MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By **CHAIRMAN BERV KIMBERLEY**, on January 18, 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:

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: **CHAIR. KIMBERLEY** announced there were two items we delayed action on in the Agricultural Development Program: 1. Agricultural Development Council. The committee asked for a list of the committees, which was provided. **EXHIBIT 1** of 1-17-91 minutes. 2. Wheat and Barley Committee. We asked for a copy of the budget which we received. **EXHIBIT 2** of 1-17-91 minutes.

EXHIBIT 5 - LFA Budget of 01-16-91 minutes.
Roger Lloyd reviewed the budget on Agricultural Development Council and Wheat and Barley Committee, the items not acted upon previously.

EXECUTIVE ACTION ON AGRICULTURAL DEVELOPMENT

Motion/Vote: **SEN. WEEDING** moved to accept the Executive Budget for Item 7. Agricultural Development Council. Motion **CARRIED** unanimously.

Motion/Vote: **SEN. BENGTSON** moved to accept the Executive Budget on Item 8. Wheat and Barley Committee. Motion **CARRIED** unanimously.

Visiting the Montana Tunnels was discussed with the committee as to when they would have time with the busy legislative session. **Mr. Schweitzer** said he would check on a Tuesday or Saturday.

Environmental Management Division: **EXHIBIT 3** - 01/17/91 minutes. **Mr. Lloyd** reviewed the modifications and suggested separating them into three areas. 1. The necessities of the FTE's to fund the work load in pesticides and groundwater program. You will have to decide if these mods are needed. 2. Fee increases used to fund the mods. That fee increase is contained in legislation and if it doesn't pass that funding cannot be used to fund the mods. They would probably have to be funded with general fund. 3. The funding switch. The legislation establishes state special revenue accounts that would fund these mods. and current level as well.

Mr. Schweitzer said, the breakdown into three issues is a good approach. 1. Are these mods. necessary? 2. Should fees be raised to fund the program? and 3. Do you want to create a State special fund or put the fees into the general fund account and have them support these?

SEN. DEVLIN stated, we should find out what happens to that bill to raise the fees before we make a decision.

SEN. BENGTSON stated, I would like the LFA to work with EQC and the Department of Agriculture and find out the facts so we can review this. When testing groundwater and aquifers, I feel this is duplication when the different agencies are all doing it. If you are going to have expensive equipment for testing, and experts, they should be in a pool. In case the fee increase doesn't pass, we should come up with some figures.

I don't know what happened to the reorganization, but the information I got, was they didn't want to run the risk because the agriculture community would be objecting.

Motion/Vote: **SEN. BENGTSON** moved to have the LFA, EQC and the Department of Agriculture to come up with costs and comparisons of reorganization.

REP. GRADY asked **SEN. BENGTSON** if she was talking about moving just the groundwater issue?

SEN. BENGTSON said, we are talking about testing and regulating of pesticides. It is not just an agriculture problem and I don't know how the reorganization is going to work.

SEN. DEVLIN stated, the registration fees for pesticides will go to the farmer. The money loses identity and the farmer is not going to want the money going to testing groundwater. My concern is the money would not be used to help the farmer.

There was lengthy discussion by the committee as to which was the

best way to go. **Mr. Schweitzer** said, it may take a long time to look into this and find out what other departments are doing. We won't know until we get into this.

CHAIR. KIMBERLEY asked **Mr. Gingery** if he would have any problem with the different agencies looking into this? **Mr. Gingery** answered, this can be done, but will take a lot of time, probably more than two weeks. We are very careful as far as the laboratory testing to not duplicate what is being tested in the health laboratory. We would be looking at facilities for combining the labs and if the legislature wants to study this, it will take a lot of time.

Mr. Snortland said, they had lengthy discussions about the reorganization. Maybe a solution would be to study the reorganization and hope you could accomplish something.

SEN. DEVLIN stated, he thought reorganization of Dept. of Health, State Lands and DNRC was for monitoring mines, permitting and groundwater so there would be only one place to go for permitting and saving administration costs.

REP. GRADY stated, I cannot support **SEN. BENGTSON'S** motion directing our people to look into this issue. This has been going on for two years and now we are asking our people to look into this in two weeks time.

SEN. DEVLIN stated, we don't know were the reorganization bill is.

SEN.WEEDING asked, if **Mr. Snortland** had some charts the committee could review? I could not support a study of such magnitude in the middle of the legislative session.

<u>Roll Call Vote:</u> Motion **FAILED 5 - 1 (SEN. BENGTSON voting "yes")**

CHAIRMAN KIMBERLEY asked **Mr. Gingery** to furnish the committee with a list of enforcement cases, which he said he would do.

He asked if the committee was ready to take action on the Vertebrate Pest Program.

SEN. BENGTSON asked **Mr. Gingery** if he could get EPA approval to use 1080 to protect endangered species?

Mr. Gingery stated, they were trying to get 1080 and strychnine back and are working on an alternative, which we hope will be successful. We are asking for a chance this biennium to do this. If we fail, we will ask that the surcharge be eliminated in the next session to get the budget down to the level that income is derived from. If we are successful, we would like your approval of the budget.

<u>EXECUTIVE ACTION ON ENVIRONMENTAL MANAGEMENT DIVISION</u>

Vertebrate Pest Program **EXHIBIT 3** - January 17, 1991 minutes.

Motion/Vote: **SEN. DEVLIN** moved to accept the Executive Budget for the Vertebrate Pest Program. Motion **CARRIED** unanimously.

SEN. BENGTSON asked, in regard to overtime for upgrades, how do you do that? **Mr. Schweitzer** stated, the upgrades were put into the overtime category and since they will probably be approved, you have the funds available for them.

CHAIRMAN KIMBERLEY asked **Mr. Gingery** if there was a policy in place already for upgrading FTE'S?

Mr. Gingery answered, either the agency or the employee can revise their position description. Then it is sent to the personnel division of the Department of Administration and they determine whether a change should be made.

Overtime/Upgrades: The committee agreed to delay action on overtime/upgrades.

