

MINUTES OF THE MEETING
AGRICULTURE, LIVESTOCK & IRRIGATION
MONTANA STATE SENATE

February 16, 1979

The sixteenth meeting of the Agriculture, Livestock and Irrigation Committee was called to order on the above date in Room 415 of the State Capitol Building by Chairman Galt at 12:00 noon.

ROLL CALL: All members were present. Senator Conover present at 12:30 p.m.

The witnesses that were present to testify are attached.

CONSIDERATION OF SENATE BILL 365: Senator Boylan was the chief sponsor of this bill. He said this is one of the milk control bills. The other two had been introduced in the House. This bill basically does away with the retail control of milk and controls it on the wholesale and producer level. It does away with the Milk Control Board and puts the administration under one head. Nothing else is changed except does away with the board and the wholesale price of milk.

Opponents:

Mr. Al Dougherty, representing the Dairy Industry, spoke first. There are 298 producers in the state and 13 distributors. The people he represents produce a product worth \$24 million in the wholesale level. All the interest in the milk controls has been generated by the unfavorable publicity the industry has received. Food prices in general have risen 100% since 1967. The milk board shows that Montana milk has risen only 89% in that same time period. The whole purpose of the milk control law is to provide a wholesome, plentiful supply of milk at a reasonable price.

Terry Murphy, NFO, and speaking for the Montana Farmers Union, Grange, Montana Farm Bureau and WIFE. They are opposed to this bill as they were opposed to the two House Bills. They feel that the milk control act and board have worked in the way that they were intended to work in providing a constant supply of good milk at a good price. He felt one segment of the industry could not be separated from another segment and still operate efficiently or effectively. He felt that milk at the retail level is not overpriced.

Ray Lybeck, a producer from Kalispell, said there are different classes of milk. The milk price paid to the producer is not at class one price until it is sold to the consumer.

Ed McHugh, Cloverleaf Dairy, also stated that the press had given the industry a lot of bad publicity. The cost of doing business in Montana is more expensive than in other states because of population and the distance between some towns. Without regulation of prices many smaller producers would be

put out of business. One or two processing plants would have a total monopoly and the competition would be gone. In the long run he did feel the people of Montana would benefit if the controls were removed.

Ross Cannon, Montana Food Distributors, representing 450 independent groceries. This bill would put all the pressure on the retailer. He felt if there was a need for restructuring of the industry that it should be worked on in an interim committee. He said the rule making authority is unlimited in this bill.

Harry Mitchell, a dairy farmer, said he was a reluctant proponent. He felt this bill was the least damaging of the three bills that had been introduced. He felt this bill could be workable with some amendments. This bill omits the "pooling provision, the penalty provision and with the elimination of the board it would be headed by a "czar". He said he would be more comfortable working under a board. The milk control board is totally a consumer board.

Brownie Hartman, Skyline Dairy, Inc., said the retail price is the stabilizing factor in the law. If you eliminate that you eliminate milk controls in any working order.

Senator Boylan in closing said this bill does give a little relief to the consumer by doing away with the retail prices of milk. By doing away with the board financing would be saved.

During questions it was brought out that if the milk board was abolished it would be under the Department of Business Regulations and they would hire someone to head it.

CONSIDERATION OF SENATE BILLS 512, 513 and 517 - Senator Boylan said he was the chief sponsor of these three bills. 512 and 513 had been co-sponsored with Representative Ellerd.

Senate Bill 517 had been submitted to the Legislative Council on December 10, but as of this date had not been printed. This bill would transfer the diagnostic lab to the agricultural experiment station, transfer the recording and inspection of brands to the department of Justice and transfer the regulation of livestock markets to the department of agriculture.

Senate Bill 513 would consolidate all state laboratories. A study had been done a few years ago by the Legislative Council to try to do this but they came up with no recommendations. He stated that we are all trying to save money and he felt this would be one way. He submitted a summary of the labs, see exhibit #1

Senate Bill 512 has been a concern of many veterinarians. It would combine the animal diagnostic laboratory and the state veterinary research laboratory. It also states that whenever possible diagnostic work be given priority over research work. Montana is the only state he knew of that had two labs. He submitted several exhibits to the committee. These are attached per exhibit #2.

