows Montana's high gluten strength, hard milling wheat to be sold to Japan for $165 million last year.

The MW & BC has labored to mitigate transportation costs, because freight is subtracted from the price offered to farmers for their grain. The MW & BC works on transportation issues, in concert with state efforts, melding together public and private expertise.

A primary activity of the MW & BC program and budget is education. The Committee must tell its constituent, the Montana wheat and barley producers, what is done with their assessment dollars, and provide information to the "man in the field" on a host of practical and economically beneficial topics. This involves information that aids in marketing decisions. (For example MW & BC funded statistics through the statistical reporting service or the three times per day updated price reporting system on the MW & BC toll-free market news program). The committee provides for information transfer to producers on research that is of economic use on the farm. The MW & BC has felt the need to communicate to the non-farming public the importance of wheat and barley production impacts on economic and social issues. This is accomplished through support of Ag in Montanan Schools and the national information systems called WETEC. The MW & BC has provided scholarships to college students to insure that Montana will a future with a new generation of problem solvers for the wheat and barley industry.

BASE FUNDING

Wheat and Barley Committee state special revenues funds are derived from a 10 mills per bushel and 15 mills per hundred weight assessment respectively on all wheat and barley grown and sold through commercial channels in Montana.

The Committee has a difficult time estimating annual revenue projections. Revenue is derived from the sale of wheat and barley with budget expenditures dependant on the volume of each crop year. Weather conditions have a significant impact on program and activity.

PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Wheat and Barley Marketing Program: Grants Awarded	14	15	15	15
Trade Teams	13	14	14	15
Research Grants Awarded	14	20	18	20
Education/Inform. Services				
Grants Awarded	23	24	24	24
Market Inquiries	23,490	26,500	27,000	27,000
Publications	6	18	16	17
Scholarships Awarded	6	8	8	8
Trade Shows	3	3	3	3
Transportation				
Grants Awarded	4	4	4	4
Wheat Monitored*	125,000	125,000	125,000	125,000
Barley Monitored*	60,000	60,000	60,000	60,000

*(Mil. Bu.)

Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:			
Personal Services.	Decrease due to .12 FTE reduction and transfer to CV25020. Reduction possible as .12 FTE not used after addition of 1 FTE in FY90.	-1,433	-1,431
Operating.	Net increase attributable to increased U. S. Wheat and other organization dues by formula (63,000) and out-of-state committee travel (2,000). Primary decrease due to reduced printing costs through camera ready ability and use of publication and graphics vs outside contract (10,000) and reduced computer service charge $2,400.	53,325	52,729
Equipment.	Decreases due to determination that equipment would not require replacement. Sole equipment purchase for computer software upgrades.	-492	-892
Total		$51,400	$50,406

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Exhibit 7

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ALFALFA SEED COMMITTEE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	.33	.33	.33	.00	.33	.33	.00	.33
Personal Services	1,834.46	9,618	9,376	23	9,399	9,420	23	9,443
Operating Expenses	8,729.59	11,413	11,486	1,374	12,860	11,524	1,371	12,895
Equipment	90.95	0	0	0	0	0	0	0
Total Agency Costs	$10,655.00	$21,031	$20,862	$1,397	$22,259	$20,944	$1,394	$22,338
State Special Revenue Fund	10,655.00	21,031	20,862	1,397	22,259	20,944	1,394	22,338
Total Funding Costs	$10,655.00	$21,031	$20,862	$1,397	$22,259	$20,944	$1,394	$22,338

OVERVIEW

The Montana Alfalfa Seed Industry Act was enacted to assist the alfalfa seed industry to develop and expand in Montana. As a fledgling industry it was unable to obtain and disseminate information to the growers necessary to improve crops and marketing opportunities. Over the past several years the council has entered into contracts aimed at improving yields, pest control, etc. They also fund an annual survey, conducted by the Agricultural Statistic Service in Helena, to assess total acres, yields, marketings, etc.

The alfalfa seed industry has been hampered by the recent drought years as it receives its funding based on yields. The past two seasons have shown increased yields that have provided an increase in revenue. This will enable funding additional studies to benefit the industry.

GOALS

- Develop and improve control measures for diseases and pests which attack alfalfa pollinators.
- Improve alfalfa seed growing culture and markets as well as resulting alfalfa hay production.
- Disseminate information to growers and promote alfalfa seed production.

AUTHORIZATION

2-15-3004 MCA	Establishes Alfalfa Seed Committee.
80-11-301 through 313, MCA	Establishes assessment on alfalfa seed and defines provisions of program activity.

BASE PROGRAM

Activities of the Alfalfa Seed Industry Act are decided upon by the Alfalfa Seed Committee. The committee meets on a regular basis to discuss the condition and direction of the industry, review problems and opportunities, and to hear proposals from prospective contractors for studies to improve the industry.

Over the past few years a number of contracts for research and marketing have been issued. Those contracts have helped to improve seed varieties and grower practices. Additional monies were used to publish and make the results available to the growers.

ASE FUNDING

ne Alfalfa Seed Committee and related program are funded nrough state special revenue funds based upon a 1/2 of 1 ercent assessment on the price of seed at the first point f sale on all alfalfa seed sold. Funding levels vary ignificantly as a result of weather conditions throughout ne state.

ERFORMANCE INDICATORS

he Alfalfa Seed Program is charged with development and romotion of alfalfa seed. The Committee contracts for esearch work, and seed and crop improvement, and marketing tudies. The program funding includes an assessment on all lfalfa seed sold.

	Actual FY 90	Projected FY 91	Projected FY 92	Projected FY 93
roduction Stats/Survey	1	1	1	1
esearch & Market Development Contracts	3	3	3	3

ther performance indicators include:
- Improved yields of alfalfa seed.
- Improved quality of alfalfa seed.
- Increased acreage and income for producers.

Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:			
Personal Services.	Workers Compensation rate increase	23	23
Operating.	Increase is due to added data network service costs and increased level of travel to allow attendance at the annual regional organization conference.	$1,374	$1,371
Total		$1,397	$1,394

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Exhibit 8

AG FINANCE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	1.66	1.66	1.66	.00	1.66	1.66	.00	1.66
Personal Services	38,805.19	46,027	45,611	101	45,712	45,553	102	45,655
Operating Expenses	10,375.25	13,817	14,362	17,538	31,900	14,616	17,564	32,180
Equipment	1,067.35	100	100	392	492	100	-100	0
Grants	17,132.10	20,000	20,000	-17,400	2,600	20,000	-17,400	2,600
Total Agency Costs	**$67,379.89**	**$79,944**	**$80,073**	**$631**	**$80,704**	**$80,269**	**$166**	**$80,435**
Expendable Trust Fund	67,379.89	79,944	80,073	631	80,704	80,269	166	80,435
Total Funding Costs	**$67,379.89**	**$79,944**	**$80,073**	**$631**	**$80,704**	**$80,269**	**$166**	**$80,435**

OVERVIEW

The Agricultural Finance Program administers assets of the former Montana Rural Rehabilitation Corporation which was established in 1937 to provide financial relief to farmers and ranchers. In 1970 a portion of these assets were directed to the Montana Department of Agriculture to be administered under terms of a use agreement with the United States Department of Agriculture, Farmers Home Administration. The use agreement specifies that the assets may be used for the purpose of aiding Montana's sub-standard income rural families.

GOALS

- To aid in the improvement of sub-standard income rural families in Montana by making direct below market interest rate loans for agricultural purposes and providing grants for rural community development and education.

AUTHORIZATION

80-2-101 through 106, MCA — Provides for federal use agreement and designates the department as administering agency.

BASE PROGRAM

Grant Programs --

The budget for grants in FY 91 is $20,000 of which approximately $17,400 will be used for the Young Ag Couples Conference to expose approximately 40 agricultural couples to contemporary issues that relate to family operated agribusiness, $2000 is available competitively to 4-H Clubs and Future Farmers of America Chapters to assist in funding Rural Community Development Programs, and $600 is awarded annually to three Future Farmers of America chapters for outstanding work in their Building Our American Communities Program.

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Loan Programs --

Currently, there are three active loan programs which include Junior Agriculture, Rural Assistance, and Subordination loans. Interest rates on loans are established yearly upon approval by the department director, not to exceed the rates charged by private lenders. The interest rate for loans made during FY 91 is 8.5% simple interest.

The Junior Agriculture Loan Program is available to young agricultural people between the ages of 8 and 21 who are typically members of agricultural youth organizations such as Future Farmers of America or 4-H. The loans may be used for funding agricultural projects related to production, processing, or marketing of agricultural commodities. The maximum for an individual loan is $7000 and the repayment period may not exceed five years. Applicants are required to have their applications reviewed by a three member local loan committee, one member of which acts as project supervisor for the duration of the loan. Financial officers from private banks donate their services to assist the young borrowers to understand the process of assuming the responsibility of a loan and actually close most of the loans.

The Rural Assistance Loan Program offers loans to applicants who are a minimum of eighteen years of age, have assets of less than $150,000, and whose net worth does not exceed $50,000. Loans may be used for the purchase of livestock, real estate, equipment, operating expenses, or capital improvements. Loans may not exceed $25,000. The repayment term on a Rural Assistance Loan may not exceed ten years on real estate or seven years on loans for all other loan purposes.

The Subordination Loan Program provides operating funds to Farmers Home Administration borrowers. The program will provide (on approved applications) operating funds not to exceed 60% of the collateral value subordinated to the Montana Department of Agriculture by the Farmers Home Administration.

The Agricultural Finance Program provides developing agriculturalists with the necessary finances to begin an agricultural career through the Junior Agriculture Loan or the Rural Assistance Loan or to continue to improve their present operation with the assistance of a Subordination Loan. The program provides for a much needed niche in agricultural financing between private commercial lenders and the Farmers Home Administration and is well accepted in the financial community.

BASE FUNDING

Agricultural Finance Program funds are expendable trust funds provided through a federal use agreement allowing the program to use up to 3 percent of the program assets for administration and one percent for grants. Effective program management and interest earnings associated with loans and STIP investments currently provide for annual growth in program assets.

PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Junior Agriculture Loans	139	140	140	140
Rural Assistance Loans	28	34	40	46
Subordination Loans	14	17	20	24
Assets	$2,272,584	$2,372,578	$2,476,971	$2,585,958

ncreases or Decreases from Base

tem	Explanation	Fiscal 1992	Fiscal 1993
anges in base:			
Personal Services.	Workers Compensation rate increase.	101	102
Operating.	During OLA's financial compliance audit, the auditor noted that grant expenditures only be used for funds which have been granted to entities outside the department. Since the grant the department receives to conduct the Young Agricultural Couples Conference is not outside the department $17,400 has been transferred from grants to operations to establish levels for recording of expenditures.	17,538	17,564
Equipment.	FY92 increase reflects need to upgrade computer software.	392	-100
Grants	See discussion under Operating.	-17,400	-17,400
otal		$ 631	$ 166

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Exhibit 9

HAIL INSURANCE PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
ll Time Equivalent Employees	6.30	6.30	6.30	.00	6.30	6.30	.00	6.30
rsonal Services	114,459.31	130,633	133,774	309	134,083	133,460	310	133,770
erating Expenses	37,238.50	40,675	42,718	822	43,540	43,095	807	43,902
uipment	1,594.75	1,950	1,950	-1,550	400	1,950	-300	1,650
Total Agency Costs	$153,292.56	$173,258	$178,442	$-419	$178,023	$178,505	$817	$179,322
ate Special Revenue Fund	0.00	0	0	0	0	0	0	0
pendable Trust Fund	153,292.56	173,258	178,442	-419	178,023	178,505	817	179,322
Total Funding Costs	$153,292.56	$173,258	$178,442	$-419	$178,023	$178,505	$817	$179,322

VERVIEW

e Hail Insurance Program has been in place for 73 years. e program was enacted in 1917 to offer insurance to grain oducers who were not able to obtain private insurance due either availability or high rates.

e purpose of the Hail Insurance Program is to offer hail surance coverage on any crop grown in Montana to Montana oducers at the coverage rate allowed by statute.

e program is self supporting through an expendable trust nd. A reserve of approximately 4.5 million dollars is nded through premiums paid by participating producers. e state's general fund receives 1.5 percent of the total nual premiums written, or approximately $50,000, while e counties receive 2.0 percent or approximately $65,000. e program also contributes approximately $25,000 per year ward indirect expenses of the department.

OALS

The primary goal of the Hail Insurance Program is to offer hail insurance to crop producers at actual cost and thereby improve their financial capacity and the economic well being of the industry and the state.

- Provide crop insurance coverage to reduce the risk of producing crops in Montana and improve the overall economic climate within local and state economies.

AUTHORIZATION

2-15-3003 MCA	Established State Hail Board.
80-2-201 through 245, MCA	Establishes provisions of program activity and insurance rates on insured crops.

BASE PROGRAM

The state Hail Board sets premium rates to reflect the actual cost of hail insurance by using the historical data on losses and premiums collected. The rates are set on a county base. The program is self supporting and generates general fund revenue to the state. Since the program deals with acts of God, (hail storms) it is difficult to predict what amount of damage may occur. Section 80-2-222(4) MCA allows the Board to refund excess premiums over losses paid to producers.

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The program will insure a producer against hail damage on all acres up to the maximum coverage set by statute. Policies are written through local county assessors and treasurers offices.

BASE FUNDING

The Hail Insurance Program is funded through an expendable trust fund comprised of net insurance premiums paid and interest earnings from investment interest earnings. Revenues vary considerably from year to year depending upon the quality and value of various crops, weather conditions and resulting losses due to hail storms.

PERFORMANCE INDICATORS

	Annual Projected Performance			
	FY '90	FY '91	FY '92*	FY '93*
Policies	3,266	2,827	2,687	2,687
Prem$um	$3,661,612	$3,160,792	$2,787,647	$2,787,647
Claims	488	787	448	448
Loss$	$4,446,959	$3,666,923	$1,267,139	$1,267,139

* Projections are based upon the past five year historical averages.

Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:			
Personal Services.	Workers Compensation rate increase	309	309
Operating.	Increase primarily due to renegotiation of contract to provide actuarial evaluation of insured risk and reserve fund balance.	822	807
Equipment	Reduction based upon existing age and performance of equipment, anticipated replacement of a computer not necessary until FY93. FY92 expenditure for computer software upgrade only.	-1,550	-300
Total		$-419	$817

Exhibit 10

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AGRICULTURAL MARKETING & ADMINISTRATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	3.67	3.67	2.67	.00	2.67	2.67	.00	2.67
Personal Services	93,471.17	112,783	82,617	189	82,806	82,698	189	82,887
Operating Expenses	110,453.48	176,690	31,931	350	32,281	32,299	310	32,609
Equipment	628.41	0	0	0	0	0	0	0
Grants	0.00	1,494	0	0	0	0	0	0
Total Agency Costs	$204,553.06	$290,967	$114,548	$539	$115,087	$114,997	$499	$115,496
General Fund	130,070.56	152,548	102,415	472	102,887	102,869	427	103,296
State Special Revenue Fund	36,297.41	77,808	12,133	67	12,200	12,128	72	12,200
Federal Special Revenue Fund	38,185.09	60 611	0	0	0	0	0	0
Total Funding Costs	$204,553.06	$290,967	$114,548	$539	$115,087	$114,997	$499	$115,496

OVERVIEW

he Agricultural Development Division is comprised of three ureaus: Rural Development, Marketing and Wheat and Barley. he primary purpose of the division and its administration s to enhance and promote Montana agriculture through rograms directed at improving current and future economic onditions within the state's agricultural industry and the tate of Montana.

he Marketing Program is located within the Marketing ureau. The primary intent of the Marketing Program is to rovide market development, enhancement and promotion ssistance to Montana agricultural producers and usinesses. Activities include market research, in-state nd regional promotion of Montana raw and processed roducts, and direct assistance to Montana businesses in arketing their products domestically and internationally.

GOALS

rimary goals of the Marketing Program include:

- Develop domestic markets for Montana's Agricultural raw products and value added products.
- Develop international markets by hosting trade teams and making foreign office inquiries into business opportunities available to Montana companies.
- Provide trade/export assistance to businesses entering international markets.
- Assist Montana companies with raw and value added product development for domestic and international marketing.
- Conduct market research domestically and internationally.
- Investigate specific promotions such as retail mail order catalogs, in-store promotions, restaurant promotions and others.
- Continue to develop and expand the electronic bulletin board to assist in the flow of reliable information to the Montana agricultural industry.

AGRICULTURAL MARKETING & ADMINISTRATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	3.67	3.67	2.67	.00	2.67	2.67	.00	2.67
Personal Services	93,471.17	112,783	82,617	189	82,806	82,698	189	82,887
Operating Expenses	110,453.48	176,690	31,931	350	32,281	32,299	310	32,609
Equipment	628.41	0	0	0	0	0	0	0
Grants	0.00	1,494	0	0	0	0	0	0
Total Agency Costs	**$204,553.06**	**$290,967**	**$114,548**	**$539**	**$115,087**	**$114,997**	**$499**	**$115,496**
General Fund	130,070.56	152,548	102,415	472	102,887	102,869	427	103,296
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OVERVIEW

The Agricultural Development Division is comprised of three bureaus: Rural Development, Marketing and Wheat and Barley. The primary purpose of the division and its administration is to enhance and promote Montana agriculture through programs directed at improving current and future economic conditions within the state's agricultural industry and the state of Montana.

The Marketing Program is located within the Marketing Bureau. The primary intent of the Marketing Program is to provide market development, enhancement and promotion assistance to Montana agricultural producers and businesses. Activities include market research, in-state and regional promotion of Montana raw and processed products, and direct assistance to Montana businesses in marketing their products domestically and internationally.

GOALS

Primary goals of the Marketing Program include:

- Develop domestic markets for Montana's Agricultural raw products and value added products.
- Develop international markets by hosting trade teams and making foreign office inquiries into business opportunities available to Montana companies.
- Provide trade/export assistance to businesses entering international markets.
- Assist Montana companies with raw and value added product development for domestic and international marketing.
- Conduct market research domestically and internationally.
- Investigate specific promotions such as retail mail order catalogs, in-store promotions, restaurant promotions and others.
- Continue to develop and expand the electronic bulletin board to assist in the flow of reliable information to the Montana agricultural industry.

utilizing the USDA Target Export Assistance program to open new markets, hosting foreign trade teams, and conducting market research. A program priority includes developing the value added component of Montana's agricultural industry and to aggressively market these products domestically and overseas.

Market Research:

The marketing program conducts research in the fields of agricultural production, distribution and marketing. This market research has led to the identification of niche markets for some of Montana's processed foods, potential alternative crops for agricultural producers, and has reduced the cost of distribution for export of various agricultural products.

Agricultural Marketing Bulletin Board:

The Agricultural Marketing Bulletin Board (AMBB) was established by the marketing program to provide the agricultural industry with timely and accurate information on a wide range of agricultural topics and statistics. Given the vast geographic area of Montana and the western region, the AMBB serves as an effective method of bringing people and ideas together. Information on the AMBB includes, market price reports, alternative crops information, agricultural statistics, drought and wintering guides, the Montana agricultural buyers directory, snowpack and precipitation reports, news reports from Montana State University, computer programs and other materials. One of the most successful aspects of the AMBB has been the hay marketing area. Started in 1988 during a period of severe drought the AMBB served as a tool for listing hay available throughout the west. Subsequently in the 1989 crop year when Montana had an abundance of hay the AMBB hay listing was used extensively by other states particularly in the midwest to locate hay for their drought afflicted regions.

Alternative Crops:

A Federal/State Market Development Program grant from USDA was recently completed. The grant was for the study of Alternative Crops in the state. This program was conducted in cooperation with Montana State University (MSU). Crops were identified, researched and ranked. A report on each of the 10 most promising crops was published and is being distributed to Montana producers.

The Department was a leading force in the formation of the Great Northern Botanicals Association (GNBA). The GNBA started as an information source and is now developing into a marketing association for alternative crops.

Promotions:

The marketing program has developed a theme promotion "Tastes of the Treasure State" to promote Montana food products in state, regionally, nationally and internationally. This year the promotion concentrated on the major county fairs, farm shows and forums, one national trade show and an international trade show. The instate promotions have been especially successful. Montana companies are now reserving space in advance of future promotions.

Business Recruitment:

The marketing program has been involved with recruitment of various agricultural businesses to Montana. The recruitment has a focus on businesses that will create jobs and create opportunities for agricultural producers in the state.

These recruitment overlap with other charges within the Marketing Bureau including the Growth Through Agriculture, Seed Capital Loan and Market Development Programs.

BASE FUNDING

Funding for division administration and the marketing program is provided by the general fund with the exception of $3,700 state special revenue funds received from the Wheat and Barley Committee for the purpose of conducting the annual grain movement summary.

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PERFORMANCE INDICATORS

	Actual FY 89	Projected FY 90	Projected FY 91
Trade Teams	3	3	5
Trade Shows	2	2	2
Referrals and Inquiries	250	250	250
Grain Movement Report	1	1	1
Buyers Guide	1	1	1
Promotional Literature	2	2	2
Market Studies	0	2	2
Miscellaneous Studies	1	1	1
Electronic Bulletin Board	1	(Continued)	
Foreign Promotions	0	1	1

1) Trade teams: create immediate sales and long term interest in investing in Montana through purchase of Montana products.

2) Trade shows: create immediate sales of 5 to 1 sales to state costs and long term contracts and orders of a minimum of 10 to 1.

3) Referrals and Inquiries: respond to all inquires in a timely fashion.

4) Buyers Guide and Promotional Literature: publish timely and accurate listings of Montana agricultural businesses and develop generic promotional materials for selected Montana agricultural products.

5) Market Studies: market studies will be considered to continue or support present industry studies on a co-operative basis. Industry support is measured in matching funds (hard match) and direct involvement.

6) Electronic Bulletin Board: continued industry usage and expanded information source.

7) Foreign Promotions: Immediate sales, long term sales and industry support in the first two years. After that time a direct 10-1 sales to costs figure should be realized.

Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:			
Personal Services.	Workers Compensation rate increase	189	189
Operating.	Increased Dues to Western United States Agricultural Trade Association. Dues are computed based upon value of exports from the state, which have increased.	350	310
Total		$539	$499

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Exhibit 71

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AGRICULTURAL STATISTICS PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
ull Time Equivalent Employees	4.00	4.00	4.00	-.25	3.75	4.00	-.25	3.75
ersonal Services	85,938.20	93,292	95,427	-4,612	90,815	95,389	-4,607	90,782
perating Expenses	21,421.50	23,235	23,034	1,112	24,146	23,044	1,117	24,161
quipment	567.49	398	398	0	398	398	-398	0
Total Agency Costs	$107,927.19	$116,925	$118,859	$-3,500	$115,359	$118,831	$-3,888	$114,943
eneral Fund	66,910.79	69,432	76,198	-4,623	71,575	71,217	-5,058	66,159
tate Special Revenue Fund	29,036.40	37,493	32,784	-1,000	31,784	37,696	-912	36,784
ederal Special Revenue Fund	11,980.00	10,000	9,877	2,123	12,000	9,918	2,082	12,000
Total Funding Costs	$107,927.19	$116,925	$118,859	$-3,500	$115,359	$118,831	$-3,888	$114,943

VERVIEW

he Montana Department of Agriculture and the National gricultural Statistics Service, USDA, cooperatively serve he agricultural industry of Montana, allied interests and he general public in collection, compilation, and ublication of agricultural statistics.

OALS

Provide high quality, unbiased agricultural statistics.

Publication of survey summaries and agricultural data in an annual Montana Agricultural Statistics Bulletin.

Issue weekly crop-weather bulletins and bi-monthly newsletters to keep agricultural producers and the public informed about current survey results, precipitation data, the economic situation, and crucial issues.

Provide bi-weekly radio summaries and television reports on agricultural statistics.

- Posture data collection activities to respond to the need for:

  -- Data on agricultural production, prices, returns, and expenditures.

  -- Measuring the impact of fertilizers and pesticides on agricultural productivity and profitability.

- Support special requests by the state of Montana, Montana Wheat and Barley Committee, Montana Wool Growers, Montana State University, and others for statistical data on production, marketing, disaster damage, predators, farm finances, and other crucial issues.

AUTHORIZATION

80-1-101 and 102 (2) MCA	Provides that the department shall collect and publish agricultural statistics.

81-23-302 MCA	Provide dairy farmers production costs used in the milk pricing formula.
77-6-507 MCA	Provide cattle prices producers receive for use by the Department of State Lands in state grazing fee formulas.
Rules 42.21.122 ARM	Provide cattle, sheep and lamb prices received by producers in assessment of value for Montana Department of Revenue.
Disaster Assistance Act 1989:	
PL# 101-82 (Aug 14, 1989)	Determination of county yields for disaster declaration and payment.
Food Security Act of 1985: PL # 99-198	Determination of county check yields.

BASE PROGRAM

The Montana Agricultural Statistics Service is a cooperative federal-state activity. The cooperative agreement funding is 87 percent federal, 9 percent state general fund and 4 percent other funding. The purpose of the program is to collect, compile, and publish a comprehensive set of agricultural statistics to serve the marketing needs of producers and to support both state and federal programs. The data is also used to promote Montana agricultural products and to attract and develop agriculturally-related industries. Specific sub-activities are:

o The Montana Agricultural Statistics Bulletin

-- A summary report of Montana agricultural statistics is published annually (not available from other sources). Four thousand copies are printed and distributed to producers, Montana universities, state government and the agricultural industry.

-- Total FY '90 printing and distribution costs were $5,470 with $3,970 for printing and $1,500 for distribution. Farmers and ranchers and others who through survey participation provide input data to the publication receive a free copy upon request. Others pay $5.00 per copy. The bulletin is funded from the general fund during the first year of the biennium. In the second year funding is provided through revenue collected from bulletin sales in the state special revenue fund.

-- The bulletin provides a comprehensive record of Montana's agricultural production since 1867. The county and district data provides users with the type and amount of production by locality. This data is vital in evaluating the best location for related shipping and processing facilities.

-- The bulletin has been a valued asset as a gift to foreign trade teams and has helped to promote the sale of Montana products.

o Computation of county-level statistics for Montana for all major crops and livestock. State-level statistics are funded by National Agricultural Statistics Service while county and district data are funded by the state or other federal agencies. Statistics provided are acreage, yield, and production for all major crops and livestock inventories.

-- Data was used in 1988-89 to determine normal county yields in computing drought and winter kill disaster losses.

-- Data is used for ASCS county check yields .

-- Data is used to show impact of extraneous programs on agriculture (example: EPA proposal to restrict use of certain pesticides in endangered species areas.)

-- Statistics identify major crop and livestock production areas to determine transportation, storage, and other service requirements and to evaluate economic impact of floods, drought, storms, pests, or diseases.

-- Statistics identify target areas for economic development.

Maintain a master list of over 20 thousand Montana farm and ranch operators. Under the federal-state cooperative agreement provides:

--Statistical support services to the Montana Department of Agriculture including special surveys such as farm financial condition, wild life damage and grain movement.

-- Sampling services for Montana State University, Department of Natural Resources, the Montana Woolgrowers, and others.

--DNRC weekly soil moisture data by Agricultural Statistics Districts.

-- Milk Control Board monthly dairy feed and hay prices.

-- State Lands annual grazing fee survey results.

-- State Department of Revenue prices received for cattle, sheep and lambs weighted by monthly sales.

Provide accurate, reliable, unbiased agricultural statistics using state-of-the-art sampling techniques and collection methodology.

-- Provide radio public service announcements covering agricultural statistics, 2 per week to 16 Montana radio stations.

ASE FUNDING

se activity funding sources appropriated to the states rticipation in the cost of the Agricultural Statistics rvice amounts to approximately 13 percent. State general nds average approximately 63 percent, state special venue (Wheat and Barley Committee) approximately 28 rcent, and federal postage reimbursements 9 percent of e state share.

Base general funds vary as the agricultural statistics bulletin is funded by general funds during the first year of the biennium and state special revenue (fees collected from the two year sales of the bulletin) in the second year.

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PERFORMANCE INDICATORS

PUBLICATION	FY'90		FY'91		FY'92		FY'93	
	-- PUBLICATIONS ISSUED AND ANNUAL RECIPIENTS --							
	ISSUES PUBLISHED AND (RECIPIENTS)							
Agricultural Statistics Bulletin	1	(3800)	1	(3800)	1	(3800)	1	(3800)
Crop & Livestock Reporter	24	(58500)	24	(58500)	24	(58500)	24	(58500)
Weekly Crop-Weather	35	(60000)	35	(60000)	35	(60000)	35	(60000)
Press Releases	103	(8050)	103	(8050)	103	(8050)	103	(8050)
Grain Movement Summary	2	(225)	2	(225)	2	(225)	2	(225)
Montana Sheep and Lamb Losses	1	(250)	1	(250)	1	(250)	1	(250)
Montana Agricultural Facts	1	(3000)	1	(3000)	1	(3000)	1	(3000)
Montana's Rank	1	(300)	1	(300)	1	(300)	1	(300)
Wheat Utilization	1	(250)	1	(250)	1	(250)	1	(250)
Wheat & Barley Varieties	1	(350)	1	(350)	1	(350)	1	(350)

Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:			
Personal Services.	.25 FTE reduction and resulting cost decrease due to transfer of FTE to CV 25020. Reduction possible due to reorganization within the Agricultural Statistics Service USDA.	-4,612	-4,607
Operating.	Increase associated with increased report mailing/postage expenses. Reimbursement provided from USDA under state-federal cooperative agreement.	1,112	1,117
Equipment.	FY92 equipment reflects software upgrades. No purchase anticipated in FY93.		-398
Total		$-3,500	$-3,888

EXHIBIT 12

1-16-91

AGRICULTURAL DEVELOPMENT COUNCIL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	2.00	2.00	2.00	.00	2.00	2.00	.00	2.00
Personal Services	70,067.69	48,324	58,858	133	58,991	58,722	133	58,855
Operating Expenses	64,195.53	40,739	39,916	100	40,016	39,965	100	40,065
Equipment	283.99	0	0	1,650	1,650	0	1,650	1,650
Grants	50,065.62	208,907	210,264	0	210,264	210,401	0	210,401
Total Agency Costs	$184,612.83	$297,970	$309,038	$1,883	$310,921	$309,088	$1,883	$310,971
State Special Revenue Fund	184,612.83	297,970	309,038	1,883	310,921	309,088	1,883	310,971
Total Funding Costs	$184,612.83	$297,970	$309,038	$1,883	$310,921	$309,088	$1,883	$310,971

OVERVIEW

The Agriculture Development Council, established through the Montana Growth Through Agriculture Act (MGTA), administers less than 1% of the total annual coal severance tax dollars collected, to strengthen and diversify the agricultural industry.

The economic development programs provided through the MGTA allow the state to leverage coal tax funds with private capital to improve the agricultural business climate in Montana
and enhance the economy of the state and agriculture through investments in innovations in agricultural production, processing, marketing, and trade development.

Administered through the Montana Department of Agriculture, the Council is comprised of seven members appointed by the Governor. It consists of the directors of the departments of Agriculture and Commerce, and five persons who are or have been actively engaged in agriculture.

The purpose of the MGTA is to "strengthen and diversify" the state's agricultural industry by creating a public/private partnership to invest in innovations in agricultural research, production, processing, and marketing. The intended result of the MGTA is to keep pace with a transforming agricultural industry, create new jobs and expand business opportunities.

In spite of its relatively modest funding level, the Growth Through Agriculture Act ambitiously outlines seven mandatory program activities to be pursued. The Council is charged with:

GOALS

- Establish policies and priorities to enhance the future development of agriculture in Montana.
- Make seed capital investments for development and commercialization of new products and processes.
- Assist in enhancing domestic and foreign markets for Montana agricultural products.
- Place an export marketing specialist in Japan.
- Cost-share in foreign agricultural trade missions.
- Provide professional assistance to persons who apply for the purpose of developing export sales.

- Assist in the creation of agricultural business incubators.

AUTHORIZATION

90-9-101 through 402, MCA	General investment and market development provisions of the Montana Growth through Agriculture Act.
2-15-1817 MCA	Provides for the establishment of the Agriculture Development Council.
15-35-108 MCA	Provides for statutory appropriation of coal severance tax funds.

BASE PROGRAM

While still in its formative stage, the MGTA has achieved remarkable success with its longest running financial commitments. The Council is mandated by enabling statute to place a foreign trade representative in the Pacific Rim to stimulate Montana exports. Since placement of the trade representative in 1987, Montana's exports have risen from $240 million in 1987 to $350 million in 1988, an increase of 46%. 1989 figures are anticipated to reflect a continued growth in Montana exports.