Plant Industry Division:
Roy Bjornson, Administrator of Plant Industry Division gave testimony on this division. **EXHIBIT 2** - Page 47 - 58.
He reviewed the programs administered by this division:
1. Control diseases and pests in honeybees. HB67 is before the Senate dealing with bee problems. 2. Licensing of nursery stock for interstate movement. 3. Sample and inspect certified seed potatoes to USDA and Montana standards. 3. Sample and inspect cherries before shipment. 4. Sample and inspect apples according to USDA and Montana grade requirements. 5. Quarantines, Pest Survey and Detection for eradication of pests. 6. Seed production regulated by USDA and the state into which the seed is sold. 7. Alfalfa Leafcutting Bee Registration and Certification. 8. Anhydrous Ammonia Facilities Safety Act, provides for training and facility review. 9. Commercial Feed, to ensure that all commercial feed sold or manufactured in Montana are free from contamination. 10. Fertilizer Registration and Dealer Licensing. 11. Medicated Feed, to monitor drugs in feed and prevent drug residues in animal products marketed for human consumption. 12. Protect the Mint industry from introduction and spread of detrimental diseases.

Mr. Lloyd reviewed the budget differences between the LFA and the Executive Budget. He stated, Item A. of Personal Services is a moot point since the committee has already approved the Grain Laboratory budget. Therefore, under Personnel Services, the only item to consider is Per Diem. On Budget Base Differences, the LFA used FY90 as a base and the Executive used FY91.

Mr. Schweitzer stated, most of the programs are self-supporting. The administrative operating budget is for the inspecting of produce. This is feneral fund, however, the fees collected go into the general fund.

Mr. Bjornson asked the committees approval of the Executive Budget for 16.92 FTE'S.

EXECUTIVE ACTION ON PLANT INDUSTRY DIVISION

Motion/Vote: **SEN. BENGTSON** moved to accept the Executive Budget on Item 1. Personnel Services. Motion **CARRIED** 5 - 1, **REP. NISBET** voting no.

REP. NISBET said, I think we should get through the whole explanation of the budget before taking action. If we determine we want to take the Executive Budget we won't have to deal with the current level issues as they are already included in the budget. If we approve the LFA Budget, we would have to take action on each item.

CHAIRMAN KIMBERLEY stated, we won't take any executive action on the other items. However, we have already voted on Personnel Services.

Mr. Bjornson reviewed the other items of the budget. Item 2. Montana Mint Program is a new program and is a state special revenue program which is self-supporting. The major differences is $14,460 for contracted services to fund pest management for increased acreage.

REP. NISBET asked if this program was funded by fees collected? **Mr. Bjornson** answered, the department charges a dealer fee when they buy mint oil. There is a $6 per acre assessed the farmer which also helps support the fund.

Mr. Lloyd stated, the Department of Administration networking fees are to be worked out with all subcommittees after General Government hears the Department of Administration budget modification. If passed, would increase the networking Fees. If you recall, the Executive Budget contains this fee increase which the LFA does not. Therefore, the committee may want to delay action until this is decided upon.

Sandra Kuchenbrod, Assistant Administrator of Plant Industry Division said, the fees were a new charge and we currently have $5,000 budget in this biennium and hope to have $28,000 next biennium.

Mr. Bjornson reviewed the equipment budget. The LFA does not allow for the replacement of two vehicles with 135,152 miles and 132,322 miles. The difference is needed to purchase one vehicle in each fiscal year with funds coming from the feed and fertilizer program, which is self-supporting and the remainder would come from the general fund.

The Medicated Feed Inspection is funded by federal funds from the

Food and Drug Administration. The Executive Budget would allow an increase of inspections based on the revenue of this program.

REP. NISBET asked, if the whole program was funded by federal funds? **Mr. Bjornson** answered, "yes."

Mr. Bjornson reviewed a chart to show the differences in the Commodity Services operation budget. The $5,173 is the feed and fertilizer program. Actual FY90 budget is $17,028 and the LFA figures were based on $14,963 and the Executive Budget is $20,136. The FY90 revenues for this program have been down. The expenditures will be increased in direct proportion to the revenues collected. The differences are in DFA, Network Data services, printing, graphics and postage for $3,108.

Mr. Lloyd clarified, the differences in the Executive Budget, were some one-time expenditures which weren't allowed in the budget that were expended in 1990. This one-time- only expenditure was for a warehouse liquidation.

Mr. Bjornson reviewed Alfalfa Leafcutter Bee operation budget. This is a proprietary fund and is self-supporting from revenues received from registration fees for administration purposes.

SEN. WEEDING asked to explain the difference of special revenue and proprietary funds.

Ms. Kuchenbrod replied, it is very similar to state special revenue, with different ways of accounting through the Department of Administration.

Mr. Bjornson reviewed the Anhydrous Ammonia Program budget. This is a self-supporting program. A $1 fee generates the revenue for this program. The revenues for this program have been low. The department predicts an increase in the use of anhydrous ammonia which will generate more income.

SEN. DEVLIN asked, when you are talking about buying vehicles on a three year average, does it ever happen that you are buying fewer than what your three year average is?

Mr. Lloyd answered, we started at a zero base level for equipment. We tried to come up with a number for you to start with so we used a three year average. We were furnished with a list of equipment, but I am not qualified to say whether or not they need this equipment.

REP. NISBET asked if the LFA used an inflation factor? **Mr. Lloyd** answered, "no."

SEN. WEEDING asked, is there a possibility of going from vans to mini vans for a lower cost? **Mr. Bjornson** answered, they use Dodge Aries with an average of 30 mph. We have a 1982 Dodge Aries with 111,905 miles and it is still going strong, so we have

had very good luck with them. However, we make sure they get proper maintenance.

SEN. DEVLIN asked, if the maintenance is through the Motor Pool? **Mr. Bjornson** answered, we have our own maintenance budget.

REP. NISBET stated, we have dealt with a lot of Budget Base Differences but this is the first time we have dealt with the Department of Administration networking services fees. Are there other departments which have included these costs that we have acted upon?

Mr. Lloyd answered, this was also in the Public Service Commission which was set aside by the other subcommittee.

Motion/Vote: **SEN. DEVLIN** moved to accept the Executive Budget contingent on what the subcommittee on General Government decides on the Administration Budget. Motion **CARRIED** unanimously.

REP. GRADY asked if each item of the budget would state if it is general fund or special revenue funds? **Mr. Lloyd** said, he would do that.

