

MINUTES OF THE MEETING OF THE HOUSE AGRICULTURE,  
LIVESTOCK AND IRRIGATION COMMITTEE, MARCH 21, 1983

The meeting was called to order by Chairman Jacobsen on Monday, March 21, 1983 at 12:30pm, in Room 129, State Capitol. All committee members were present with the exception of Representatives Bengston and Spaeth, who were absent.

HEARINGS

HOUSE JOINT RESOLUTION 34. REP. GLENN ROUSH, District 13, testified as chief sponsor of the bill, which would establish an interim study committee with regard to foreign ownership and leasing of state lands. He alluded to the current economic situation of agriculture within the State as a basis for the study.

PROPONENTS

MR. TERRY MURPHY, Montana Farmers Union said he would like to see a study completed, since it is a large subject and large-scale absentee-owner operations can lead to land abuse.

MR. WILL BROOKE, Montana Stock Growers and Montana Grain Growers Associations, told the Committee he supports the bill but with some reservations. He said he was concerned with Sections 6 through 11, since they appear to be outside the scope of the resolution, adding it is an excellent piece of legislation, otherwise.

MRS. JO BRUNNER, Women Involved in Farm Economics read from a prepared statement in support of the bill (exhibit).

MRS. ESTHER RUDD, Montana Cattlemen's Association, stated her support of the bill in a prepared statement (exhibit).

REP. RAY LYBECK, District 16, stated his support of the resolution in its entirety.

OPPONENTS

There were no opponents of the bill.

IN CLOSING, Rep. Roush told the Committee the resolution was long overdue, adding the content is broad to cover a number of subjects within the resolution. He said it was requested by a large number of persons from his and other districts who share agricultural interests.

QUESTIONS

REP. ELLERD told committee members he supported the bill with the exception of possible prohibition of the sale of such lands in the future.

REP. ERNST asked Mr. Brooke if he wished to delete Sections 6 through 11 of the bill. Mr. Brooke replied he would at least limit the study to foreign and domestic corporations and omit individuals.

REP. JENSEN asked Mr. Murphy to further explain his reasons for supporting the bill. Mr. Murphy replied large blocks of rangeland near Miles City have been torn up for wheat to take advantage of the government's benefit program of the early 1970's, which is presently eroding.

REP. SPAETH asked Mr. Brooke why he wished to eliminate Section 9. Mr. Brooke replied he actually saw no problem with Section 9 and may not have been clear in his testimony. Rep. Spaeth told committee members Section 9 is a subsidizing situation and he wondered why certain ones would be subsidized over others.

REP. HOLLIDAY commented she was concerned with Section 8, as it appeared to be of great importance. Mr. Brooke replied he had no objection to Section 8 either, and only objected to Sections 6, 7, and 10.

REP. SCHULTZ told the Committee the more concise the language appeared in the resolution the easier it would be to accept on the House floor.

REP. ROUSH said the language may be too broad, adding the resolution was drafted by the Legislative Council.

REP. ELLERD asked Rep. Schultz if the Department of Revenue could reveal federal tax information. Rep. Schultz replied it could not.

The hearing on House Joint Resolution 34 was closed.

HOUSE JOINT RESOLUTION 35. REP. GLENN JACOBSEN, District 1, Plentywood, advised committee members the resolution was a committee off-shoot of House Bill 851, which pertains to proposed rule changes of the Department of Revenue with regard to reclassification and assessment of agricultural lands in Montana.

REP. JACOBSEN told the Committee the most important sections of the bill began on page 3, line 4, adding the resolution differs from the norm as it requests appointments from members of the House and Senate Agriculture Committees instead of the House and Senate at large. He said House Bill 851 set up a moratorium to allow development of rules and halt implementation of same, adding the Committee intent is to review information gathered on the rules next Legislative session.

#### PROPOSERS

MRS. JO BRUNNER, Women Involved in Farm Economics, read from a prepared statement in support of the bill (exhibit).