The Montana Department of Agriculture has initiated market development activities funded through a grant from the Council. The grant has provided: alternative crop research necessary to position the Montana agricultural industry for federal crop program changes; the formation of a quality hay association to penetrate the domestic quality hay market and to export hay overseas; promotion of Montana's process food industry; recruitment of a potential beef packing facility; and many other market development and trade assistance activities.

Another activity of the Council is the recruitment of foreign trade teams to Montana. The most notable success in this regard was hosting the Republic of China wheat buying mission to Montana. This trade team purchased $17,000,000 of wheat from Montana producers, which results in a significant return on investment for the state.

The market development and research grants will result in a pool of information necessary for the development of new agricultural products and processes. Market research and market development projects now underway are exploring methods of adding value to Montana's raw agricultural products.

Implementation of the seed capital portion of the Growth Through Agriculture Act was delayed pending resolution of the White Case which contested the constitutionality of the similar Montana Science & Technology Alliance loan program. The Supreme Court ruled the loan program unconstitutional as defined in the enabling statute. Subsequently, the 1989 Montana legislature passed legislation which corrected this problem. The seed capital activity is now available to the Agriculture Development Council and several loans have been closed.

The seed capital loan program offers loans to entrepreneurs interested in investing in new and innovative projects, for example, the formation of a Montana waxy hulless barley processing industry. The research and market development grants will work hand in hand with seed capital loans to spur development in the agricultural sector of Montana's economy.

The Montana Growth Through Agriculture Act represents a program which is unique to agriculture that provides Montana a cost effective method of spurring economic growth through a symbiotic public-private sector partnership.

BASE FUNDING

The Growth Through Agriculture Program is funded through a statutory appropriation of the state special revenue fund. Revenue amounts may vary significantly between fiscal years depending upon coal extraction in the state.

PERFORMANCE INDICATORS

- Develop 5 year plan for the economic advancement of Montana Agriculture as it relates to this act.
- Make new loans to innovative agricultural businesses to assist them in making their project bankable and provide for creation of new jobs.
- Assist Montana agricultural processed foods companies with their marketing efforts locally, regionally, nationally and internationally. Promotions should result in 10-1 ratio sales to costs.
- Fund a portion of the international trade office in Japan and the Republic of China.
- Host 3 to 5 foreign trade teams per year.
- Provide assistance to a minimum of 3-5 new companies each year in entering the international export business along with continuing assistance to those companies who are presently doing export business.
- Investigate the feasibility of assisting rural agricultural businesses through the use of agricultural business incubators.

	FY 90	FY 91	FY 92	FY 93
Market Enhancements	8	8	8	8
Seed Capital	10	10	10	12
Incubator	1	0	1	0
Market Development Studies	2	2	3	2
Trade Shows	2	2	3	3
Montana Product Promotions	3	3	3	3
Trade Team Promotions	3	3	3	4
Foreign Trade Office Support		-	Continuing	-

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ıcreases or Decreases from Base

:em	Explanation	Fiscal 1992	Fiscal 1993
ıanges in base:			
Personal Services.	Workers Compensation increase	133	133
Operating.	Reflects messenger service cost increase	100	100
Equipment.	Reflects anticipated replacement of older printer, software upgrades and minor office equipment purchases in FY92 and replacement of old computer terminal in FY93.	$1,650	$1,650
otal		$1,883	$1,883

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Exhibit 13

ENVIRONMENTAL MANAGEMENT DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	28.16	30.42	30.42	3.12	33.54	30.42	3.50	33.92
Personal Services	711,933.23	864,426	859,931	95,221	955,152	859,653	103,858	963,511
Operating Expenses	248,473.39	320,654	326,257	161,803	488,060	328,823	214,177	543,000
Equipment	58,440.82	91,967	40,467	155,533	196,000	40,467	89,561	130,028
Grants	1,088,050.00	1,283,285	1,283,881	-41,187	1,242,694	1,283,881	-38,305	1,245,576
Total Agency Costs	$2,106,897.44	$2,560,332	$2,510,536	$371,370	$2,881,906	$2,512,824	$369,291	$2,882,115
General Fund	613,804.53	762,498	707,989	-483,862	224,127	709,141	-631,375	77,766
State Special Revenue Fund	1,282,866.91	1,541,220	1,542,576	780,913	2,323,489	1,543,037	926,984	2,470,021
Federal Special Revenue Fund	210,226.00	256,614	259,971	74,319	334,290	260,646	73,682	334,328
Total Funding Costs	$2,106,897.44	$2,560,332	$2,510,536	$371,370	$2,881,906	$2,512,824	$369,291	$2,882,115

OVERVIEW

The Environmental Management Program administers, manages, coordinates and evaluates the major activities of: (1) Pesticide and Pest Management, (2) Laboratory Services (analytical), (3) Weed Management, (4) Ground Water Management (Agricultural Chemical) and (5) Vertebrate Pest Management. These programs incorporate the following elements: licensing pesticide products and pesticide users and sellers; providing technical and educational information on pesticides and pest management; issuing noxious weed grants; prevention or remediation of agricultural chemicals that may effect ground water; providing laboratory analytical services; recommending vertebrate pest management techniques; and enforcing compliance with the pesticide and agricultural chemical ground water act requirements and related program functions.

These five program activities are further delineated in this document. Control variable CV30100 "Administration" while assigned for budgeting purposes to the Pesticide and Pest Management Program activity; it provides administration for all five major activities assigned to the division.

The department has developed several major modifications to the Environmental Management Division (EMD) budgets. These modifications include: reducing the general fund support for the pesticide and ground water programs; increasing registration fees and supporting these two programs with special revenue funds; and assigning the noxious need program to EMD from the Agricultural Development Division. The following figures depict these modifications to the EMD budget.

Exhibit 13
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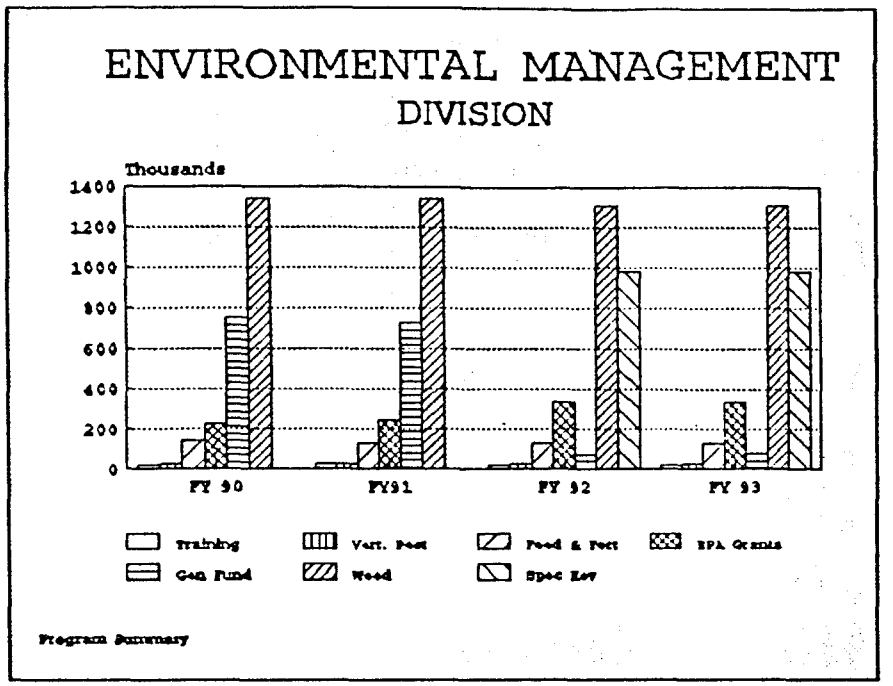

Figure 10

his figure depicts the addition of the noxious weed rogram, the conversion of general funds (FY 90-91) to pecial revenue funds (FY 92-93) to support the pesticide nd ground water programs, and an increase in EPA grant unds and continuation of other special revenue funds.

igures 11 and 12 specifically illustrate the conversion of rogram funding for the pesticide and ground water programs rom general funds to special revenue funds. Figure 11 epicts a decrease in the pesticide program, however, ecause pesticide funds have been used since 1984 to upport a minimal pesticide ground water program and now hat a specific program for ground water has been established, the budget reflects all pesticide program elements other than ground water. Figure 12 illustrates the funding for administration of the 1991 Agricultural Chemical Ground Water Act through increased pesticide registration fees.

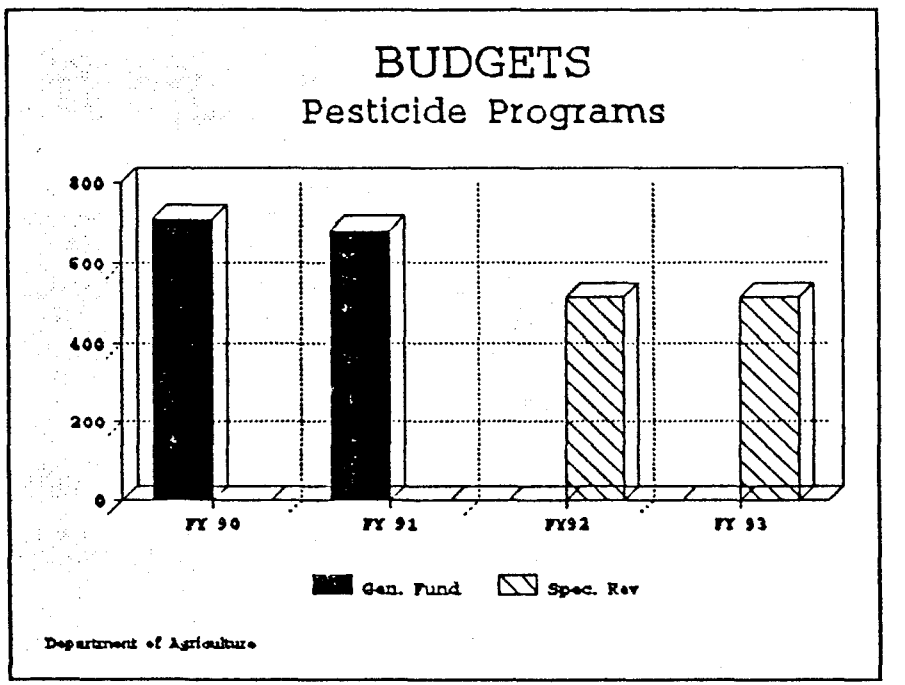

Figure 11

The proposed changes in funding of the pesticide and ground water programs, (reallocation of current level personnel and operational funds between these programs; use of new proposed revenues, increased revenues from registration and licensing fees, conversion from general to special revenue funds; proposed funding increases for these two programs), makes it difficult to specifically track the change in

proposed funding levels within the EMD programs (Pesticide and Pest Management, Laboratory Services Program and the Ground Water Program) and between control variables.

