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MINUTES OF THE MEETING
AGENCIES II SUBCOMMITTEE

February 5, 1979
8:30 A.M.
Room 343
State Capitol Building

Subject: Work Session
Department of Agriculture
Department of State Lands

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The meeting was called to order by Chairman Rex Manuel with all members present. Also present were Bob Robinson, LFA; Jim Williams, OGP; Mary Evans, Gordon McOmber and Roy Bjornson, Department of Agriculture.

DEPARTMENT OF AGRICULTURE

Supplement: Plant Industry Division (555)

The Department of Agriculture was present to further explain to the members their modified request for 1 FTE to the Plant Industry. The Auditor/Investigator would perform four functions:

Feed - The Auditor/Investigator would conduct audit investigation on financial records to verify tonnage records correlation with fee payments.

Fertilizer - The department has received complaints from industry officials and university personnel that fertilizers are being sold without payment of proper inspection fees. The position would conduct audits on financial records to verify tonnage sold with inspection fee payment. The bulk of complaints are coming from small dealers.

Grain - The Auditor would aide in protecting holders of warehouse receipts by conducting an internal audit on storage warehouse records. The department felt this was a very critical area because they were dealing with surety bond companies with regard to deferred contracts.

Beans - At present, the department is not auditing the records of bean warehousemen. This inspection/audit will serve to compliment the workload of the position.

In response to Senator Stimatz's question concerning the department involvement with bonding companies, it was explained that the department acts as the mediator between the producer and the bonding company. The bonding company reviews the department records, sends payment to the department and the department forwards payment to the

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the producer. Currently the producers are waiting as long as 8 months for payment which should not take more than 30 days.

This FTE would require \$15,000 for 1980 and \$17,578 for 1981. The department did not feel they would need additional travel money.

Senator Smith questioned whether the department could not have a position already on staff perform this function. Mr. Bjornson explained that this required a more qualified person. However, the department is trying to use multiple discipline people in other areas where this is more feasible.

This division tries to conduct a medicated product field inspection every two weeks. This would not have to be audited again for another year and a half. They are responsible for licensing some 1800 businesses every year. In addition the division registers about 9600 businesses.

In the original request this position was just to audit the tonnage. The department has expanded the responsibilities of the position. Funding for this position would be 50% general fund, 25% feed and 25% fertilizer. It is estimated that feed will bring in \$16,293 and fertilizer will bring in \$1,019 in return to the state.

The department cannot routinely audit all businesses but this position would enable them to respond to complaints.

Small businesses are the ones being hurt because they are having trouble meeting all the requirements. As the smaller dealers go out the large dealers get bigger.

DEPARTMENT OF STATE LANDS
Land Administration (838)

The basic difference in the two recommendations was 3 land inspectors. The division had 3 people in 1978 because of a low number of leases due. In 1980 and 1981 they will be dealing with a major number of leases and will need the full compliment of staff. Therefore, the LFA agreed that the Executive recommendation would be better for operating expenses. The positions are already authorized, the department is just requesting the extra travel that will be necessary to inspect the leases.

The .10 FTE is a secretary position shared with the Department of Natural Resources. The division's share of this salary is for one month out of the year.

Representative Marquart made the motion to accept the Executive recommendation for FTE. Senator Smith seconded the motion. The motion passed unanimously.

Representative Marquart made the motion to accept the Executive recommendations for land administration for 1980 and 1981. Representative

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Representative Hurwitz, seconding the motion. The motion passed unanimously.

Resource Dev. Department (911)

The 1.5 FTE is to do recreational land inventory. The LFA has recommended that this position be moved from operating expenses to a annual service. The other 1 FTE was to inspect oil and gas drilling being conducted close to state land borders.

Representative Hurwitz made the motion to accept the LFA recommendation, add \$600 to operating expenses and include language terminating the recreational land inventory position at the end of the biennium. Senator Smith seconded the motion. The motion passed unanimously.

There was a ten minute break at this time.

Montana Wheat and Barley Research (1015)

Bob Brastrup, Executive Secretary, joined the meeting at this point to answer questions from the subcommittee concerning the grant program administered by the Wheat Committee.