Representative R. A. Ellerd rose in opposition to the bill. He said there had been many problems with the Department of Livestock but he felt many had been solved and a bill that he was planning to have in the House he would ask to be tabled.

Mons Teigen, Montana Stockgrowers, felt it would be disastrous if the brand department was transferred to the Department of Justice. The taxes paid on livestock support the department of Livestock.

Senate Bill 513.

Mike McGrath, from the Justice Department, said they were opposed to the bill, especially subsection (i). The Department of Justice has combined all their criminal labs. There would be many problems in combining a criminal lab with other labs. They have many security regulations and the evidence that they find can make or break a criminal case.

Ed Bingler, Bureau of Mines, called in during the meeting to oppose the bill because of the specialized functions they perform.

Terry Murphy, NFO and other farm organizations, opposed the bill. He said there are too many labs that do specialized work that it just wouldn't be practical to combine them. He was on an interim committee that studied this and they felt it would not work.

Walter Jankowski, Department of Health, said their concern is what the bill leaves out. As the bill appears it would put the administration of the labs under the department of Administration. They do not have any experience with this field.

Alice Fryslie, Montana Cattlemen's Association rose in opposition to the bill.

Senate Bill 512.

Dr. David Young, MSU, rose in support of the bill. He said it was the intention of the industry to maximize the use of the facilities at Bozeman. He submitted three handouts to the committee. See exhibit #3.

Beck Hubbell, DVM, also was in support of the bill. The ultimate goal of the American Assoc. of Veterinarians would be to combine the two labs. He felt the committee should look into the conflict of interests. One board sets the regulations and one board has the hiring and firing capability.

Herb Smith, veterinary in research, said the concept of the closeness between the two labs was brought to his attention when he first started working at MSU. If the two labs were combined it would keep them flexible. If the two labs were under the same administrative umbrells this would mean that the lines of communication would be more open. He felt there would be many advantages of brining the labs under one head.

Representative Gene Donaldson, district #29, said he had been a member of the Board of Livestock until approximately two months ago. As a livestock producer he was interested in efficiency. He felt the bill was lacking vital things in different area. Consolidation does not necessarily mean efficiency. The bill doesn't address itself to the funding of the labs. He was concerned about the regulatory aspects with the Department of Livestock and he felt it was essential that the diagnostic aspect was not forgotten.

Representative Ellerd complimented Dr. Young and Dr. Hubbell on their good work and also mentioned that with Dr. Teitz at the university that the livestock industry would not be forgotten.

Opponents:

Mr. Bob Barthelmess, chairman of the Board of Livestock, hoped this bill had no alternative motive. The board has been working on a course to get the maximum results from both labs. At one of its meetings it had two alternatives. (1) called for consideration of a merger and (2) called for modifications, improvements and more specifics in the agreement that we already had. Of first concern to the board if the protection of the diagnostic & regulatory duties as they protect the industry. He asked the committee to try to let the board solve the problem themselves. His testimony is attached. Exhibit #4.

Ray Lybeck, member of the Montana Cattlemen's Association, said that no one seems to know what the cost of combining these labs would cost. He suggested that if the committee felt there was merit to the bill that an interim committee be set-up to study it.

Terry Murphy, said they were in favor of efficiency but had no guarantee that this would operate efficiently. They felt the department of Livestock has done a good job. He said it was very important that an administrative board be allowed to administrate. The legislature has a duty to set the framework for these boards but not to get involved in the administration of them. This is not the place to solve personnel problems. Anything done here should be for the benefit of the producers.

R. W. Gustafson, veterinary, said the board has learned a lot from the problems they have had in the past three months, and didn't feel changes were called for.

Don Shaffner, veterinary, said the financing of the program is a problem, personnel is a problem. The Department of Livestock is run by a group of people that are dedicated to the livestock industry.

Gayle Patton, Montana Stockgrowers, said the bill does not address the funding from the special assessment funding from livestock.

John Paugh, Montana Woolgrowers, said their relationship with the department has been very good. He felt the department could probably administer the labs better.

Mons Teigen, said the problem of financing is something we cannot overlook. The industry is financing it and should have some say as to how the money will be used. He also felt an interim study of this would be favorable.