MR. BENNIS BURR, Montana Taxpayers Association, advised the Committee the resolution is an excellent tool in providing greater involvement and active participation prior to implementation of Departmental rules, especially in view of the low level of participation at earlier meetings. He said assessment and reclassification might be accepted by agricultural interests if they understood the process.

MRS. ESTHER RUDD, Montana Cattlemen's Association, stated her support of the bill in a prepared statement (exhibit).

MR. WILL BROOKE, Montana Stock Growers and Montana Wool Growers Associations, stated his support of the bill.

MR. TERRY MURPHY, pledged to work with the Legislature on the resolution, adding he was concerned they might be opening a Pandora's Box.

#### OPPOSERS

There were no opposers of the bill.

IN CLOSING, Rep. Jacobsen said reclassification should be completed on an equitable basis using productivity instead of assessed value, adding the Legislature could change any inequitable values.

#### QUESTIONS

REP. SPAETH asked Mr. Murphy if Pandora's Box hadn't already been opened and if House Joint Resolution 35 were not the opportunity to close it. Mr. Murphy replied he was concerned with possible complaints from personal property and commercial land owners.

REP. JACOBSEN asked Mr. Murphy if this were not already happening and what additional effect the resolution would have, adding, if all agricultural lands are assessed equitably other land owners may not be inclined to question them so readily.

REP. HOLLIDAY asked Mr. Burr if he still thought only one agricultural person should be on the study commission, since Senate Bill 94 is made up of only educators and has been criticized therefor. Mr. Burr said he thought this was a different situation, as agriculture should have had more time to discuss the situation with the Department of Revenue prior to its original rule change proposal. He added, more time is necessary to allow information to flow in a positive direction, but the Department of Revenue would probably end up writing the rules.

REP. HOLLIDAY asked Mr. Burr if the Consumer Price Index could be applied to assessments. Mr. Burr replied in using that method increased prices would be accounted for, but not the in the class of production.

The hearing on House Joint Resolution 35 was closed.

#### EXECUTIVE SESSION

SENATE BILL 280. REP. SPAETH moved the bill Be Concurred In as Amended. Rep. Lybeck seconded the motion, which was unanimously approved.

HOUSE JOINT RESOLUTION 34. REP. SCHULTZ moved the bill Do Pass. Rep. Lybeck seconded the motion.

REP. SCHULTZ said he was concerned whether any interim study committee could handle all phases of the resolution when it would meet only five times on the average during the interim.

REP. HANSON provided committee members with an article from Tri-State News, January, 1982, advising of research conducted in the area covered by Section 10 of the bill.

REP. HOLLIDAY said it was possible the informatin gathered could be incorporated into the study.

REP. LYBECK said he thought the study should be completed to end arguements on the matter, adding there are both state and federal leases in Western Montana.

REP. HOLLIDAY said she agreed with Rep. Lybeck with regard to iniquities in leasing of state lands and asked Rep. Hanson what happened to the Stockgrower's study. Rep. Hanson replied it was published in a federal forest service lands periodical.

REP. SPAETH told the Committee he thought Section 10 was beyond the purpose of the resolution, adding the other sections seemed to meet its purpose.

REP. UNDERDAL asked if the Department of State Lands was not sometimes involved in corporate purchases of land. Rep. Bliss replied the Department takes a close look at plowable lands. Rep. Howe advised a state land lease in her area went with land purchased and said a check of such leases would reveal they were for minimal amounts.

REP. KOEHNKE commented he did not think Section 10 would be too time-consuming.

REP. SCHULTZ said he did not believe information could be obtained on federal income tax paid by these persons.

REP. SPAETH advised tax break information could be obtained. Rep. Holliday asked why it would be contained in the resolution if the information were unavailable. Rep. Spaeth suggested subsection (7) be deleted and "tax breaks affecting such persons referred to in subsection (1)" be inserted.