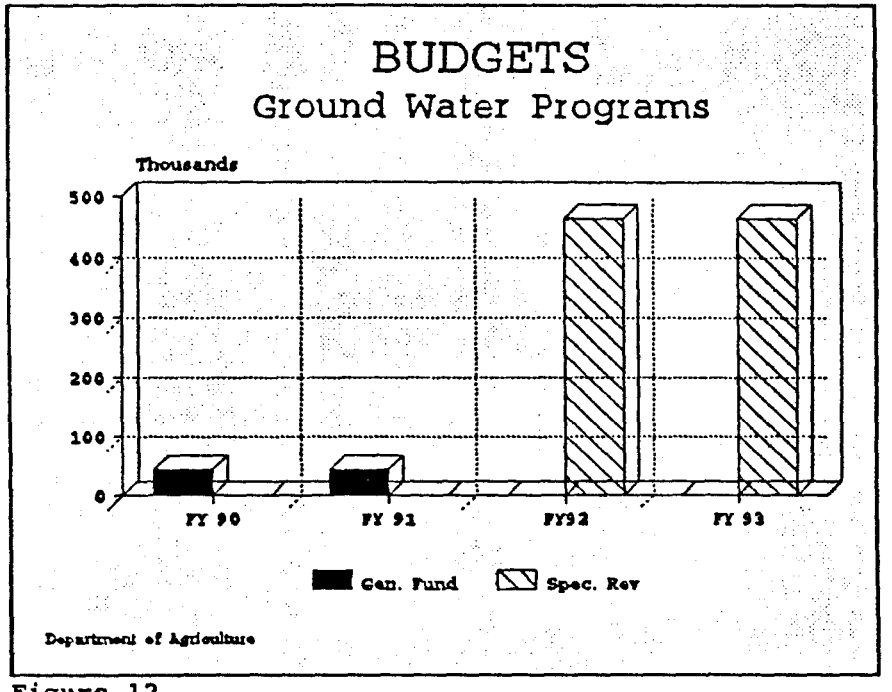

Figure 12

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significant projects has been severely curtailed. The department has conducted research with USDA and anticipates continuation of research at a reduced level. The purpose of the research is to collect EPA required pesticide registration data.

BASE FUNDING

There are no positions funded by this program. $600 is provided by personal services to pay for the per diem of advisory council members. The funding is State Special Funds.

PERFORMANCE INDICATORS

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Rodenticide Research	1	1	1	1
Vertebrate Pest/Pesticide Education				
Farmer/Rancher	20	25	25	25
Commercial, Government	4	5	5	5

EXHIBIT 14

1-16-91

PESTICIDE AND PEST MANAGEMENT PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	17.25	18.00	18.00	1.18	19.18	18.00	1.25	19.25
Personal Services	462,137.33	524,780	519,926	41,840	561,766	519,777	42,938	562,715
Operating Expenses	124,121.95	149,963	154,137	21,186	175,323	156,470	31,650	188,120
Equipment	34,559.67	12,615	12,615	-28	12,587	12,615	-7,445	5,170
Total Agency Costs	$620,818.95	$687,358	$686,678	$62,998	$749,676	$688,862	$67,143	$756,005
General Fund	517,638.10	570,491	565,899	-358,821	207,078	567,090	-458,783	108,307
State Special Revenue Fund	10,922.59	15,439	15,416	412,373	427,789	15,414	517,437	532,851
Federal Special Revenue Fund	92,258.26	101,428	105,363	9,446	114,809	106,358	8,489	114,847
Total Funding Costs	$620,818.95	$687,358	$686,678	$62,998	$749,676	$688,862	$67,143	$756,005

GOALS - Pesticide and Pest Management Programs (PPMP) Administration

* To ensure efficient and effective management of the department's programs assigned to the Environmental Management Division.

* Additional goals for the PPMP are outlined in the Field Services Bureau and Technical services Bureau goal definition areas that follow.

AUTHORIZATION

The specific statutes the administrative unit is responsible for are set forth within each of the five Environmental Management program activities. These statues are: 80-8-101 et seq, MCA; 80-15-101 et seq, MCA; 80-7-801 et seq, MCA; 80-7-501 et seq, MCA; 80-7-701 et seq, MCA; 80-7-1101 et seq, MCA; 75-1-101 et seq, MCA; and 7 U.S.C. 121 et seq.

BASE PROGRAM

The administrative unit of the Environmental Management Division is responsible for the development, implementation and evaluation of the authorized division budgets. This unit monitors annual budgets to ensure proper and approved expenditures.

The administrative unit is responsible for personnel management to ensure that state, department, and division policies are consistently and uniformly administered.

This unit directs and monitors three bureaus to ensure that the goals, objectives and special projects are accomplished in a timely manner and in compliance with state laws and department policies.

The administrative unit provides direction and advice on controversial issues and special problems with the regulated industry, agricultural groups and associations, and the public. The administrative unit recommends to and implements for the director compliance and enforcement actions for pesticides and agricultural chemicals in ground water.

The administrative unit staff provides support to the division's staff by: preparing documents, correspondence, grants and reports; maintaining division personnel files, time and attendance reports for payroll; coding division bills and reconciling them with SBAS; purchasing and inventorying supplies and equipment; maintaining a variety

of files; directing public inquiries to division personnel; typing staff correspondence and reports; and providing receptionist duties.

BASE FUNDING

The administrator and 2 secretarial/clerical positions are funded by the general fund.

PERFORMANCE INDICATORS

Monitors and evaluates performance indicators for the five major division program activities.

Resolves issues related to problems in accomplishing the program indicators.

GOALS

CV30200 PPMP Field Services Bureau

* Protect agricultural crops and commodities, human health and the environment by ensuring that pesticide use and sales are in compliance with applicable statutes (FIFRA, MPA and Ground Water) and rules.

* Investigate and provide remedial assistance and compliance standards at sites of pesticide incidents and spills to reduce impacts on agriculture, environment and human health.

* Ensure pesticides are sold and used by trained and qualified persons by assisting in training courses and in the preparation of educational materials and examinations.

AUTHORIZATION

7 U.S.C. 121 et seq. Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). FIFRA, as amended, provides for the registration and classification of pesticides under the authority of the Environmental Protection Agency. Provides for the certification of pesticide applicators to use restricted use pesticides and grants the states certain regulatory authority. Establishes penalties for the misuse of pesticides.

80-8-101 et seq, MCA Montana Pesticides Act. Provides for the registration and classification of pesticides under the authority of the Department of Agriculture. Provides for the licensing and training of pesticide applicators and dealers. Establishes enforcement authority and penalties for the improper use and sale of pesticides.

80-15-101 et seq, MCA Montana Agricultural Chemical Ground Water Protection Act. Authorizes the department to develop agricultural chemical ground water management plans. The plans must meet the objectives of preventing ground water impairment, minimizing the presence of agricultural chemicals in ground water and protecting present and future beneficial uses of ground water. Establishes enforcement authority and penalties ensure compliance with the requirements of the act.

BASE PROGRAM

The primary responsibility of this bureau is to conduct pesticide compliance and enforcement activities. Routine inspections and investigations of discovered, or reported, cases of pesticide misuse or noncompliance are conducted. The bureau investigates pesticide incidents and spills and provides on-site coordination, technical assistance and remedial actions. It participates in pesticide applicator and dealer training by presenting and explaining applicable statutes and rules, and assists in development of pesticide educational and testing materials. Assistance is provided to the general public on legal and safe use of pesticides, applicator and dealer licensing requirements and procedures, and pest control.

The bureau is composed of a Helena-based bureau chief and five pesticide specialists located in field offices at Billings, Bozeman, Glasgow, Great Falls, and Missoula who

re responsible for compliance and enforcement activities ithin an assigned district.

ompliance activities are conducted according to written uality control standards that describe inspection and nvestigation procedures, rules for evidence gathering, ampling methodology, inspector safety, minor violations, ase preparation and resolution, and other related rocedures.

esticide Inspections

istrict specialists inspect licensed commercial and overnment pesticide applicators, pesticide dealers, and esticide producing establishments. Inspections of icensed applicators and dealers are accomplished on a four o five year cycle. Major pesticide producing stablishments are inspected every two to three years. The mall establishments are inspected periodically. If ndividual problems are noted, inspections are conducted ore frequently. Permitted farm applicators (private) are ot routinely inspected except for farm applicators pplying restricted aquatic herbicides, M-44 cyanide evices, 1080 livestock protection collars, and for special roblems.

nspections of applicators are categorized into gricultural, non-agricultural, experimental, and record eeping inspections for tracking purposes. Records nspections are a separate activity to check applicator and ealer records that are required by federal and state egulations. The time factors involved for the various ypes of applicator inspections are 20 hours per gricultural inspection, 15 hours per non-agricultural or xperimental inspection, and 5 hours per record inspection. ureau staffing allows for applicator inspections on a four o five year cycle.

he purpose of routine applicator inspections is to etermine compliance in areas of pesticide applications, torage, disposal, licensing, equipment operations, safety lothing and equipment, and site contamination. A number f locations have been found to contain residues in soil hat exceed safe levels and in several instances pesticides ave been found in ground water. More extensive site valuations have increased the time and resources needed for sampling, in depth reviews of operations, technical assistance, and additional enforcement/remedial actions to correct problems. FY 92 and FY 93 base performance indicators may be optimistic if further site evaluations require extensive sampling or remedial actions.

Dealer inspections serve to determine the dealer licensing, storage, display and records compliance. Inspection also ensure pesticides being sold to the public are registered, and that restricted-use pesticides are being sold only to certified persons. Retailer inspections are conducted to check the registrations of pesticides and the display and storage of pesticides. The time factor allowed for dealer and dealer records inspections is 5 hours each. Base FY 92 and 93 performance indicators provide for inspections on a 4 to 5 year cycle with current staffing.

In 1988, Montana had 28 establishments registered with the Environmental Protection Agency for production of pesticides, under the State-EPA Cooperative Agreement The bureau inspects these establishments to check registrations, labels, record keeping, site contamination, disposal, storage, and to sample products being manufactured. In 1989 the number of producers who were repackaging pesticides from bulk containers into smaller containers increased to almost 100. This number will probably double in the near future. Base FY 92 and 93 performance indicators reflect the need to increase the inspection efforts in this area. The time factor for a producer establishment inspection is 15 hours.

Pesticide Investigations

The bureau conducts investigations of alleged pesticide misuse or incidents in response to citizen complaints, agency referrals, and discovery of problems during inspections. The majority of investigations deal with reported damage to humans, crops, environment, wildlife or livestock caused by misuse of pesticides. Additional reasons for investigations include pesticide spills, improper safety equipment, improper disposal, site contamination, adulterated pesticides, and licensing problems. Investigations occupy the majority of staff time during the use season which occurs from mid-April through September.

The number of pesticide investigations is anticipated to stay relatively constant at about 100 per fiscal year, an increase from previous years. This increase is due to more non-ag investigations which is attributed to urban awareness of pesticide use and the growth of the lawn care business in Montana.

The bureau places a priority on responding to complaints of pesticide misuse and collects evidence to determine the validity of the allegations. The time factor allowed for each investigation is 20 hours. This factor is being reviewed by the states and EPA and will probably be revised to about 35 hours per investigation. The complexity of investigations and the time to gather proper evidence has increased.

Each year about two "major cases" are expected. These special investigations usually involve major pesticide damage to agricultural commodities, ground water contamination, and/or exposure of people to pesticides. These major investigations require about 400 hours each.