The committee consists of 7 members who meet in March each year to review project requests and establish priorities. Last year this committee received requests for \$580,000 worth of projects.

The Montana wheat growers contribute $\frac{1}{4}$ of a cent for every bushel of wheat sold in Montana, plus $\frac{1}{2}$ a cent a hundred weight of barley entering commercial channels. Anyone who does not believe in what the program does can get a refund of this money. This insures a return of value to the growers. The income is therefore, based on the wheat crop from year to year. The Commission tries to base budget requests on the planting intentions of the farmers.

The Wheat Commission is also involved in the railroad problems in the state. The division protests freight rate increases and investigates rail abandonments. The Commission is involved because the farmer is the one who pays for the rate increases. This amounts to about $\frac{1}{4}$ of the farmers income, depending on where the farmer is located.

Senator Stimatz asked about a basing point on rate. Mr. Brastrup explained there was no basing rate and did not feel this would do any good. He stated that what they wanted was the freight to be based on a milage times the gross weight. They have submitted this proposal and are waiting to see the outcome.

Mr. Brastrup was asked how transportation was funded in other states. It was stated that in Idaho, the Wheat Commission funds one person in the field of transportation and his office completely. North

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Dakota hires a practitioner on retainer who protests every rate increase. They are members of the Wheat Growers Commission. Nebraska and Colorado also fund a practitioner. Oklahoma and Texas do not work in transportation.

Senator Daylan expressed the opinion that the real problem is not rates but the boxcar shortage. Mr. Brastrup agreed and said they have encouraged as much trucking as possible for this reason.

In his opinion, Mr. Brastrup stated that he thought the Wheat Commission would not object to partially funding the Division of Transportation within the Department of Agriculture.

The LFA has indicated that the Commission did not fund the Transportation Division to the full amount appropriated by the legislature in the past. Mr. Brastrup felt that the Commission did not realize that those funds had to be spent in certain ways.

The LFA stated that the legislature has recommended \$20,000 each year for freight rate analysis. In reality, the Wheat Commission allocated \$10,000. It appears the Commission had decided that there were higher priorities. Therefore, the transportation program was not fully funded to operate as the legislature had intended.

The Wheat Commission contracted with Rodermicher, Messmer and Whiteside because they did not feel they were getting the information they had requested from the division as rapidly as possible.

The Commission also supports the division with \$500 a year to pay for the Hawkins Digest. This contains all the ICC information. They hoped that other interests would also take an interest in freight rates and contribute to this publication.

Mr. McOmber explained that \$20,000 was earmarked money. This money cannot be spent unless it comes in. They did not feel they could just take the money out of the Wheat Research account. For 1980 and 1981, the department feels that with additional people they could do additional work. Currently, they are faced with railroad abandonments, boxcar shortages, freight rate increases and deregulation. The department feels this is one of the most important economic problems facing the state. They feel this would be a good investment and would return more to the state than the original investment.

The division is also trying to take a regional approach with other states to make a better appeal to Congress.

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The department is requesting another rail analyst and a secretary.

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an 8 people they now have cannot handle the rail plan in addition to protesting rate increases and investigating abandonments. They felt that with the additional people they could perform all these functions and with cooperation from the other states could do something about the problem. Without this service, it will only get worse.

The department has also submitted a list of firms and groups that would testify on the department's behalf if the subcommittee feels that it is necessary.

The Executive recommendation appropriates \$13,400 in 1980 and \$13,900 for 1980 from the Wheat Research Committee to the Transportation Unit. This was determined by assuming they would get the same amount as last year. Mr. Brastrup felt the Wheat Committee would continue to fund the transportation unit and felt these figures were realistic.

Mr. Brastrup talked at length on the real problems in the transportation unit concerning the shortage of rolling stock and how this relates to the eastern rail and some of the problems dealing with the ICC.

It was also explained that 10% of operating expenses was appropriated to centralized service support from the Wheat Commission. This amount has not been taken out before.

There was no further questions, the meeting was adjourned until 8:15 A.M., February 6, 1979. At this time the subcommittee will receive orientation on the Department of Natural Resources.


REX MANUEL, Chairman

Re: REX MANUEL
Secretary