ADJOURNMENT

Adjournment: 9:45

Berv Kimberley
BERV KIMBERLEY, Chair

Theda Rossberg
THEDA ROSSBERG, Secretary

BK/tr

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL **DATE** 1-18-91

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	✓		

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL VOTE

DATE 1-18-91 AGENCY _____ NUMBER 1

MOTION: Sen Bengtson:
to have Lfa, Eqc + Ag Dept. furnish
the Committee with more Information

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	1	5

failed

1-18-91
Exhibit 1

6201 DEPARTMENT OF AGRICULTURE
40 PLANT INDUSTRY DIVISION
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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	30.09	16.96	17.59	.63-	16.96	17.59	.63-
Personal Services	422,505	472,007	480,041	8,034-	471,998	480,007	8,009-
Operating Expenses	107,850	138,331	100,817	37,514	141,174	100,927	40,247
Equipment	18,694	14,255	8,758	5,497	14,255	8,758	5,497
Total Expend.	$549,049	$624,593	$589,616	$34,977	$627,427	$589,692	$37,735
Fund Sources							
General Fund	434,678	456,751	434,919	21,832	457,280	435,151	22,129
State Revenue Fund	102,461	147,480	143,731	3,749	149,687	143,578	6,109
Federal Revenue Fund	4,111	9,144	2,811	6,333	9,189	2,782	6,407
Proprietary Fund	7,799	11,218	8,155	3,063	11,271	8,181	3,090
Total Funds	$549,049	$624,593	$589,616	$34,977	$627,427	$589,692	$37,735

CURRENT LEVEL ISSUES:

	--EXEC OVER (UNDER) LFA-- FY 92	FY93
1. PERSONAL SERVICES - A. The Executive Budget transfers the following to the Grain Lab: #90006 .13 FTE; #90011 .50 FTE; #00621 .50 FTE. Because position #90011 (.50 FTE) was vacant over six months, the LFA eliminated the position.	($8,834)	($8,809)
B. Per Diem	$800	$800
	($8,034)	($8,009)
2. MONTANA MINT PROGRAM - The LFA reflects actual fiscal 1990 operating expenditures.	$16,558	$18,686
3. ADMINISTRATION OPERATING BUDGET BASE DIFFERENCES	$5,805	$6,105
4. EQUIPMENT - The LFA reflects a 3-year historical average with adjustments for the transfer of the Grain Lab.	$5,497	$5,497
5. MEDICATED FEED OPERATING BUDGET BASE DIFFERENCES	$6,156	$6,230
6. COMMODITY SERVICES OPERATING BUDGET BASE DIFFERENCES	$5,173	$5,378
7. ALFALFA LEAFCUTTER BEE OPERATING BUDGET BASE DIFFERENCES	$2,563	$2,590
8. ANHYDROUS AMMONIA OPERATING BUDGET BASE DIFFERENCES	$1,469	$1,468
9. REMAINING BUDGET BASE DIFFERENCES	($210)	($210)
TOTAL CURRENT LEVEL	$34,977	$37,735

1-18-91

Exhibit 2

PLANT INDUSTRY 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	18.09	18.09	18.09	-1.13	16.96	18.09	-1.13	16.96
Personal Services	425,185.51	495,551	487,969	-15,962	472,007	487,929	-15,931	471,998
Operating Expenses	104,742.29	121,003	121,326	17,005	138,331	122,334	18,840	141,174
Equipment	18,693.95	13,205	13,205	1,050	14,255	13,205	1,050	14,255
Total Agency Costs	$548,621.75	$629,759	$622,500	$2,093	$624,593	$623,468	$3,959	$627,427
General Fund	429,974.25	453,988	445,508	11,243	456,751	446,154	11,126	457,280
State Special Revenue Fund	102,455.34	156,306	156,789	-9,309	147,480	156,923	-7,236	149,687
Federal Special Revenue Fund	4,108.56	8,904	9,035	109	9,144	9,150	39	9,189
Proprietary Fund	7,798.68	10,561	11,168	50	11,218	11,241	30	11,271
Expendable Trust Fund	4,284.92	0	0	0	0	0	0	0
Total Funding Costs	$548,621.75	$629,759	$622,500	$2,093	$624,593	$623,468	$3,959	$627,427

OVERVIEW

The Plant Industry Division's responsibilities have been divided into two basic programs and their respective activities. These are as shown:

PLANT INDUSTRY DIVISION

- Commodity Inspections Program
  - General Fund
    - Apiculture
    - Nurseries
    - Produce
    - Public Warehouse
    - Quarantines
    - Seed
  - Alfalfa Leafcutting Bees
  - Anhydrous Ammonia
  - Commercial Feed
  - Fertilizer Reg. & Licensing
  - Ground Water Prot. Act(Fert.)
  - Medicated Feed
  - Mint

EXHIBIT 2
DATE 1-18-91
HB Nat Res Div

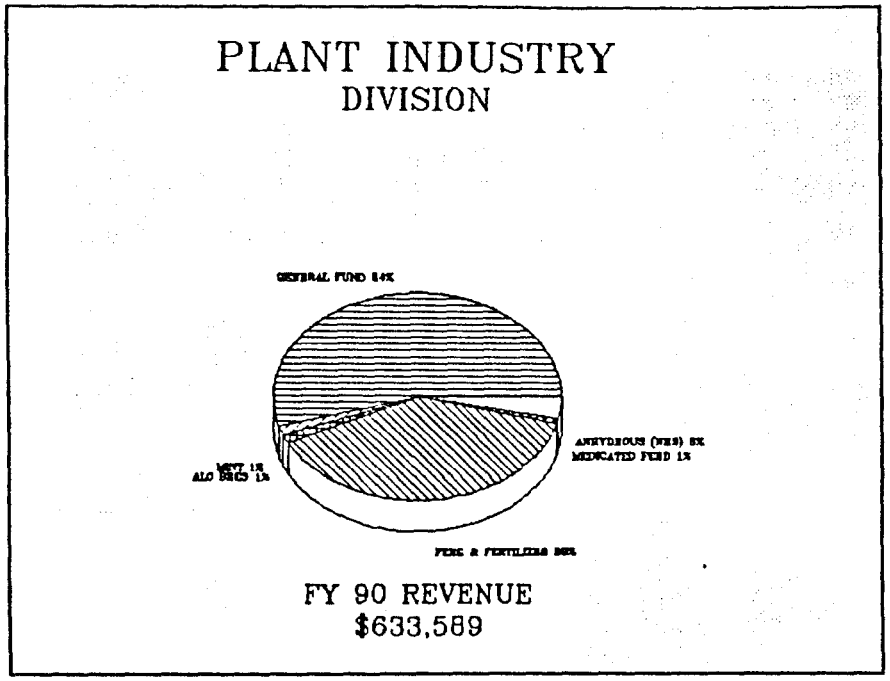

Figure 13

Figure 13: Plant Industry Division revenues from FY90, depicted in Figure 13, is composed of the revenues generated from the funds deposited to the state general fund and five state special funds that are administered through the division.