Pesticide Sampling

Pesticide specialists collect about 40 samples of formulated pesticide end-use products yearly to check that ingredients meet label claims. A very low incidence of adulteration has been found yearly (2-5%). With the increase of bulk repackaging in Montana there is a need to continue this effort at current levels.

Pesticide residue samples are also collected, usually in conjunction with pesticide damage investigations. "Service samples" are collected yearly to provide assistance to farmers who have questions regarding soil residues, water contamination, etc. FY 92-93 indicators are projected for the number of expected routine and major pesticide investigations.

Enforcement Actions

When pesticide violations are documented by inspections or investigations, appropriate actions are implemented. The action is based upon the severity of the violation, the amount of damage caused, applicator or dealer past history of compliance, and other related factors. The bureau is updating an enforcement response policy that describes a timely and objective method for responding to and resolving violations.

Generally, first time violators receive a notice of violation for minor violations and are reinspected to determine compliance. Licensing and misuse violations resulting in harm may be assessed a civil penalty depending upon the extent of harm and the amount of care exercised by the applicator. Notices of violation for minor violations such as incomplete records can be issued in the field by pesticide specialists.

License suspensions and temporary revocations are used as a compliance tool in major cases. For example, licenses have been suspended until applicators agree to improve operating practices or attend special training. Only in extremely flagrant cases where the department feels the public is at risk will applicator or dealer licenses be revoked.

Embargo or stop sales are placed on pesticide products found to be adulterated or not registered with the state or EPA. These usually remain in place until registration is accomplished or until an agreement is reached with responsible parties for disposition of adulterated products.

The pesticides act allows the department to issue orders in emergencies. This authority has been used at sites where ground water has been contaminated, where pesticides or containers were improperly disposed or abandoned, and similar situations.

Pesticide specialists also administer about 400 applicator and dealer tests per year, because the field offices are conveniently located. The bureau also assists in updating training manuals and tests.

Public Assistance

The field office staff receive numerous requests for assistance with licensing and recertification procedures, pesticide use and pest control.

pplicator/Dealer Training

ureau staff participate as speakers at training courses or pesticide applicators and dealers. The activity rovides an opportunity to educate the regulated community n pesticide laws and rules.

ASE FUNDING

he bureau chief and three pesticide specialists are funded y general funds. Two pesticide specialist positions are unded with 57 % general funds and 43 % federal funds.

ERFORMANCE INDICATORS

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
esticide Inspections				
Agricultural Applicators	150	175	160	160
Non-Ag Applicators	80	110	70	70
Experimental Applications	6	5	5	5
Pesticide Dealers	170	200		120
Producer Establishments	10	10	20	20
Applicator Records	200	230	200	200
Dealer Records	170	220	120	120
esticide Investigations				
Ag Complaints/Misuse	65	39	55	55
Non-Ag Complaints/Misuse	40	24	45	45
Major Investigations	2	2	2	2
esticide Samples				
Residue (soil, water, etc.)	205	270	250	250
Formulation Products	46	45	40	40
nforcement Actions				
Civil Penalties Issued	10	10	11	12
License Suspension/Revocation	5	4	4	4
Violation Notices Issued	70	70		0
Product Embargo/Stop Sale	5	5	5	5
Remedial Plans/Cleanup Orders	2	2	2	2
pplicator/Dealer Training [1]				
Participation in Courses	50	40	40	40
Tests Administered	400	400	400	400
Update - Study Manuals	1	1	1	1
Update - Pesticide Tests	2	2	2	2
Public Assistance				
License/Recertification	500	500	500	500
Pesticide Use/Pest Control	300	300	300	300

[1] Indicators were not enacted for FY 91.

GOALS

CV30400 PPMP Technical Service Bureau

* Register federally registered pesticide products for use in Montana and register products for special local needs and emergency pest problems.
* Provide pesticide training and educational material for initial licensing, certification, and recertification for commercial, government and farm applicators in Montana.
* License and certify qualified individuals to use general and restricted use pesticides in Montana.
* Provide appropriate training manuals for all categories of pesticide applicators and dealers in Montana.
* Provide training and field demonstrations for vertebrate pest applicators in Montana.
* Conduct surveys of weed, insect and rodent populations in Montana.
* Develop and implement the new EPA initiatives on endangered species, worker protection, disposal of pesticides and containers, and groundwater.

AUTHORIZATION

7 U.S.C. 121 et seq. Federal Insecticide, Fungicide, Rodenticide Act (FIFRA). FIFRA provides for the registration and classification of pesticides under the authority of the Environmental Protection Agency. Provides for the certification of pesticide applicators to use restricted use pesticides and grants the states certain regulatory authority. Establishes penalties for the misuse of pesticides.

80-8-101 et seq, MCA Montana Pesticide Act. Provides for the registration and classification of pesticides under the authority of the Department of Agriculture. Provides for the licensing and training of pesticide applicators and dealers. Establishes enforcement authority and penalties for the improper use and sale of pesticides.

80-7-1101 et seq, MCA Vertebrate Pest Management Act. Authorizes the department to establish and operate organized and systematic programs for the management and suppression of vertebrate pests.

80-7-501 et seq, MCA Crop Insect Detection and Management Act. Authorizes the department to develop and publish a list of pesticides approved for control of insects and to publish technical guidelines on techniques of controlling insects. Authorizes the department to notify a county of it's survey results and state whether an insect infestation is normal or serious. Authorizes the department to review and comment on all county agricultural insect pest management plans.

80-7-701 et seq, MCA Weed Control Act. The department is authorized to provide technical assistance and service to local governments, agricultural producers, and the general public on the management and control of noxious plants.

75-1-101 et seq, MCA Montana Environmental Policy Act. Requires environmental assessments and/or environmental impact statements on major state actions which may significantly affect the quality of the human environment.

BASE PROGRAM

Pesticide Registration

All pesticide products registered by the federal government must be registered annually in Montana when requested by the registrant. This involves approximately 4700-4900 products. An annual certificate of registration is issued to the registrant and all pertinent information on the product is filed (pesticide label and labeling, material safety data sheets). Products for special local needs and products for emergency pest problems (emergency exceptions) are registered for new, special or emergency pest problems. Issuance of these types of registrations (12-15) is very time consuming and usually occurs in late winter and spring each year.

Licensing, Applicators and Dealers

All commercial and government pesticide applicators and dealers are licensed each year, concurrent with the registration of pesticide products. Farm applicators are licensed on a 5 year basis; however, the state is divided into 5 licensing districts, so one district is relicensed each year. The number of farm applicators varies from 500 - 2000 per district.

Certification and Recertification Training

Initial certification training for new commercial and government pesticides applicators is offered once per year. This is a 16 hour training course involving 6-7 staff members plus several extension specialists and paid consultants. Examinations are given at the conclusion of the training session. This training is typically attended by 80-90 persons. A training fee is charged to cover conference room rental, refreshments and travel costs for special instructors.

ecertification training (6 hours) is offered each spring February) or fall (October) every year. Each applicator ategory (15 categories including dealers) will receive raining at least every other year. A training fee is harged to cover the aforementioned costs. Depending on he size of the categories involved, 4 to 6 training essions are offered at various locations around the state n an annual basis. Depending on the size of the category, 5-125 persons attend each session.

he Montana State University Extension Service is esponsible for providing certification and recertification raining for farm applicators. Six hours of ecertification training is required for farm applicators ithin the five year recertification period. Since one istrict is recertified each year, approximately 1500 farm pplicators require recertification annually. The epartment assists with this effort, usually providing 1-2 eople for each recertification training session.

nitial certification and recertification may be ccomplished by examination which is optional to training; herefore manuals must be available which contain all the elevant information required by federal and state law. he department has written fifteen of these manuals and pdates them periodically to reflect changes in laws and ules, changes in farming practices, new and/or modified ses of pesticides, new application techniques and changing nvironmental concerns. Applicators requesting manuals are harged a fee that pays for the actual cost of printing the nuals. The department also approves pesticide training or licensing or certification sponsored by industry and gricultural associations (27-40 yearly).

est Monitoring

e department assists producers and the public by oviding technical and educational training and monstration programs on vertebrate pests and their ntrol using pesticides and other control techniques.

e department may assist producers, counties and the neral public on weed and insect problems by monitoring veloping populations. Technical and educational formation may be provided on a one-to-one basis or to oups depending on the pest involved and the economic impact to individual producers as well as to the state as a whole.

Pest monitoring requires frequent field sampling during the spring and summer. When significant pest populations are detected, information on control methods available are provided to those affected. Pest treatment monitoring may be required and efficacy of the treatment method may be assessed. This may require additional sampling and, at times, analyses of environmental parameters may be necessary (i.e., soil, water, vegetation).

New EPA Program Initiatives

The department will be implementing new pesticide initiatives for worker protection, endangered species and disposal and storage of pesticides. Identification of the segments of the pesticide user community that will be affected by the new initiatives will be the primary activity in FY 91. Development of a specific program in each area will occur after EPA finalizes the regulations in each of the aforementioned areas. Implementation of the programs will begin in FY 91 and continue into FY 92 and 93. These activities will require one FTE plus sufficient operational monies.

During FY 91 a plan for ground water protection was issued to the states as part of the 1990 EPA Grant Guidance Package. The ground water initiative is discussed in the ground water activity section.

BASE FUNDING

The bureau chief, six specialists and one clerical position are funded by general funds. A pesticide specialist position is funded by 50% general funds and 50% federal funds.

PERFORMANCE INDICATORS

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Licenses Issued				
Farm Applicators *	2400	2000	1500	500
Dealers	500	475	450	450
Commercial Applicators	730	720	700	700
Noncommercial Applicators	42	40	40	40
Government Applicators	620	620	600	575
Operators	1070	1070	1050	1050
Pesticide products registered	4877	4800	4700	4700
Pesticide products registered for Special Local Needs (24C) or Emergency Exemption (Section 18)	14	15	15	15
Initial pesticide training for commercial and government applicators and dealers	100	90	80	80
Recertification training for commercial and government applicators and dealers (difference based upon category numbers)	350	550	1000	595
Training sessions approved				
- Private	38	35	35	35
- Commercial	27	30	30	30
Training sessions participated in or monitored by staff				
- Private	80	60	50	59
- Commercial	93	80	70	70
Update or revise pesticide training manuals and/or bulletins				
- Manuals	4	3	2	2
- Technical bulletins and reports	10	4	4-5	4-5
Provide technical assistance to agriculture community and general public on pesticides and pest management **	1800	2000	2000	2000
Pest Surveys	--- as needed---			

*Total farm applicators - 8,000.

** (counted as an individual if consulted as an individual or counted as a group if consulted in this fashion.)

EXHIBIT 14
DATE 1-16-91
HB Nat. Res. Ag.

Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:			
Full Time Employees	The department proposes the addition of a pesticide specialist III, a chemist IV and the conversion of a 1/2 time clerk typist III to a full FTE. These positions are funded by pesticide special revenues, EPA grant funds and Ground Water special revenues. These positions are needed to assist in handling: complex pesticide investigations and cases; requests for special investigations; and sampling and analysis of pesticide samples all of which have increased. The full clerk typist III position is needed to handle the increase in sample result reports and related correspondence.	1.18	1.25
Personal Services.	Salary and benefits for additional 1.18 and 1.25 FTE in FY 92-93 and increase of workers compensation rates for all pesticide based employees.	41,840	42,938
Operations	Increase involves a $31,115 and $32,200 FY 92-93 contract to MSU to implement an education program for pesticide retailers and home owners on use of pesticides in urban areas. The other expenses are for the pesticide specialist field activities and for the analytical supplies and operations costs associated with the increase in samples and their complexity of analysis.	21,186	31,650
Equipment	The decrease in equipment purchases is primarily related to not requesting additional computer and office equipment.	- 28	- 7,445
Funding Changes	In combination the pesticide and ground water programs will result in an overall Division funding change of $483,862 92 and $631,375 in FY 93 from general fund to state special revenue. (Reference pages 17 through 19.)		

EXHIBIT 15

1-16-89

VERTEBRATE PEST MANAGEMENT PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00	.00	.00
Personal Services	0.00	600	600	0	600	600	0	600
Operating Expenses	505.43	6,912	6,960	12	6,972	7,002	6	7,008
Grants	0.00	17,081	17,081	0	17,081	17,081	0	17,081
Total Agency Costs	$505.43	$24,593	$24,641	$12	$24,653	$24,683	$6	$24,689
State Special Revenue Fund	505.43	24,593	24,641	12	24,653	24,683	6	24,689
Total Funding Costs	$505.43	$24,593	$24,641	$12	$24,653	$24,683	$6	$24,689

GOALS CV30033 Vertebrate Pest Management (VPM) Technical Service Bureau

* Issue grants or contract with individuals, universities, other states, state or federal agencies, or other entities considered appropriate to conduct vertebrate pest management projects.
* Support development of registration data on rodenticides required by EPA.
* Support vertebrate pest management research and evaluation projects.
* Educate farmers and ranchers and the general public regarding vertebrate pest management.

AUTHORIZATION

80-7-1101 et seq, MCA Vertebrate Pest Management Act. Authorizes the department to impose a surcharge of 5 cents per dollar on the retail sales price of all rodenticides registered for field rodent control in the state. Allows for the establishment of a vertebrate pest management advisory council who provide advise to the department on the disbursement of the rodenticide surcharge funds.

BASE PROGRAM

The Vertebrate Pest Management Act imposes a 5% surcharge on the retail sale of all rodenticide registered for field rodent control in the state. The monies collected are used for maintaining rodenticide registrations and to support rodenticide research and educational programs. In terms of dollars and amount used, the strychnine grain baits were by far the most heavily used product in the state. A court order from the 9th District Court in 1988 temporarily suspended all above ground uses of strychnine. This court order is still in effect and as a result strychnine products cannot be used (or sold) to control ground squirrels and prairie dogs. It may still be used underground to control pocket gophers. The use of strychnine has declined dramatically. Current projections for surcharge monies generated in 1989 are estimated at $1500-$1600. This is a reduction from the estimated $25,000 revenue projection when the surcharge was enacted by the 1987 Legislature. Obviously the ability to fund any

significant projects has been severely curtailed. The department has conducted research with USDA and anticipates continuation of research at a reduced level. The purpose of the research is to collect EPA required pesticide registration data.

BASE FUNDING

There are no positions funded by this program. $600 is provided by personal services to pay for the per diem of advisory council members. The funding is State Special Funds.

PERFORMANCE INDICATORS

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Rodenticide Research	1	1	1	1
Vertebrate Pest/Pesticide Education				
Farmer/Rancher	20	25	25	25
Commercial, Government	4	5	5	5

Exhibit # 16

1-16-91

WEED MANAGEMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	1.92	1.92	1.92	.00	1.92	1.92	.00	1.92
Personal Services	43,129.29	52,931	53,879	919	54,798	53,904	920	54,824
Operating Expenses	20,492.15	26,371	26,158	1,625	27,783	26,554	1,514	28,068
Equipment	1,129.00	702	702	3,033	3,735	702	176	878
Grants	1,088,050.00	1,266,204	1,266,800	-41,187	1,225,613	1,266,800	-38,305	1,228,495
Total Agency Costs	$1,152,800.44	$1,346,208	$1,347,539	$-35,610	$1,311,929	$1,347,960	$-35,695	$1,312,265
State Special Revenue Fund	1,152,800.44	1,346,208	1,347,539	-35,610	1,311,929	1,347,960	-35,695	1,312,265
Total Funding Costs	$1,152,800.44	$1,346,208	$1,347,539	$-35,610	$1,311,929	$1,347,960	$-35,695	$1,312,265

GOALS

* Issue grants or contracts to communities, weed control districts, local government, land managers or researchers for:

  -Development of new and innovative noxious weed management projects;

  -Implementing or demonstrating improved private or public noxious weed projects.

* Issue special grants to weed control districts to eradicate or contain newly introduced noxious weeds into the state or county.

* Provide technical expertise and assistance on noxious weeds and noxious weed management techniques to public and private land managers.

* Administer the collection of the herbicide surcharge and special vehicle tax which provides the financial support to the program.

* Evaluate the grants program for improving the management of noxious weeds in Montana.

AUTHORIZATION

80-7-801 et seq, MCA Noxious Weed Trust Fund Act. Establishes a weed grants program administered by the Department of Agriculture through the Noxious Weed Advisory Council; and provides for emergency procedures.

80-7-771 et seq, MCA Montana Weed Control Act. Directs the department to provide technical assistance to government and private land managers and to provide information on weed control to the public.

75-1-101 et seq, MCA Montana Environmental Policy Act. Obligates the Division to address significant environmental impacts of the grants program.

BASE PROGRAM

The Weed Management Program processes and reviews grant applications, manages and evaluates contracts, collects special revenues, and provides services and technical assistance to clients.
The objectives of the Weed Management Program are to process and review 100 grant applications; prepare, manage, and evaluate 80 new weed management grant contracts; manage and evaluate 50 on-going grant contracts; collect herbicide

sales information on 790 registered herbicides from 500 Montana pesticide dealers and compute sales records in billing statements for 38 companies registering these herbicides in Montana; monitor weed vehicle fee collection from 56 Montana counties; and provide technical assistance for development of weed management programs for 15 private landowner groups, five county weed districts, and two federal or state land management agencies. The Montana Noxious Weed Advisory Council meets up to four times each year to review and evaluate grant applications and weed management programs.

As required by MEPA the Division is currently developing an environmental assessment (EA) or programmatic environmental impact statement (PEIS) on the noxious weed grants program. When completed (FY 91) rules and/or additional EA's or EIS's under MEPA will be developed in FY 92-93.

BASE FUNDING

The Weed Management Program is funded by special revenues generated by a $1.50 weed vehicle fee on all state registered vehicles, a $1.50 off-highway vehicle fee, and a 1% surcharge on the retail sales of all herbicides sold in Montana.

Statutorily, all of the off-highway vehicle fee, one-half of the herbicide surcharge, and all interest income must be deposited into a permanent Noxious Weed Trust account. When the Trust reaches it's $2.5 million goal (1994), all interest income from may be allocated to the grants program.

All weed vehicle fees and half of the herbicide surcharge are used for the grants program and for administration of the program.

A statutory requirement obligates at least 25% of the vehicle fee monies to non-chemical control grants. Oil overcharge revenues for biological control grants may be available in the 1993 biennium.

The three positions, F.T.E. 1.92, are funded by State Special Funds. The weed program was transferred to the Environmental Management Program in FY 90 from the Agricultural Development Program through a department reorganization.

PERFORMANCE INDICATORS

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Grant application review	108	75	100	100
Weed contract development	85	80	80	80
Administration of weed grants	60	50/60	130	130
Assistance with weed management plans	25	25	22	22
Technical assistance projects	80	80	80	80
Educational programs	40	40	40	40
Environmental Assessments/or programmatic impact statements	--	1	--	--
Rules and EA's or EIS's	--	--	2	2

EXHIBIT 16
DATE 1-16-91
Appr. Sub. Com.

Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:			
Personal Services.	The increase is due to a need to hold one additional meeting for the mandatory advisory council to review and approve noxious weed grants and the workers compensation rate increase.	919	920
Operating Expenses	The increase is due to additional travel expenses of the advisory council and weed coordinator for meetings and realignment of operating fund expenses.	1,625	1,514
Equipment	The FY92 increase is based upon purchase of portable computer and software. The weed coordinator's travel an extensive and a portable computer will allow for preparation of correspondence and reports while in travel status. The FY93 increase is for the purchase of an office file.	3,033	176
Grants	Reduction is due to improved analyses of available program revenues and indirect costs allocated to Central Management Division (CV 11010).	-41,187	-38,305

Exhibit 17

Natural Res 1-16-91 Exh 17

GROUND WATER MANAGEMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Fiscal 1992 Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Fiscal 1993 Recommended
Full Time Equivalent Employees	.49	2.00	2.00	1.94	3.94	2.00	2.25	4.25
Personal Services	0.00	47,690	46,413	51,933	98,346	46,380	59,473	105,853
Operating Expenses	25,670.34	57,298	57,997	155,479	213,476	57,710	195,590	253,300
Equipment	10,825.00	0	0	127,978	127,978	0	78,680	78,680
Total Agency Costs	$36,495.34	$104,988	$104,410	$335,390	$439,800	$104,090	$333,743	$437,833
General Fund	35,255.13	68,188	68,188	-139,434	-71,246	68,188	-184,564	-116,376
State Special Revenue Fund	0.00	15,000	15,000	414,046	429,046	15,000	457,209	472,209
Federal Special Revenue Fund	1,240.21	21,800	21,222	60,778	82,000	20,902	61,098	82,000
Total Funding Costs	$36,495.34	$104,988	$104,410	$335,390	$439,800	$104,090	$333,743	$437,833

GOALS Ground Water Management Technical Services Bureau and Laboratory Bureau

* Protect the state's ground water and environment from impairment by agriculture chemicals (pesticides and fertilizers).
* Establish and manage agricultural chemicals through agricultural chemical plans to prevent, minimize and mitigate impairment of ground water.
* Conduct general and site specific ground water monitoring for agricultural chemicals.
* Conduct inspections and investigations on alleged and known agricultural chemical ground water problems and enforce statutory provisions of 80-15-101 et seq, MCA.
* Analyze ground water, soil and other environmental media for agricultural chemical residues.
* Coordinate agricultural chemical ground water activities with government agencies, universities and the public.
* Conduct chemical users and public educational programs on agricultural chemicals and ground water in cooperation with Montana State University Extension Service and others.
* Continue to monitor permanent state agricultural chemical ground water well sites.

AUTHORIZATION

80-15-101 et seq, MCA - Montana Agricultural Chemical Ground Water Protection Act. Authorizes the department to develop agricultural chemical ground water management plans. The plans must meet the objectives of preventing ground water impairment, minimizing the presence of agricultural chemicals in ground water and protecting present and future beneficial uses of ground water. Authorizes the department to adopt appropriate rules to ensure compliance with the requirements of the act.

