

2/1/1977

MINUTES OF THE MEETING OF
HOUSE AGRICULTURE, LIVESTOCK & IRRIGATION COMMITTEE
MONTANA HOUSE OF REPRESENTATIVES

February 1, 1977
4:00 p.m.
Rm. 434
State Capitol Bldg.

The meeting was called to order by Chairman Day with all members present.

Representative McLane, chief sponsor of HB 252, was present to explain the bill. She stated that this bill would provide for the sale of all state land that is 160 acres or less and is surrounded by privately owned land. This bill had been requested by Mr. Bill Hanser, rancher from the Billings area, who wished to purchase stateland that surrounded his property. Mr. Hanser explained that there is plans for the building of a dam, and the need for this property to build it. He also stated that by being surrounded by this property he was unable to construct a gate to keep intruders off of the state land which he was presently leasing.

Leo Berry, Department of State Lands, opponent to HB 252, stated that this bill would conflict with the statutes if passed. would create a second preferance right on some pieces of state land. All the tracks of state land that surround private land may not be a prospect for the private land owner. They may wish not to buy the land. There are 28 hundred tracks of state lands that would qualify under this bill. Concluding by stating that other states had sold their state lands and are now questioning their decisions.

Representative Brand asked if it would be possible for like land to be traded for these state lands? Mr. Berry repied, that a bill had been passed last session to allow for trade, and the department has the ability to do this but, as of yet has not. They receive five to ten requests per year to purchase state lands but find that it is a good investment for the state to hold these lands and lease them to the interested parties. The state lands department does not wish to sell these lands.

Representative Gunderson, chief sponsor of HB 262, was present to explain the bill. He stated that he had been requested to sponsor this bill because he had sponsored a similar bill concerning the Montana Wheat and Research Marketing Act. HB 262, is a bill of much the same content only creating a Montana Dairy Marketing Act. Mr. Al Dougherty had been hired by the Montana Dairy Association to explain the bill, but became ill and was unable to attend the hearing. Representative Gunderson pointed out high lights in the bill which were as follows: The committee would be appointed by the governor and consist of five members. The members must actively be engaged in producing milk and have derived a substantial portion of their income from the production of milk for a minimum period of five years. A list of nominees for appointment to the committee may be submitted to the governor by any Montana trade association. The committee shall meet at least four times a year. The committee may engage in dairy research, education, advertising, promotion, and publicity and attempt to find new markets for dairy products and their by-products. This will be a nonpartisan committee. This bill also provides for the assessment of 1% of the gross dollar of all producers in Montana for services

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requested by the committee. The bill also has a provision for the producer to obtain a refund if he does not wish to contribute. Representative Gunderson concluded by stating that the Wheat Research and Marketing Act has been in existence for the last ten years and has worked very well. If the dairy producers had such an act it would help very much for their expansion.

George Lackman, commissioner of the Department of Agriculture, was present as a proponent to HB 262. He stated that he had been a dairy manager for ten years and realized the problems the milk producers had. He also stated that a similar act had been successful for the promotion of grains. The Wheat Marketing Act had an administrative expense, to the department, of \$1,100. He felt that the administrative costs would be about the same for the Dairy Marketing Act, if HB 262 was passed.

Ray Lybeck, American Dairy Association and Kalispell area producer, was present as a proponent to HB 262. He stated that Mr. Al Dougherty was hired by the American Dairy Association to represent them but due to illness he is now hospitalized and unable to appear. (prepared statement attached)

Representative Curtiss, district 20, testified as a proponent to HB 262. She stated that she had received a lot of mail concerning this bill, indicating their support in the matter. She went on record as being a proponent and very much in favor of the bill.

Wes Johnson, Helena area dairyman for the past 20 years, was present as an opponent to HB 262. Mr. Johnston opposed the 1% assessment made on the gross dollar for each producer. He continued by saying that he didn't feel it was fair for the committee to use his money for three months, collecting interest, then he had to go to the trouble of filing a request to receive his money back. If he wished not to participate in the program, and didn't pay then he was subject to a penalty. For these reasons and those stated on the attached prepared statement Mr. Johnson urged the committee to, do not pass HB 262.