Figure 14: Plant Industry Division proposed FY92 budget, depicted in Figure 14, is composed of appropriations from six funding sources. For revenue comparison purposes indirect costs appropriated from these state special accounts and the appropriations from the feed and fertilizer account for the laboratory services provided by the Environmental Management Division are included.

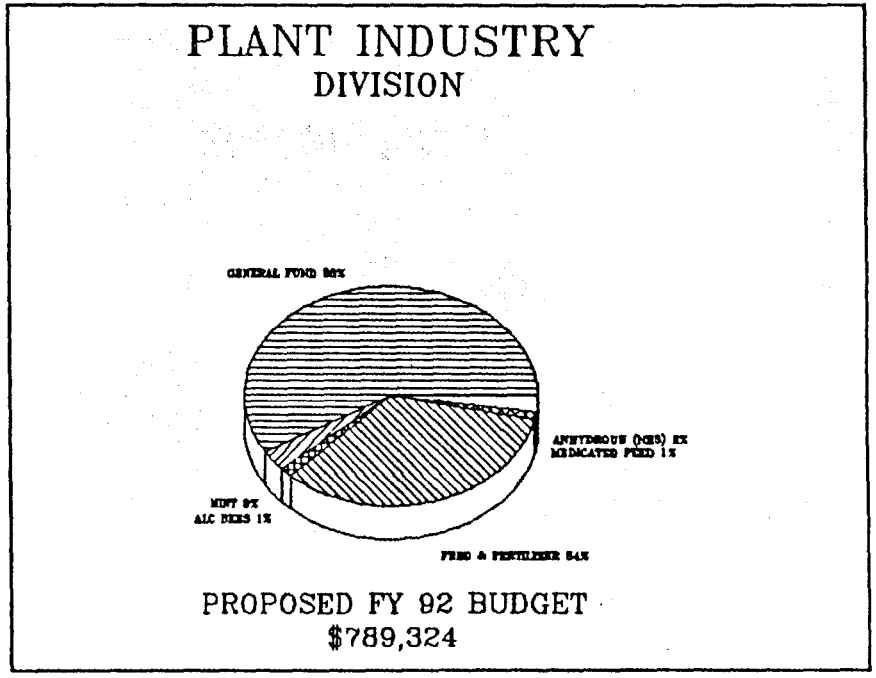

Figure 14

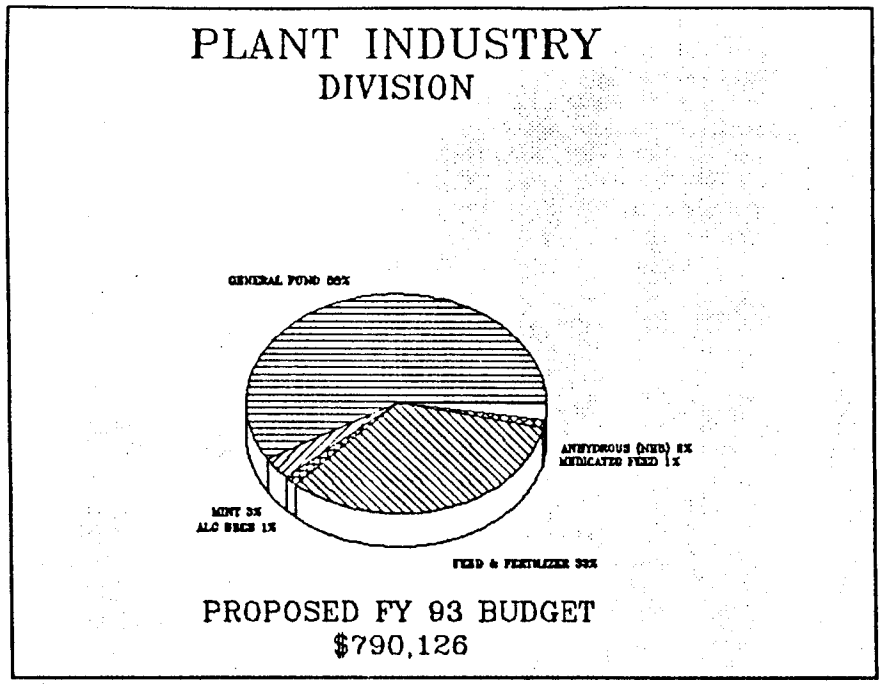

Figure 15

Figure 15: Plant Industry Division proposed FY93 budget, depicted in Figure 15, is composed of appropriations from six funding sources. For revenue comparison purposes indirect costs appropriated from these state special accounts and the appropriations from the feed and fertilizer account for the laboratory services provided by the Environmental Management Division are included.

The Plant Industry Division administers agricultural programs relating to the production, manufacturing, and marketing of commodities exported from or distributed in the state. The Division provides services to industry by: (a) performing professional insect/disease surveys; (b) performing comprehensive feed mill inspections; (c) issuing official commodity certificates; (d) issuing dealer licenses/permits; (e) registering products; (f) performing analytical analyses of bees, etc.; and (g) collecting various assessment fees. Division personnel provide technical/scientific information upon request to industry and the general public. Division personnel investigate and resolve consumer complaints ranging from product contamination, quality control, to elevator bankruptcies and non-payment for products. Division personnel utilize information processing systems to meet statistical and record keeping demands.

Commodity Inspection

OVERVIEW

All work areas of Commodity Inspection are regulatory services which are mandated by statute. Some services provide disease and pest inspections which are required for inter and intrastate merchandising of Montana products. Other services prevent the introduction and spread of exotic diseases or pests in Montana; ensure truth in labeling of products sold to Montana farmers; and promote a financially stable grain merchandising environment.

ACTIVITY

Those areas which receive funding from the general fund include: apiculture; nurseries: licensing and inspection; produce standards, storage, and merchandising; public warehousing/ commodity dealer; quarantines, pest survey and detection; and seed.

Other areas of commodity inspection receive funds from special revenue accounts. These include alfalfa leafcutting bee registration and certification; anhydrous ammonia; commercial feed; fertilizer registration and fertilizer dealer licensing; ground water (fertilizer); medicated feeds; and mint. The medicated feeds program is funded by a contract with the USDA-FDA.

DATE 1-18-91

Apiculture

GOALS

- To control diseases and pests in honeybees, including Africanized "Killer" bees.
- To prevent the overcrowding of bee pasture.

AUTHORIZATION

Section 80-6-101 through 80-6-303	Apiary inspection and registration.