BASE PROGRAM

Program Establishment

In 1988 there were 4,989 pesticide products registered in Montana. The assumption was made when HB 757 (80-15-101 et seq, MCA) was passed that this number would probably remain static. However, since that time EPA has assessed a yearly maintenance fee for each pesticide registration. Income from the sale of these products may be great enough for registrants to support payment of the fees. If this occurs the number of pesticide products registered each year in Montana could experience a decline. In any event the department used 4,989 as a base to calculate the budget. The law proposed a $15 per product fee which when using the 4,989 figure would generate $74,835 per year. The primary task in the 1991 biennium will be development of cooperative programs which meet the requirements of EPA's pesticide ground water strategy and Montana's Agricultural Chemical Ground Water Act, including a general pesticide plan and possibly one or two specific plans.

To implement the Montana Agricultural Chemical Ground Water Protection Act (MAGA) the department must promulgate and publish rules establishing the parameters and specifics of the program. MAGA requires the department to develop a general state ground water management plan.

The Department and the Department of Health and Environmental Sciences will cooperatively establish monitoring, investigation and compliance activities to implement this act. The departments will be utilizing federal ground water funds to assist in implementation of Montana's Agricultural Chemical Ground Water Act.

Training

The Department and Montana State University Extension Service (MSUES) will cooperatively upgrade the pesticide education programs by incorporating the ground water program elements for applicators and farmers. The department will develop, in cooperation with the MSUES, industry, farm and ranch organizations and the public, an educational training program. This program will cover best management practices, pesticides of concern, geographical and ground water areas of concern, general and specific ground water management plans, and related subjects.

Special educational programs in regions or sites subject to specific agricultural chemical ground water management plan requirements will be conducted to assist chemical users in preventing impairment and/or remediating impairment of ground water from agricultural chemicals.

The DOA and the Montana Bureau of Mines and Geology (MBMG) will cooperatively prioritize the collection of necessary data on selected aquifers for submission to DHES for classification of the ground water. The Department of Agriculture will contract with MBMG for this purpose.

The balance of the available fee revenue approximately $37,000 per year will be utilized by the DOA for implementing the act.

Program Activities

The division will conduct monitoring of the ground water for agricultural chemicals using state and federal funds. The samples collected will be for those products registered in Montana and designated by EPA as leachable pesticides. Samples will be collected for specific agricultural chemicals used at mixing, loading, disposal and spill sites. The monitoring will include: (1) ambient monitoring in regions subject to potential ground water impairment from agricultural chemicals; (2) monitoring in regions regulated by a specific management plan for a given chemical or chemicals, and (3) site specific monitoring either subject to a local specific management plan or to determine if chemical operations at a mixing/loading, disposal or spill site has, or may cause, ground water impairment.

Monitoring will be used to: (1) determine if a specific agricultural chemical ground water plan is needed in a region or site based upon the provisions of 80-15-202 and 212, MCA; (2) evaluate specific plans in terms of preventing, minimizing or reducing the concentration of an agricultural chemical in ground water; and (3) evaluate enforcement cases to ensure problems are corrected.

onitoring will also include sampling soils, surface waters nd related media to assess the potential for agricultural hemicals to leach to ground water or to determine the ause of an agricultural chemical ground water problem. ll sampling, monitoring and sample analyses will be onducted in accordance with the department's quality ssurance/quality control (QA/QC) procedures.

everal specific agriculture chemical ground water anagement plans will be prepared and implemented through ule making in the biennium. These plans will require xtensive time and resources to characterize the region or ite. Characterization of the plan includes: investigation f the aquifer, geology, topography, climate, agricultural ractices, beneficial uses of the ground water and it's lassification, the beneficial use of agricultural hemicals, chemical usage patterns and application rates, ssessment of the problem, conducting public meetings, evelopment of best management practices (BMP) with the xtension Service, development of possible alternative est control and agricultural practices, and holding ducational programs. Compliance investigation and actions ay also be conducted prior to or after implementation of he plan. Evaluation of the plans provisions will be eveloped to ensure the plan is successful.

eetings with chemical users and the public may be held to llow for public discussion of the proposed provisions of plan and to determine the success or problems with an xisting plan.

he general management plan, an educational and technical ssistance document, may be revised as new information or echnology becomes available. These updates will be ccomplished, in cooperation with the DHES and Extension ervice. Public review and comment will also be obtained n such updates.

nforcement activities will be conducted in regions or ites subject to a specific plan and generally throughout he state in conjunction with the pesticide program. The rimary purpose of these activities will be to protect ontana's ground water for future generations.

he analytical laboratory has been involved with the nalysis of ground water samples for agricultural chemicals since the early 1980's. The laboratory has adopted multi residue methods for analyses of ground water samples for pesticides and also analyzes samples for nitrates, sulfates, pH, conductivity and similar components. The laboratory has a chemist and a laboratory technician whose primary responsibility will be the analysis of agricultural chemicals in ground water. These personnel are supported by other chemists, technicians, and clerical personnel responsible for pesticide and fertilizer samples. The laboratory will be responsible for ground water, soil, surface water and related sample analyses to support the general ambient and specific plan monitoring. Laboratory instrumentation and equipment used for existing programs will be utilized, however, future improvements are anticipated.

The Department in cooperation with the Montana Bureau of Mines and Geology, (MBMG) and Plant and Soils Department at MSU (PS-MSU) received a two year grant from the Department of Natural Resources and Conservation (DNRC) for funding an agricultural chemical ground water program under the Water Development and Renewable Resource Program. Seven permanent sites have been established. Monitoring of these sites will continue in the 93 biennium using department ground water funds.

BASE FUNDING

The chemist position is funded 50% general funds and 50% federal funds. The laboratory technician position is paid by general funds. Personnel from the program activities, Pesticide and Pest Management Program, and Laboratory Services, provide additional resources for the Ground Water Management Activity. The personnel and operational activities for this activity will be addressed in the next phase of the budgeting process.

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PERFORMANCE INDICATORS

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Ground Water Agricultural Chemical				
Samples collected	30	200	200	200
Residue & Inorganic Analyses 90320320320				
Soil & Related Samples Collected	20	30	30	30
Soil & Related Agricultural Chemical Analyses	50	75	75	75
Ground Water Training Courses *	1	3	5	5
Ground Water Symposium	--	1	--	1
Development of Ground Water Rules	Initiated	Completed	Amend as needed	Amend as needed
Basic rules	8	8	--	--
Development of Ground Water Management Plan (General)	Initiated	Completed	Revise as needed	Revise as needed
Development of Ground Water Management Plans (Specific)	--	1	2-3[1]	2-3[1]

* Ground Water Training has been incorporated into pesticide training program (reference PPMP activity description and indicators for explanation and measurements).

[1] Number of specific plans adopted by rules is dependant upon the requirements of 80-8-212, MCA.

Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:	The department proposes:		
FTE	Pesticides Specialist III	1.94	2.25
	Chemist IV		
	Clerk Typist		
	Ground Water Specialist		
	TOTAL FTE		

	FY 92	FY 93
Pesticides Specialist III	0.5	0.5
Chemist IV	0.5	0.5
Clerk Typist	0.19	0.25
Ground Water Specialist	0.75	1.0
TOTAL FTE	1.94	2.25

These positions are funded with ground water special revenue funds and EPA grant funds. The first three positions are also funded by pesticide funds. The pesticide and ground water specialists will provide field supervision and evaluation of specific ground water management plans. The chemist and clerk typist will assist in the analysis of ground water samples and preparation of reports and correspondence.

Personal Services.	Workers compensation increases and new positions as described.	51,933	59,473
Operations	The increase involves $132,468 (FY92) and $160,993 (FY93) for contracts to develop and implement the preventive and educational elements of the ground water program and for special analytical services. The contracts involve obtaining services from other agencies, the university and private enterprise. The remaining funds are to support the field and laboratory activities of the new FTE's and improvements in the ground water program.	155,479	195,590
Equipment	The equipment expenditures include: replacing 3 trucks each with over 104,000 miles; replacing computers with limited capabilities; desks, chairs, computer work stations, software and files for new positions; replacement of laboratory instruments and equipment (autosampler for gas chromatograph, refrigerator, HPLC system which require constant repair and/or do not meet EPA standards for analysis). The purchase of new instruments to improve laboratory capabilities for analysis of ground water samples (super critical fluid chromatograph, special HPLC detector and a laboratory computer and software program to improve the management and reporting of laboratory samples, analysis and results).	127,978	78,680
Funding Changes	In combination the pesticide and ground water programs will result in an overall Division funding change of $483,862 92 and $631,375 in FY 93 from general fund to state special revenue. (Reference pages 17 through 19.)		

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LABORATORY SERVICES

MONTANA STATE UNIVERSITY
AGRICULTURAL EXPERIMENT STATION
CHEMISTRY STATION ANALYTICAL LAB.

COOPERATIVE AGREEMENT

MONTANA DEPARTMENT OF AGRICULTURE
ENVIRONMENTAL MANAGEMENT DIVISION
LABORATORY BUREAU

ANALYTICAL SERVICES PROGRAM (AES)

FTE: 3-6

1. General Analytical Services
2. Analytical Contracts
3. Method Development
4. QA/QC Program

FEED AND FERTILIZER PROGRAM

FTE: 3.25

1. Feed Analysis:
   Nutrients
   Vitamins
   Drugs/Antibiotics
   Toxic Substances
2. Fertilizer Analysis:
   Nutrients
   Toxic Substances
3. Method Development
4. QA/QC Program

PESTICIDE PROGRAM

State FTE: 2.25
Grant FTE: 3.0

1. Formulation Analysis:
   Herbicides
   Insecticides
   Rodenticides, etc.
2. Residue Analysis:
   Herbicide
   Insecticides
   Rodenticides, etc.
3. Hazardous Waste Analysis (pesticides)
4. Method Development
5. QA/QC Program

GROUND WATER PROGRAM

FTE: 2.0

1. Analysis of Ground Water for Agricultural Chemicals
2. QA/QC Program

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Increases or Decreases from Base

Item	Explanation	Fiscal 1992	Fiscal 1993
Changes in base:			
Personal Services.	The increase is due to a higher workers compensation rate.	529	527
Operating Expenses	Reduction in operating expenses is primarily due to the transfer of current level operating expenses from this program to the ground water management program which reflect separation of pesticide, feed and fertilizer analytical operations from ground water analytical operations.	- 16,499	- 14,583
Equipment	This increase is primarily due to the need to replace existing equipment using feed and fertilizer funds and EPA grant funds.	24,550	18,150

VISITORS' REGISTER

Nat'l Resources COMMITTEE

BILL NO. _____ DATE 1-16-91

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Gary Gingery	Mt. Dept. of Agric.		
Allen Williams	" "		
Everett Snortland	" "		
Sandra Kuchenbrod	" "		
Ralph Peck	" "		
Lyle Pratt	" "		
Mike Murphy	" "		
Larry Barker	MWBC		
Jim Christiansen	MWBC - GF		
Howard Ellis	PSC		
Bob Anderson	"		
Dan Elliott	ASC		
Pam Langley	Montana Agri Business Assn		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

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