REP. HOLLIDAY moved the amendments suggested by Rep. Spaeth be approved. Rep. Spaeth seconded the motion, which was unanimously approved by the Committee.

REP. UNDERDAL said federal programs should be addressed. Rep. Schultz suggested language be added in Section 8 of the bill.

MR. JOHN MACMASTER, Legislative Council Attorney, suggested "and federal" be inserted after "state" on line 22. Rep. Underdal made a motion to this effect which was seconded by Rep. Bliss and unanimously approved by the Committee.

REP. SPAETH moved Section 10 be stricken from the bill. The motion was seconded by Rep. Bliss

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REP. SAUNDERS said he thought Section 10 was pertinent to the bill. Rep. Spaeth commented it should be studied, but in the future. Rep. Lybeck said he thought all items tied into each other.

MR. MACMASTER suggested "and determine" be stricken from page 1, line 22 of the bill to allow leeway for study. Rep. Schultz said such action would defeat the purpose of the study, adding the language was necessary to request action. Rep. Holliday commented it would eliminate the possibility of arriving at a conclusion.

The motion made by Rep. Spaeth failed with nine members voting no, 5 voting aye and 4 absent.

REP. SCHULTZ moved Section 9 be stricken since it is repetitious and subsequent subsections be renumbered. Rep. Koehnke seconded the motion which was unanimously approved.

REP. UNDERDAL told the Committee the title does not cover written reports as referred to on page 3, and moved "and recommendations" be inserted on line 9 of the title, following "study". The motion was seconded by Rep. Roush and unanimously approved.

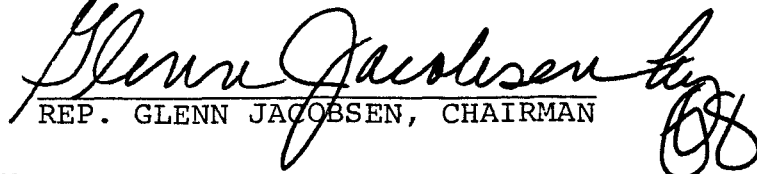
REP. SCHULTZ said he was concerned with language in subsection (8) which did not correlate with the title.

Rep. Schultz seconded Rep. Spaeth's earlier motion that House Joint Resolution 34 Do Pass as Amended. The motion was given unanimous committee approval, with the exception of Rep. Bliss, who abstained.

HOUSE JOINT RESOLUTION 35. REP. LYBECK moved the bill Do Pass. The motion was seconded by Rep. Hanson and unanimously approved by the Committee.

CHAIRMAN JACOBSEN explained the resolution selection procedure to committee members, suggesting they write letters to members of both houses prior to rating the resolutions. He told the Committee there are other resolutions pertaining to property taxes.

The meeting was adjourned at 2:07pm.

  
REP. GLENN JACOBSEN, CHAIRMAN

Joann T. Gibson, Secretary

DATE: 3-21, 1983

AGRICULTURE COMMITTEE

REP. GLENN JACOBSEN,  
CHAIRMAN

BILLS TO BE HEARD TODAY:

HJR 34  
HJR 35

*Yes*  
*Yes*

*Called*

BILLS REMAINING TO BE HEARD:

OTHER BUSINESS:

SB 280

Exec Session

*Yes*

*Called*

# COMMITTEE

## AGRICULTURE

### ROLL CALL VOTE -----

	Date: No:	Date: No:	Date: No:	Date: No:	Date: No:	Date: No:
JACOBSEN						
HOLLIDAY						
BACHINI						
BENGSTON						
BLISS						
ERNST						
HANSON						
HOWE						
JENSEN						
KOEHNKE						
LYBECK						
ROUSH						
RYAN						
SAUNDERS						
SCHULTZ						
SPAETH						
UNDERDAL						

ALL



# STANDING COMMITTEE REPORT

MARCH 21 19 83

MR. **SPEAKER:**

We, your committee on **AGRICULTURE**

having had under consideration **SENATE** Bill No. **280**

*March*  
~~FIRST~~ reading copy (*Blue*  
~~SECOND~~ )  
color

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION  
85-7-1956, MCA, TO ALLOW AN ELECTION TO RATIFY AUTHORITY  
FOR AN IRRIGATION DISTRICT TO CONTRACT WITH THE UNITED STATES."