BASE PROGRAM

Bees H.B 67

Montana is a major honey producing state. It ranks among the top ten states in the nation for honey production and first or second in production per hive. Approximately 10 million pounds of honey are produced annually in Montana with a wholesale value of $7 million. Besides providing a living for 55 commercial beekeepers in Montana, honeybees also pollinate many agricultural crops such as: cherries around Flathead Lake, alfalfa, sanfoin, sunflowers, and beans. Many wild land flowers are also pollinated by honeybees.

American Foulbrood of honeybees is a very contagious disease which cannot be cured with drugs. Inspection and elimination of diseased hives is the only means of controlling the disease. Other diseases requiring control are Chalkbrood and European Foulbrood.

Within the past two years two new mite pests (Honeybee Tracheal mites and Varroa mites) have been introduced into the bee population of Montana. These mites are very damaging to the honeybee industry and will kill beehives if not controlled.

To control the mites and their spread, a Western States Regional Certification Program has been established to standardize mite survey for certification of beehives moved interstate. Present budget constraints will restrict Montana's participation in the regional certification program. Since Montana is primarily a migratory beekeeping state, its beekeepers would suffer considerable economic loss.

Additional funding is needed to develop and implement a "state action plan" to deal with the expected migration of the Africanized "Killer" bees. Montana beekeepers import bee stock from southern states that may be Africanized.

BASE FUNDING

Funding is received from the general fund. Registration and inspection fees assessed are deposited into the General Fund.

PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Hives registered	108,000	109,000	110,000	112,000
Apiaries registered	4,925	4,950	5,000	5,010
Beekeepers registering	481	485	490	505
Total hives inspected	40,000	40,000	40,000	40,000
Hives inspected for export	20,000	20,000	20,000	20,000

Nurseries: Licensing and Inspection

GOALS

- To control diseases and insects in domestic, import, and export nursery stock.

AUTHORIZATION

Section 80-7-101 through 80-7-134	MCA Control of diseases and insects in nurseries through the licensing and inspection of all establishments that sell nursery stock.
Memorandum of Understanding	USDA/APHIS monitors imports and exports of plant products, the department is able to issue federal certification to exporters.

BASE PROGRAM

The department licenses establishments selling nursery stock. Reciprocal license agreements between states allow for interstate movement of inspected nursery stock.

Establishments selling nursery stock are randomly inspected to ensure their freedom from insects, diseases, weeds and quarantine violations. Nursery stock imported into Montana is required to be inspected. All nursery stock shipped out of state is inspected as required by the destination state or country.

The department has a memorandum of understanding with the USDA for the inspection of plant products being exported to foreign countries. This allows the service to industry to certify shipments internationally. Federal/state certification for international export economically benefits the Montana nurseryman. The domestic and export nursery business continue to expand which require additional services.

BASE FUNDING

Funding is received from the General Fund. License and inspection fees assessed to the nursery industry are deposited in the General Fund.

PERFORMANCE INDICATORS	FY90	FY91	FY92	FY93
Nursery licenses issued	618	630	635	640
Phytosanitary certificates for export	950	1200	1200	1400

Produce Standards, Storage, and Merchandising

GOALS

- To ensure that quality fruits and vegetables are imported or exported.
- To protect producers from financial loss resulting from misgrading or nonpayment of produce.

AUTHORIZATION

Sections 80-3-101 through 80-3-713	Horticulture standards, storage and merchandising covers the produce industry shipping and grade standards.
Cooperative Agreement	USDA-F&V certification for shipping and receiving of produce.
Memorandum of Understanding	USDA-APHIS monitors exports of produce for insects and disease requirements of foreign companies.

BASE PROGRAM

Potato Inspection

Sample and inspect certified seed potatoes according to USDA and Montana grade requirements. In 1989, Montana potato growers shipped over 2.2 million cwt valued at over $17 million. The demand for Montana's disease free and genetically superior potatoes continues to increase.

The department currently has a cooperative agreement with the United States Department of Agriculture-Fruit and Vegetable (USDA-F&V) division to perform potato grade inspections and issue federal/state grade certificates.

Cherry Inspection

Sweet cherries are sampled and inspected according to USDA and Montana grade requirements. Montana law requires inspection of the fruit before it leaves the shipping point to ensure compliance.

Montana cherry growers located around Flathead Lake have produced an average of 2 million pounds of sweet cherries with a wholesale value of approximately $1.5 million over the last 10 years. However, due to extreme weather in February 1989, production will be severely reduced for

about the next 6 years. Rebuilding the cherry industry has shifted the burden on the department to helping ensure that the proper virus indexed rootstock is being used in replanting orchards.

The department has a cooperative agreement with USDA-F&V to perform grade inspections and to issue federal/state certificates which increase the value of the fruit in domestic and foreign markets.

The department has a Master Shipping Permit with the state of California to allow fresh cherries to enter California without fumigation. Cherry fruit fly monitoring must continue to identify alternate hosts with the intent of eradication.

Apple Inspection

Apples are sampled and inspected according to USDA and Montana grade requirements. Montana's apple industry is currently small in size with much of the commercial production being used locally. Export apple shipments are expected to increase as the industry matures.

Fruit and Vegetable Inspection

Inspections are performed on fresh produce that is being moved in commercial channels. Inspection at the retail level provides the consumer with the confidence that the produce being advertised is in fact the grade which is being sold.

A cooperative agreement with the USDA/F&V for market inspections in Montana provides personnel to issue federal documents indicating the quality and/or condition of the produce. A retailer/wholesaler may request a statement of condition on damaged produce.

Produce Wholesalers and Itinerant Merchants

License applications and performance surety bonds are reviewed to see that they meet the requirements before licenses are issued. Farmers who sell their own produce to the consumer are issued a permit of exemption and no bond is required.

Industries financial statements are reviewed to identify potential bankruptcies. Consumer complaints regarding unscrupulous dealers and label claims are investigated and resolved. Produce Wholesalers and Itinerant Merchants surety bonds protect the farmers from nonpayment of produce sold as well as protecting the ultimate consumer from grade and quality fraud.

BASE FUNDING

Funding is received from the General Fund. License and inspection fees assessed are deposited in the General Fund.

PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Potatoes Inspected				
Millions of cwt	2.1	2.2	2.3	2.4
Potato Growers	66	67	68	69
Certificates issued	4100	4300	4500	4700
Produce Inspected				
State Grade Certificates	80	100	110	120
State Conditions	350	360	370	380
Produce Wholesaler licenses	20	22	22	23
Itinerant Merchant licenses	25	26	26	27
Permits of Exemption	25	23	24	25
Produce Bankruptcies	3	3	3	3

Public Warehousing/Commodity Dealer

GOALS

- To protect agricultural producers from financial loss resulting from disappearance or nonpayment of commodities.