Walt Johnson, rancher, felt there should be a study to determine what the funding would be.

Senator Boylan in closing said he did feel funding was that big of a factor. 40% is funded by earmarked revenue, the building is already there. Senator Boylan had a letter he had received from Grange saying they were in support of the bill. The Agriculture Experiment station would designate the head man to head the combined labs.

Dr. Teitz said the function of the labs is to provide the livestock industry with valid information about disease conditions. This function needs research personnel. At this point it would probably not be effective to merge. He would agree to the interim study committee.



SENATOR JACK E. GALT, Chairman

Date 2/16

ROLL CALL

12 noon

AGRICULTURE COMMITTEE

46th LEGISLATIVE SESSION - 1979

Each Day Attach to Minutes.

SB 365, 512

VISITORS' REGISTER

513, 517

NAME	REPRESENTING	BILL #	Check One Support Oppose
BILL ASHER	AGRICULTURAL PRESERVATION ASSN.	SB 312 SD 513 365	
JACK HAYES	REP. A. HAYES		
K.M. Kellay	Admin. Milk Control	365	
R. D. Drotter	MVIA	512	
Frederick H. Frazee	Waukesha Dairy	365	
Elly Shukwan	Beavercreek Farms	365	
Tom K. Smith	Mr. M. K. Kellay	512	✓
Get Fed	Bro. Big Job	512	✓
T. McPherson	Bro. Big Job	512	✓
John Kotlik	Big Job	512	✓
Jeffrey Rupp	West Allis Milk Hawk	512	
Jim Dunnigan	" " "	"	
John K. Bissell, DVM		517	✓
Lucy Gardner	Winter Haven Stockmen	512	✓
John Bissell	" " "	512	✓
John Melton	" " "	512	✓
Frank Gandy	Frank Gandy		
Jackie Steggs	Bogman Get Involved	512	✓
Frank Gandy	Bogman Big Job	512	✓
Lucille Nealon	Bogman Big Job	512	✓
Alice Brightmore	Bogman Big Job	512	✓
Frank Gandy	Bogman Diagnostic Lab	512	✓
Johna Gandy	Bogman Diagnostic Lab	512	✓
Johna Gandy	Bogman Ut. March 4	512	✓
John Gandy		512	✓
Harold F. Moore	West Valley men	365	✓
Victor P. Lorraine	Valley Doctor (Bogman)	365	✓

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check Support
Bill Steltz	M. S. C.	365	
Johnnie L. Collins	JERSEY CREAMERY	365	
Peggy Lynch	Montgomery, N. B. & H.	365	
Ed Hartman	Hyline Dairy Inc.	365	
erry Murphy	11 FO, MFH, WIFE, George, & ^{Farm} _{Business}	365	
erry Murphy	" " " " "	512	
erry Murphy	" " " " "	513 517	
Al Dougherty	Mont Dairyman & Processors	365	
George E. Kelly	Mont. Dairyman & Pro.	365	
Ed Graham	Mont Livestock Dept.	513 512 517	
Fred Schaefer	Dairymen's ¹³⁻³⁰⁰⁰ Farmers	365	
Brenton Clark	Mont. Milk Dairy	365	
Ed McHugh	Mont. Milk Dairy	365	
Rich Doyle	Meadow Gold Farm	365	
Ross Carlson	Mont. Food Distributor	365	
Ed Sheehy, Jr.	"	365	
Mans Teigen	Livestock, ¹³⁻³⁰⁰⁰ Mont.	512-517	
Walter J. Giorgi	Mont. Dept. of Health Environ.	513	
Kent Klinhoff	Business Regulation	365	
Ed Newell	Mont. Milk Distributor	512	
Ed Newell	"	513	
Walt Johnson	Ranchers	513	
Elmer Pearson	Mont. Livestock Growers Ass.	513 517	
Bill T. Kelly	Mont. Milk Producers	513 517	
Rip Kastell	House of Reps	513	✓

DATE:

COMMITTEE ON

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One Support	One Oppos
Charles Brown	Dept of Livestock	512 513 517		-
Bob Gilbert	Montana Wool Growers Assn.	512-513 517		✓
Bob Bartholomew	Board of Livestock			✓
W.G. Neelius	Rancher			✓
Dr. Jim Scott	Veterinarian	512-513 517		✓
Dr. Mike Moran	MVMA - Private Practice Vet	512-513 517	✓	
Ray Lubbeck	Mont. Cattlemen's Assoc.	512-513 517		✓
Office Practice	Montana Cattlemen's Assn.	512-513 517		-
MICHAEL MCGRATH	ATTY Frank	513		X
John Johnson	Montana			
Donna Johnson	Montana State, MSU			✓

<u>Lab Name</u>	<u>Location</u>	<u>Type of Analysis</u>	<u>Annual Budget</u>	<u>Value of Equipment</u>
<u>Agriculture Experiment Station</u>				
Soil Fertility Lab	Bozeman	Conducts basic soil fertilizer tests irrigation water & plant tissue analysis.	5.5	\$60,000
State Seed Lab	Bozeman	Conducts seed testing of purity, germination, viability & identification for cereals & grasses.	5.0	\$46,000
Cereal Quality Lab	Bozeman	Analysis of barley & wheat for protein, dough, milling & baking characteristics. Also analyze for kernel weight & size, plumpness, lysine content & extract & destatic activity.	6.0	\$62,800
<u>Cooperative Extension Service</u>				
Plant Pathology Lab	Bozeman	Conducts plant tissue analysis.	1.43	\$34,000
Potato Virus Lab	Bozeman	Conducts potato virus & crop improvement tests.	2.0	\$46,000

~~Total 163.43~~ 3,208,800

Total with Estimate to Bozeman, Inc 3,270,800
2,374,700

715
57
10,50
24,93
113 93 1



By Lee Code

THE FUTURE of the Diagnostic Laboratory at Bozeman is one of the issues that has surfaced in the legislature. It's an old controversy and of special interest to all livestock producers in Montana.

The Diagnostic Laboratory, an arm of the Department of Livestock, is located in Bozeman in the same building as the Veterinary Research Laboratory of MSU. The Diagnostic Lab is administered by the Board of Livestock and is a branch of state government; the MSU Veterinary Research Laboratory is an arm of the university and thus has a teaching function.

There are good reasons why the two laboratories are located in the same building. Diagnosis and research are companion endeavors — they take the same equipment, the same skills and the focus is the same; maintaining healthy animals.

Locating the two in the same building is an admission of long standing that the two belong together. But the admission never went that far administratively because the two are separate, sort of like two families living in a duplex.

From an administrative standpoint — and from a taxpayer's standpoint, too — there are good reasons why the two should be under one administration. Each laboratory has its busy seasons. If the two were under one administrator, it would be easier to juggle workers to handle the pressing work load of the moment as demands come and go. If the labs were combined, it would be possible to take more advantage of joint appointments — one person could do both research and diagnosis. It would also be possible to take more advantage of special interests and skills. Work-

ers would be exposed to a greater variety of opportunity and challenges.

There is another reason too — morale. If a wider door is opened to interest and opportunity, workers feel more like working. If the door is half shut, workers find themselves getting deeper and deeper into a rut.

The history of the Diagnostic Lab goes back to the beginning of Montana. In those early days, agriculture, and especially livestock, was a dominant industry. Agriculture is still a dominant industry, but relationships have changed — such as the relationship between research and diagnosis.

When Montana government was reorganized into separate departments a number of years ago, the influence of agriculture continued as a Department of Agriculture (Gordon McOmber, commissioner) was created, along with a Department of Livestock (Bob Barthelmess of Miles City, chairman). Jim Glosser is now state veterinarian, and Les Graham, head of the Division of Brands and Enforcement in the Department of Livestock.

A few years ago the Board of Livestock was increased to seven members when some of the other livestock interests felt left out. Vern Keller of Fishtail is the sheepman on the board and Don Herzog is the hog producer. Historically the Board of Livestock has been cattle producer-dominated.

The department has several functions. Most obvious at the producer level are brand inspections, regulations regarding animal health, and diagnosis of sick animals. Anyone can use the Diagnostic Laboratory to find out why an animal is sick or dead. Veterinarians use it routinely, as do ranchers. The laboratory benefits everyone since healthy animals are important to everyone. The laboratory also does considerable diagnostic work on wild life.