Respectfully report as follows: That **SENATE** Bill No. **280**

Be amended as follows:

1) Page 1, line 15.  
Following: "OF A"  
Strike: "500"

2) Page 1, line 13.  
Following: "DISTRICT"  
Strike: "or"

**AND AS AMENDED  
BE CONCURRED IN  
PASSAGE**

**REP. GLENN JACOBSEN**

Chairman.

# STANDING COMMITTEE REPORT

MARCH 21,

19 33

MR. SPEAKER:

We, your committee on AGRICULTURE

having had under consideration HOUSE JOINT RESOLUTION ~~XXXXX~~ Bill No. 34

FIRST reading copy ( WHITE )  
color

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF  
REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN  
INTERIM STUDY OF OWNERSHIP AND LEASING OF MONTANA FARMLAND  
AND RANCLAND, TAXES PAID BY THE OWNERS, USE OF THE LAND,  
AND STATE LAWS BENEFITING THE OWNERS; AND REQUIRING A  
WRITTEN REPORT OF THE STUDY TO THE 49TH LEGISLATURE.

Respectfully report as follows: That HOUSE JOINT RESOLUTION Bill No. 34

## REDAEMENDED AS FOLLOWS:

1) Title, line 9.

Following: "STUDY"

Insert: "AND RECOMMENDATIONS"

2) Page 2, Following line 16.

Strike: lines 17 through 21

Insert: "(7) Tax breaks affecting each class 66 persons and  
entities referred to in subsection (1);"

3) Page 2, lines 22.

Following: "state"

Insert: "and federal"

4) Page 2, Following line 24.

Strike: line 25 through line 2 on page 3

Renumber subsequent subsections.

~~EXEMPT~~

AND AS AMENDED

DO PASS

REP. GLENN JACOBSEN, CHAIRMAN

Chairman.

# STANDING COMMITTEE REPORT

MARCH 21

19 83

MR. **SPEAKER:** .....

We, your committee on ..... **AGRICULTURE** .....

having had under consideration ..... **HOUSE JOINT RESOLUTION** ..... Bill No. **35** .....

**FIRST** ..... reading copy ( **WHITE** )  
color

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF  
REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN  
INTERIM STUDY OF THE CLASSIFICATION, EVALUATION, AND  
ASSESSMENT OF AGRICULTURAL LAND FOR TAX PURPOSES, THE LAWS  
AND EXISTING AND PROPOSED ADMINISTRATIVE RULES RELATING  
THERETO, AND THE EXISTING AND PROPOSED TAX COMPUTATION  
METHODS; REQUIRING A WRITTEN REPORT OF THE STUDY OF THE 49TH

**LEGISLATURE:** ..... **HOUSE JOINT RESOLUTION** ..... Bill No. **35** .....

Respectfully report as follows: That .....

DO PASS

## VISITOR'S REGISTER

HOUSE

# Agriculture

COMMITTEE

BILL

4JR 35

DATE \_\_\_\_\_

3-21-83

SPONSOR

Jacobson

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

## HOUSE

# Agriculture

BILL

HR 34

DATE \_\_\_\_\_

3-21-83

SPONSOR

Roush

[illegible]

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

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

Name Esther D. Ruud Committee On House Ag.  
Address Malta, Montana Date 3/21/83  
Representing Montana Cattlemens Association Support X  
Bill No. HJR 34 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. The Montana Cattlemens Association strongly supports HJR 34.

As residents of the best State in the union, we do not mind paying a reasonable amount of taxes to provide the benefits we have in Montana, such as clean air, good water, a good education system, etc., (please note, I did not mention good highways, because <sup>many of</sup> our highways are in deplorable condition).