AUTHORIZATION

Section 80-4-401 through 80-4-608	Public Warehouseman/Commodity Dealer program requires bonding before licenses are issued and audits are performed on facilities.

BASE PROGRAM

The Public Warehouseman/Commodity Dealer program was extensively revised in 1983 to meet the needs of a more sophisticated and expanded grain merchandising and storage business in the state.

Personnel review applications for licensing to ensure that they meet statutory requirements including net assets, debt to asset ratios, insurance coverage and sufficient bond coverage. Licenses are issued upon meeting all the requirements. A list of all licensed firms is prepared for distribution to the industry.

Audits on public warehouses are performed to verify that there is enough in-house grain to meet warehouse receipted liability, thus ensuring that there are no producer owned grain shortages. Audits are conducted in cooperation with the USDA-ASCS on facilities that store Commodity Credit Corporation grain. Grain shortages or discrepancies could result in revocation of license.

Commodity dealers are audited by examining financial records and all commodity transactions.

Complaints from farmers are investigated regarding disappearances of commodities in storage or nonpayment for commodities. Surety bonds or its equivalent are held by the department to satisfy claims.

The USDA continues to cancel Uniform Storage Agreements, thus, reducing the amount of storage revenue available to public warehouseman. In addition, drought conditions and lack of grain transportation could result in financial instability for public warehousemen. Workload to carry out statutory requirements in the grain auditing program require strengthening of the program.

BASE FUNDING

Funding is received from the General Fund. Licensing fees assessed to the grain industry are deposited in the General Fund.

PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Locations licensed as both Public Warehousemen and Commodity Dealers	285	280	270	270
Public Warehouseman				
Licensed firms	80	78	77	77
Licensed locations	185	175	175	175
Commodity Dealers				
Licensed firms	140	135	135	135
Licensed locations	305	300	300	300
Bankruptcies/Bond Filings	4	5	5	5
Visitations	131	140	140	140
Audits	25	30	30	30
Investigations	12	15	15	15

Quarantines, Pest Survey and Detection

GOALS

- To detect and monitor the presence of pests in the state to determine the need for quarantines and eradication.
- To control and prevent the spread of contagious diseases in seed potato stock.

AUTHORIZATION

Section 80-7-201 through 80-7-201	Fruit/vegetable, pest, and disease control, pest survey, detection, and quarantine prohibits the importation of pests of plant products that could be hazardous to Montana.
Memorandum of Understanding	USDA-APHIS Gypsy Moth Survey
Section 80-7-301 through 80-7-304	Barberry Control
Memorandum of Understanding	USDA-APHIS nursery inspection for federal Barberry quarantine
Section 80-7-701 through 80-7-703	Embargo against introduction of noxious weed seed from other states
Section 80-5-401 through 80-5-405	Seed Potato Disease Control

BASE PROGRAM

Surveys are conducted for dangerous agricultural pests and exotic pests to detect and control them before they become established in the state. Those being surveyed include: cherry fruit fly, apple maggot, summer fruit tortix, light brown apple moth, European pine shoot moth and the gypsy moth. In recent years there have been single finds of the gypsy moth in separate areas of the state. Gypsy Moth traps are systematically placed to monitor high risk areas. Data is entered into the USDA National Survey (NAPHIS) program which monitors the extent of pest infestations.

Federal/state quarantines are enforced to prevent the spread of detrimental disease and insects. State quarantines have been established against certain pests of cherries, christmas trees, bean, potatoes, mint, grain, nursery stock and honeybees. As pesticides become more difficult to use, due to environmental concerns, quarantines are becoming a very valuable tool in controlling the entry of exotic pests. The movement of live plant pests for research purposes must receive approval from the department.

Surveys for barberry plants which may be hosts to black-stem rust are conducted. Suspect plant samples are analyzed by USDA and eradicated if found to be susceptible to rust.

The department monitors the movement of agricultural products or other material utilizing existing work force in order to prevent the introduction of noxious weeds into the state. Limited funds specifically for weed control work has limited the effectiveness of this program.

After January 1, 1990, only certified seed potato stock shall be planted in designated seed growing counties. The department must inspect all state of origin certificates for seed variety, seed class, standard grade, quality, and condition. The seed potato certification tag or label must be presented by the grower.

BASE FUNDING

These activities do not generate any revenue, therefore, each line item budget for these activities are limited.

Funding is received from the General Fund.

PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Number of Traps Monitored	250	250	150	150
Exotic Pests Detected	0	0	0	0
Live Plant Pests Permits Processed	65	65	65	65
Post Entry Quarantines	6	7	7	7
Gypsy Moth Traps Monitored	635	635	635	635

Seed

GOALS

- To ensure that all seed sold in the state has complete and truthful labels.
- To monitor seed conditioning equipment.

AUTHORIZATION

Section 80-5-101 through 80-5-208	Seed licensees must operate within the law's requirements concerning selling seed, labeling seed, and conditioning seed.
Cooperative Agreement	Movement of seed across state and national boundaries is regulated by USDA and the state into which the seed is being sold.
Memorandum of Understanding	USDA-APHIS monitors imports and exports of seeds. The department is able to issue federal certification to seed exporters.

BASE PROGRAM

Seed dealers conduct over $70 million of seed business annually. Labeling information assists the farmer as to the quality of the seed he wants to purchase.

Agricultural seed such as cereal grains, grasses or legumes, vegetable and flower seed, or indigenous seed, must be labeled in a particular format and contain certain information as established by statute. Inspectors examine seed labels at the wholesale and retail level to see that the labeling requirements are being met.

Seed lots are randomly samples and analyzed for purity and germination. Seed lots that exceed prescribed tolerances are placed under a stop sale order until reconditioned to meet the label claims. Consumer complaints involving infested, contaminated, or mislabeled seed are investigated.

Montana/USDA has a cooperative agreement for the enforcement of the Federal Seed Act. Likewise, resources are provided by USDA in investigating problems originating outside of Montana. No monies are transferred for these activities.

Seed imports are monitored for violation. Information on any violation is provided to USDA for regulatory action. The free trade agreement will enhance the number of seed imports from Canada. Additional resources may be needed to monitor the increased trade activity. The department has a memorandum of understanding with USDA for the inspection of seed being exported to foreign countries. Federal/state certification for international seed export economically benefits the Montana seed man.