Mr. Richard Haxton, Darigold producer, opponent to HB 262. Mr. Haxton and others, which he was testifying in behalf of, were opposed to the 1% assessment. He stated that one percent of the gross milk sales to the producer would amount to approximately three to four percent of their net profits. He felt this was an exorbitant price to pay for the benefits of the act. He felt these benefits were already provided for by the Montana Department of Agriculture and the Agricultural Experiment Station. Another important consideration is the effect the act would have on consumers. Much or all of the assessment on wholesale milk will be passed on to the consumer in the form of higher milk prices. Other comments made by Mr. Haxton are attached in his prepared statement.

Mr. Bill Asher, Agricultural Preservation Association, wished to go on record as being opposed to HB 262.

Mr. William Tatarka, Darigold Farms, felt each producer should have the option to do his own advertising if he wished and not have to

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have 1% of his money used against his wishes.

Mr. Earl Lee, Ronan area producer, opponent to HB 262, stated a petition of names, from his area, had been submitted to Chairman Day opposing this bill. He had talked to all of these people and they stated they would all request their money back if the bill became law. They were not opposed to advertising, but very opposed to the high percentage that would be taken from their incomes.

Ronan Dairygold Creamery representative, opposed the bill for reasons that as a co-op they have class two and class three milk, as well as class one milk. They would be at a definite disadvantage because they would be taxed the same on class two and three sales as on their class one sales.

Representative Gunderson closed by pointing out that the producer had a period of 40 days after the end of each quarter to submit for their refund. Representative Gunderson turned questions over to Mr. Lybeck, American Dairy Association. Mr. Lybeck stated that, other than Wyoming, other surrounding states did have this type of promotion program and were very happy and successful with it. With this program California has had a 7% increase in class one sales. Representative Severson asked why the American Dairy Association could not handle this on their own? Mr. Lybeck replied, since 1943 the association has been on a volunteer contribution basis and the contributions are not great enough. Representative Ellerd asked how much the national dairy industry spent on advertising? Mr. Peterson, American Dairy Association, answered that in 1976, two million dollars, which was 36.2% of the budget was used for advertising. The question was asked, did the wheat and pork marketing acts have a penalty clause, as this act does? Representative Gunderson replied, yes. Dave Cogley will check into those acts for the committee. Representative Bengtson asked if the assessment was amended out and they ran on a volunteer basis if it would work out? The reply was they didn't feel there would be enough contributions made to run effectively.

The hearing on HB 262 was closed and the committee went into executive session.

Representative Gunderson moved HB 317, do pass. It was seconded by Representative Brand. Discussion was opened by Representative Severson, who had asked to have the bill held back until now. He stated that he was unknowledgeable about bees and wanted to look into it further. He explained that a man from his area had a bee business and had a permit for 15 hives. He added a few without a new permit. He was taken to court but was not prosecuted because the law was too vague to prosecute. If this bill is made law he will then be prosecuted. Representative Gunderson stated that the bee industry was a 10 million dollar industry and they need rules and regulations if they are to operate effectively. Stopping the passage of this bill would only be protecting a handful of people who are avoiding the rules. Representative Brand stated that his father had been a honey producer years ago and he realized the need for these rules and regulations. The bee industry has come a long way and it would be a terrible catastrophe if they had to revert back to the old system.

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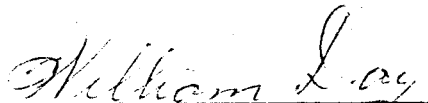
A substitute motion was made by Representative Ellerd to put HB 317 into a subcommittee. It was seconded by Representative Smith. The motion was passed with Representatives Brand, Conroy, Bengtson, Gunderson, Dassinger, and Johnston, opposed. Representative Gunderson withdrew his motion, to do pass HB 317. The subcommittee was appointed and consists of Representatives Gunderson, Severson and Brand.

Representative Curtiss moved SB 35, be amended. It was seconded by Representative McLane. Discussion: Representative Curtiss explained that some of the members of the soil conservation districts felt there should be more provisions to this bill. She presented the attached amendments. The amendments to SB 35 were adopted unanimously.

Representative Smith moved SB 35, be concurred in as amended. It was seconded by Representative Staigmilller. The motion was passed unanimously. Representative Curtiss will carry the bill on second reading.

A motion was made and passed to adjourn.

Adjourned at 6:00 p.m.


William M. Day, Chairman

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