3. It appears that several other people are sharing in the benefits offered in Montana, but that they are contributing little if any money to provide these benefits. There also appears to be many nonresidents using MT. farmland for tax breaks, thereby leaving many farmers and ranchers actually engaged in farming and ranching for their livelihood to bear the brunt of the taxes.

4. Whether you have a profit or not in agriculture, you still must pay your property taxes. How then can we justify the fact that many nonprofit organizations are exempt from paying any property tax? The Montana Cattlemens Association feels it is time we got the answers to some of these questions, and we urge the committee to vote a do pass on HJR 34.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.



# WIFE Women Involved In Farm Economics

NAME JO BRUNNERBILL NO. HJR 34ADDRESS 563 3rd ST. HELENADATE March 21REPRESENT WOMEN INVOLVED IN FARM ECONOMICSSUPPORT X

OPPOSE \_\_\_\_\_

AMEND \_\_\_\_\_

## COMMENTS:

Mr. Chairman members of the committee, my name is Jo Brunner and I represent the members of the Women Involved in Farm Economics at this hearing today.

Mr. Chairman, we are in ~~complete~~ support of this resolution. Our organization has been concerned with the problem addressed here. We are concerned that our children and those of our friends and neighbors who are truly desirous of farming and ranching will be eliminated from doing so, through no fault of their own, other than outside interests being able to price the land out of the reach for local people.

W.I.F.E. ~~strongly~~ supports any effort or endeavor to help preserve or restore individual or family operations in the agriculture community and we believe that this study will be beneficial to that end.

We are concerned ~~also~~ however that there will be a problem with giving concerning tax disclosures and ~~also~~ <sup>the</sup> private funding and grants.

We concur with HJR 34.  
Thank you.

WITNESS STATEMENT

Name Esther D. Ruud Committee On House Agriculture  
Address Malta, Mt. Date 3/21/83  
Representing Montana Cattlemens Association Support X  
Bill No. HJR 35 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. We definitely favor this interim study.

After having studied the revaluation of agricultural land proposals submitted by the Department of Revenue recently, we definitely feel that a more thorough study must be made of agricultural lands,

2. so that they are taxed on an equitable basis.

Certainly the cropping sequence on much of the irrigated land needs to be updated, and we feel the irrigated land probably needs

3. to be graded at a Class below what the Department of Revenue had graded it in their proposal.

We also hope that if a study is conducted and operating costs of the farmers and ranchers are a factor, that the Production Credit Associations, Banks and Federal Land Bank Association's figures be

4. used rather than the Soil Conservation Service figures.

We hope this committee will pass HJR 35.

Thank you.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.



# WIFE Women Involved in Farm Economics

NAME JO BRUNNER

BILL NO. HJR 35

ADDRESS 563 3rd ST. HELENA

DATE March 21/83

REPRESENT WOMEN INVOLVED IN FARM ECONOMICS

SUPPORT X

OPPOSE           

AMEND           

## COMMENTS:

Mr. Chairman, members of the committee, for the record, my name is Jo Brunner and I speak for the members of the Women Involved in Farm Economics organization today.

Our members have been deeply involved in this situation since early last spring. I attended several interim committee meetings where this situation was discussed. Contrary to other information you may have received, there was input from the agriculture organizations long before our fellow farmers and ranchers descended on the capitol earlier this session. Mons Teigen and I participated several times. W.I.F.E. taxation chairman, Donna Fornfiest did extensive research on the matter and our big concern was that irrigated land and wild hay land would be taxed so excessively.

Our prime concern is equity. We know that we will be taxed, but would like to see more equitable taxation, with valid reasons and methods used to arrive at such levels.

We concur with HJR 35, and we request that the agriculture community be able to participate and that our participation be more than a token gesture, that our ideas and our concerns be given more importance than was done in the previous attempt. We believe that had we been listened to, we would not have the situation we have today.

Thank YOU.