Licenses are issued to seed dealers, seed labelers and seed conditioning facilities upon their compliance with the licensing requirements. Seed conditioning facilities clean different types of seed based upon their ability and compliance with the equipment standards required.

USDA/Conservation Reserve Program (CRP) policy has created an increased demand for agricultural seed. As a result, numerous complaints pertaining to unscrupulous seed dealers have taxed the program resources. The importance of providing clean, weed-free seed to farmers is paramount in producing the quality crops of Montana.

BASE FUNDING

Funding is received from the General Fund. License fees assessed are deposited to the General Fund.

EXHIBIT 2
DATE 1-18-91
HB Dar Do Sub

PERFORMANCE INDICATORS	FY90	FY91	FY92	FY93
Seed Dealers Only	160	165	165	165
Seed Dealers	180	185	185	185
Seed Labelers	90	93	94	95
Seed Conditioning Plants	163	167	167	167
Samples Analyzed	250	260	270	280
Analysis Violations	30	35	40	40
Labeling Violations	50	55	60	60

Alfalfa Leafcutting Bee Registration and Certification

GOALS

- To promote and maintain a healthy and viable alfalfa leafcutting bee industry in Montana.

AUTHORIZATION

Section 80-6-1101 through 80-6-1110 The Alfalfa Leafcutting Bee Law requires all persons to register their bees and establishes disease and parasite lab services. The program is assigned to the Department of Agriculture is assigned for administrative purposes only.

BASE PROGRAM

Alfalfa leafcutting bees are reared in Montana primarily for the purpose of pollinating alfalfa raised for seed. Because of these very efficient pollinators, alfalfa seed growers can double to quadruple the amount of seed produced per acre.

Also, if surplus bees are reared each year, the surplus can be sold across the nation to other alfalfa seed growers providing an additional source of income for the Montana seed grower. Unfortunately, there are several bee diseases which can dramatically decrease the capacity of the leafcutting bees to reproduce themselves. Registration and certification of leafcutting bees is a means of controlling these diseases.

Approximately 81,000 pounds of alfalfa leafcutting bee cocoons are registered each year. The level of bee disease in Montana has been kept down to an average of 5 percent compared to a national average of 15 percent.

BASE FUNDING

The functions of the program are funded by the collection of registration, laboratory, and certification fees. All fees collected are paid into the state special revenue fund.

PERFORMANCE INDICATORS	FY90	FY91	FY92	FY93
Registrants	59	57	58	56
Samples analyzed	185	180	190	195

Anhydrous Ammonia

GOALS

- To inspect all commercial anhydrous ammonia facilities.
- To disseminate information for the safe handling of anhydrous ammonia.
- To review and approve new sites for anhydrous ammonia facilities.
- To investigate mishandling or accidents involving anhydrous ammonia.

AUTHORIZATION

Section 80-10-501 through 80-10-509	The Anhydrous Ammonia Facilities Safety Act establishes safety standards for equipment used to handle anhydrous ammonia. It also provides for training and facility siting review.

BASE PROGRAM

Anhydrous Ammonia (NH3) is a source of nitrogen fertilizer when under pressure is a liquid, and when subjected to atmospheric temperature and pressure, is a gas. The major use of NH3 is for nitrogen fertilizer, especially for cereal grain crops since it is injected into the soil during pre-planting tillage.

There are approximately 80 storage facilities in Montana. In 1989, approximately 39,000 tons of NH3 were sold in Montana. The use of NH3 appears to have reached a stable level.

The NH3 program is involved with the safe storage and handling of NH3. Inspections are made on storage facilities, nurse tanks, trucks, and application equipment. NH3 equipment will be checked for structural safety, proper gauges, fittings, hoses, valves, pressure relief devices, safety equipment, mountings to transport vehicles, and good handling practices. It will ensure that the farmer will receive an NH3 nurse tank or applicator that is in good shape and safe to use.

The Department will approve training sessions that meet the standards for training employees in the proper handling of NH3. The program will ensure that the people handling NH3 will be working in a safe environment and are trained to handle the product.

Proposed new facilities will be inspected before approval to ensure that they meet facility citing requirements.

BASE FUNDING

Funding for this program comes from an inspection fee charged for each ton of NH3 sold in Montana. All funds are deposited in the state special revenue fund.

PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Facilities Inspected	4	40	40	40
Tanks Inspected	44	440	440	440
Training Sessions	2	2	2	2
Review Citing Applications	1	1	1	1
Investigate Complaints	2	2	2	2

Commercial Feed

GOALS

- To ensure that all commercial feed products sold in Montana are accurately represented by their labels.
- To ensure that all commercial feed products sold or manufactured in Montana are free from contaminants.

AUTHORIZATION

Section 80-9-101 through 80-9-304	The Commercial Feed Law requires all feed dealers to be licensed and all feed products to be registered. The law also provides for lab analysis of feed samples.

BASE PROGRAM

Approximately 350,000 tons of commercial feeds are sold in Montana each year having an estimated value of $60 million.

Commercial feed product registration provides consumer protection. The registration process involves label review which ascertains that the label represents that product. The label accuracy is further assured by random sampling of commercial feed products and analyzed for agreement with

label claims. Approximately twenty percent of the feed sampled was out of tolerance.

BASE FUNDING

The feed program is self-funded by the collection of registration, license, and inspection fees. The fees are deposited in the state special revenue fund.

PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Feeds Registered	3,750	3,800	3,825	3,850
Feed Dealers Licensed	500	510	520	530
Feed Products Sampled	280	300	320	325
Feed Analysis	820	850	900	975

Fertilizer Registration and Fertilizer Dealer Licensing

GOALS

- To ensure that all fertilizer products sold in Montana are accurately represented by their labels.
- To ensure that all fertilizer products sold in Montana are effective and of good quality.

AUTHORIZATION

Section 80-10-101 through 80-10-303	The Commercial Fertilizer Law requires all fertilizers sold in Montana to be registered and all commercial fertilizer dealers to be licensed. It also provides for fertilizer sample lab analysis, label review, and efficacy data evaluation.

BASE PROGRAM

Approximately 326,000 tons of fertilizer are sold in Montana each year having an estimated value of $65 million. Product registration serves as a type of consumer protection. The registration process involves label and efficacy data review which ascertains the correctness of the label. The label accuracy is further checked by random sampling and analysis of fertilizer products. To further ensure that the consumer is getting the product he paid for, samples of blended fertilizers are taken from delivery vehicles and analyzed for agreement with shipping ticket guarantees. Of the total fertilizer samples taken last year, 8 percent were out of tolerance.