A part of the present controversy involves the wisdom of having a diagnostic laboratory being supervised by a regulatory agency. A regulatory agency has to use a lot of judgment and without a doubt a certain amount of give and take is involved. A diagnostic laboratory should be as scientific as possible and workers should not feel

under pressure to produce a desired answer. There is always a possibility that the regulators will try to influence the diagnosters, although evidence of this hasn't surfaced in the publicity so far.

Last year a group of ranchers toured laboratories at Brookings SD, Logan UT and Ft. Collins CO. The purpose of the trip was to look at administration and equipment. It was noted the labs were organized in a variety of fashions, but in general they were combined under one administration. Administrators had good things to say about such an arrangement. Livestock producers were not on hand to give their views.

All three labs had electron microscopes, the super-tool of the scientific world for studying virus particles. Steps are now being taken for the MSU Veterinary Research Laboratory to get such an instrument. The cost will be around \$240,000.

Perhaps the most pressing interest of the livestock industry in the controversy is to remain independent and in control. Historically the livestock industry in Montana has been able to remain fairly independent, and this independence expressed itself again when a Department of Livestock was created during government reorganization. The livestock industry has expressed this desire, too, on a national level by avoiding as much as possible government programs, price supports, quotas, allotments, etc.

Without a doubt, if non-livestock oriented agencies were to gain control of various functions, the capability of the services to function in the interest of livestock producers would be diluted considerably. For example, a proposal has been made that the enforcement function of the department be put in the Department of Justice, along with the Highway Patrol. If that were done, it would become more political, less responsive, further removed from serving the needs of the industry. There are plenty of examples in government to show how it works.

Like Caterpillar says in its advertisements, "There are no simple solutions, only intelligent choices."

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STAFF

VETERINARY RESEARCH LABORATORY/DEPARTMENT OF VETERINARY SCIENCE

<u>NAME</u>	<u>DISCIPLINE/TRAINING</u>	<u>WORK AREA/JOB TITLE</u>
D. M. Young, D.V.M., Ph.D.	Pathology	Professor & Head, Administration
J. E. Catlin, D.V.M.	Vet. Med. & Surg.	Resident Instruction, Clinics
M. W. Hull, D.V.M., Ph.D.	Physiology	Professor, Physiology
B. D. Firehammer, M.S.	Microbiology	Professor, Bacteriology
F. S. Newman, Ph.D.	Virology	Professor, Virology
D. E. Worley, Ph.D.	Parasitology	Professor, Parasitology
J. P. Dubey, M.V.Sc., Ph.D.	Parasitology	Professor, Parasitology
C. K. Anderson, D.V.M., Ph.D.	Pathology	Associate Professor, Pathology
D. H. Fritts, M.Sc.	Parasitology	Associate Professor, Bio Med. Ph
E. A. Lozano, Ph.D.	Microbiology	Associate Professor, Bacteriology
L. L. Myers, Ph.D.	Biochemistry	Associate Professor, Biochemistr
M. H. Smith, D.V.M., Ph.D.	Virology	Associate Professor, Virology
M. G. Riley, B.S. (ASCP)	Pathology	Associate Professor, Pathology
C. Blankenship	Preparation Laboratory	Laboratory Aide I
A. Braughton	Rancher	Ag. Research Technician
M. Donahue	General Administration	Farm-Ranch Hand III
N. Eckenweiler	Photography	Film Library Clerk II
B. Freeland	General Administration	Clerk Typist III
D. Gollehon	Medical Technology	Laboratory Technician III
L. Halverson	Preparation Laboratory	Laboratory Aide I
J. Harp	Bacteriology	Laboratory Aide II
P. Harp	Library Administration	Library Assistant II
R. Overstreet	Clinic-Large Animal	Farm-Ranch Hand III
S. Phillips	Virology	Microbiologist I
J. Robertson	Parasitology	Laboratory Technician I
F. Seesee	Parasitology	Laboratory Aide II
J. Strang	General Administration	Secretary III
J. Thompson	Clinic-Large Animal	Ranch Foreman I
D. Ushev	Reproduction	Animal Caretaker