BASE FUNDING

Funding for the fertilizer program comes from registration, license, and inspection fees. All fees are deposited in the state special revenue fund.

PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Registered Fertilizers	1,250	1,301	1,298	1,310
Licensed Fertilizer Dealers	235	250	250	250
Fertilizer Samples Analyzed	228	250	300	325
Fertilizer Analysis	490	510	550	600

Medicated Feed

GOALS

- To monitor the use of animal drugs used in commercial feeds.
- To prevent drug residues in animal products marketed for human consumption.
- To disseminate information for the proper use of animal drugs.

EXHIBIT 2
Date 1-18-91

AUTHORIZATION

21 CFR part 500	Medicated feed mill inspection to ensure proper storage, handling, and mixing of animal feeds with drugs.
FDA 223-90-4034	Medicated feed mill inspection
Section 80-9-104	Department to cooperate with other agencies.

BASE PROGRAM

Personnel will conduct inspections on medicated feed mills to determine their compliance with Good Manufacturing Practice (GMP) guidelines found in 21CFR part 500.

The objective of the program is to biannually inspect all federally registered medicated feed mill establishments which use high-risk animal drugs.

BASE FUNDING

The medicated feed program is funded by a federal contract with the Food and Drug Administration.

PERFORMANCE INDICATORS

	FY9	FY91	FY92	FY93
Feed Mills Inspected	12	10	10	10

Mint

GOALS

- To protect the mint industry from introduction and spread of diseases detrimental to the mint crop.
- To improve the culture and production of mint grown in Montana.
- To disseminate appropriate information to mint producers.

AUTHORIZATION

Section 80-11-401 through 80-11-419	The Montana Mint Act authorizes a Mint Committee to implement an integrated pest management program. The program is assigned to the Department of Agriculture for administrative purposes only.

BASE PROGRAM

The Montana Mint Committee maintains an integrated pest management program by contracting field inspections on all mint acres. These inspectors identify areas and levels of verticillium wilt, nematode and other plant and soil-borne diseases. Licenses are issued to first purchasers of mint oil so that active buyers may be monitored.

The objective of the program is to provide two inspections of all acres annually. The acres producing mint oil continues to increase at a rate of 200 acres per year. Lack of start-up funds have hampered full implementation of the program.

BASE FUNDING

The Montana Mint Committee is funded by an assessment on each pound of mint oil sold by the producer. A $50 license application fee is required for each mint buyer's license. All fees are deposited into a state special revenue fund.

PERFORMANCE INDICATORS

	FY90	FY91	FY92	FY93
Acres Inspected	1,200	1,600	1,800	2,200
Pound Sold	89,25	120,000	135,000	160,000
Licenses Issued	3	3	4	4

Increases or Decreases from Base

Item	Explanation			Fiscal 1992	Fiscal 1993
Changes in base:					
Personal Services	Loss of 1.13 FTE, transfer to CV 25020			(15,962)	(15,931)
Operating Expenses	Increased workload in the enforcement and inspection areas related to grain and produce inspections			17,005	18,840
		FY92	FY93		
	Capitol Complex grounds	982	982		
	Postage increase due to increased workload in enforcement and inspection areas related to grain and produce	1,013	1,013		
	Contracted Services Consulting and Professional Services for Integrated Pest Management Mint Committee, Special Revenue Account	14,000	16,100		
Equipment	Replace 2-eight year old computers and maintain vehicle rotation schedule			1,050	1,050

Exh- 1-17-91

6201 DEPARTMENT OF AGRICULTURE
30 ENVIRONMENTAL MANAGEMENT DIV
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	26.24	30.42	30.42	.00	30.42	30.42	.00
Personal Services	711,932	871,443	859,975	11,468	871,153	859,693	11,460
Operating Expenses	248,488	278,635	283,013	4,378-	295,503	283,445	12,058
Equipment	142,534	68,022	53,853	14,169	48,778	53,853	5,075-
Grants	1,088,051	1,242,694	1,225,613	17,081	1,245,576	1,228,495	17,081
Total Expend.	$2,191,005	$2,460,794	$2,422,454	$38,340	$2,461,010	$2,425,486	$35,524
Fund Sources							
General Fund	697,905	705,934	654,982	50,952	707,807	642,504	65,303
State Revenue Fund	1,282,873	1,489,570	1,469,088	20,482	1,487,875	1,474,083	13,792
Federal Revenue Fund	210,227	265,290	298,384	33,094-	265,328	308,899	43,571-
Total Funds	$2,191,005	$2,460,794	$2,422,454	$38,340	$2,461,010	$2,425,486	$35,524

CURRENT LEVEL ISSUES:

revisit. 1/18/91 Devlin Ex Union

	--EXEC OVER (UNDER) LFA-- FY 92	FY93
1. VERTEBRATE PEST PROGRAM - Vertebrate Pest program operating and grant expenses	$23,543	$23,580
2. REMAINING DIFFERENCES - The Executive Budget includes:		
A. OVERTIME - The Executive Budget funds upgrades of $8,797 and $8,789 with overtime	$9,443	$9,435
B. PER DIEM	$2,025	$2,025
C. BUDGET BASE DIFFERENCES	$3,329	$484
	$38,340	$35,524

Delay action

D. EXECUTIVE BUDGET MODIFICATIONS:

	FTE FY 92	FTE FY 93		
1. PESTICIDE PROGRAM WORKLOAD	1.18	1.25	$70,315	$72,628
2. GROUNDWATER PROGRAM WORKLOAD	1.94	2.25	$350,797	$348,477
TOTAL MODIFICATIONS	3.12	3.50	$421,112	$421,105

EXHIBIT 3
DATE 1-18-91
HB Nat Res. Sub

E. PROGRAM RESTRUCTURING
F. FUNDING
1. The Executive Budget includes replacement of general fund with state special revenue upon passage of necessary legislation.
2. The Executive Budget includes pesticide registration fee increases.
3. The Executive Budget uses less feed and fertilizer funds than the LFA.

E-4 X 7

VISITORS' REGISTER

Natl Resources COMMITTEE

BILL NO. _____ DATE 1-18-91

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Roy Bjornson	D. of A.		
Ralph Peck	Dept of Agriculture		
Everett Snortland	" "		
Sandra Kuchenbrod	" "		
Gary Gingery	" "		
Mike Murphy	" "		
Carol Kimble	" "		

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

CS-33