

MINUTES OF THE MEETING OF THE APPROPRIATIONS SUBCOMMITTEE
ON NATURAL RESOURCES AND BUSINESS REGULATION
January 20, 1983

The meeting was called to order by CHAIRMAN MANUEL at 8:25 a.m. in Room 132 of the Capitol Building in Helena, Montana, on January 20, 1983. Roll call was taken and all members were present except SENATOR SMITH, who was excused. Also present were DICK GILBERT, LFA; CAROLYN DOERING; OBPP; AND PATTI SCOTT, SECRETARY.

DEPARTMENT OF AGRICULTURE BUDGET (Tape #17 Side A-001)

The Committee began their work session.

CROP AND LIVESTOCK UNIT

PERSONAL SERVICES

REPRESENTATIVE HEMSTAD MOVED TO ACCEPT THE LFA BUDGET FOR A TOTAL APPROPRIATION OF \$74,179 FY84 and \$74,073 FY 85. MOTION PASSED WITH REPRESENTATIVE STOBIE VOTING NO. REPRESENTATIVE STOBIE felt that 4 FTE's were not needed to gather statistics and publish the "Crop and Livestock Report."

OPERATING BUDGET (Tape #17 Side A-180)

REPRESENTATIVE HEMSTAD MOVED THAT THE COMMITTEE ACCEPT THE OBPP BUDGET FOR A TOTAL APPROPRIATION OF \$11,656 FY84 and \$17,648 FY85. MOTION PASSED WITH REPRESENTATIVE STOBIE VOTING NO.

FUND SECTION (Tape #17 Side A-200)

REPRESENTATIVE STOBIE MOVED THE COMMITTEE ACCEPT THE LFA BUDGET FUNDING SPLIT, WHICH INCLUDES THE WHEAT RESEARCH AND MARKETING FUNDS. MOTION PASSED UNANIMOUSLY.

MODIFICATION

The Crop and Livestock Reporting Unit is requesting authority to publish their statistical bulletin every year rather than every other year. By format revision, and other economies, a yearly bulletin can be provided at approximately the same cost. The cost to publish every other year was \$9,000. They are requesting \$5,000 in FY84. They normally published in 1983 and 1985. They have the money budgeted in current level for 1985, so what they need is \$5,000 for FY84.

REPRESENTATIVE STOBIE questioned the need for the report and why it takes so many people to prepare it. SENATOR LANE stated that, in his opinion, it is a very valuable document. Both the livestock and agriculture industry and all those industries

related to them use the report. CHAIRMAN MANUEL agreed and said it was well worth the money and has multiple uses.

REPRESENTATIVE STOBIE MOVED TO ACCEPT THE MODIFICATION FOR THE DEPARTMENT TO PUBLISH THE STATISTICAL REPORT YEARLY. MOTION PASSED WITH SENATOR BOYLAN VOTING NO.

ENVIRONMENTAL MANAGEMENT DIVISION (Tape #17 Side A-385)

PERSONAL SERVICES

REPRESENTATIVE STOBIE MOVED THAT THE COMMITTEE APPROVE THE LFA BUDGET, WHICH INCLUDES UPGRADES AND STEP INCREASES. MOTION PASSED UNANIMOUSLY.

OPERATING BUDGET

REPRESENTATIVE STOBIE MOVED TO ACCEPT THE OBPP BUDGET FOR FY85 and FY 85, WHICH INCLUDES THE EQUIPMENT. MOTION PASSED UNANIMOUSLY.

CAROLYN stated the EQUIPMENT request for FY84 includes the \$7,800 for the vehicle for Rodent Control out of Livestock. The remaining equipment was approved by the Budget Office after OBPP forced the Department to prioritize their equipment needs. The Department dropped their original request from \$80,000 down to \$51,000.

LOSS OF EPA FUNDS

The Committee discussed the loss of EPA FUNDS. CAROLYN clarified that Montana is getting a lesser amount of money, because there are so many other states applying for the funding. The amount of money EPA has to hand out has not decreased, but the "pie" is being split into many more pieces.

(Tape #17 Side B-001)

THE LOSS OF EPA funds to this program is about \$270,000. By replacing EPA funds, the Department would just maintain current level.

REPRESENTATIVE STOBIE asked if the EPA funds were not replaced with general fund monies, what activities the Department would have to curtail. CAROLYN stated that by law they must do the enforcement and certification for pesticides.

CHAIRMAN MANUEL asked if there was any discussion about raising the license fees to replenish the loss of EPA, rather than request general fund. CAROLYN responded that the industry came to the Department and supported the MODIFICATION to increase the services of the Environmental Management Division, and said

they would be willing to pay for it through increased fees. The Department is planning to increase the fees to industry, but for additional services--not current level.

CAROLYN stated that normally the pesticide licenses and fees go into the general fund. If Agriculture is going to expanded services (PESTICIDE MODIFICATION), then they want to earmark the increase. Carolyn stated there is a valid point for having general funds in this program, because it does not just cover pesticides.

NEW FEES

FEES that will be charged by the Department of Agriculture are: For Registered Products (approximately 3,900 in Montana), \$15 to \$30/year per product; the Licenses For Commercial and Governmental Applicators, \$15 to \$50/year; for Private Applicators, \$20 every 5 years.

LOSS OF EPA FUNDS

CHAIRMAN MANUEL stated the Committee needs to know how much of the money in fees and licenses is going back into the general fund. DICK stated that in FY82, 30% of the program was general funded. If the Committee chooses to replace EPA dollars, the total general fund contribution would be 63%. DICK also stated that the Special 1981 session agreed to replace EPA funds at that time.

SENATOR BOYLAN felt the money is not, technically, general fund money, but money contributed by the farmer/rancher/applicator. When the Department says "general fund" money, it is money from the farmer/rancher/applicator. They are saying that the consumer is participating, when they are not.

CAROLYN stated that her budget represents the consumer paying--all consumers. There is not enough license monies just from pesticide dealers and applicators to fund what they are losing in EPA monies. If Agriculture raises the fees, they are proposing not to cover the current level program, but the ADDITIONAL PROGRAM (PESTICIDE MODIFICATION) which industry is asking for. The question is, can they raise the fees to cover the current level program, (because it is an enforcement program), and is the pesticide dealer going to pay more money so they can regulate him?

CAROLYN stated EPA was picking up many of the STATE COSTS. Technically, the State should be picking it up.

The Committee asked for KEITH KELLY, Director of the Department of Agriculture, and GARY GINGERY, Administrator of the Environmental Management Division, to come back and clarify some points.

At 9:45, KEITH and GARY returned.

FEES COLLECTED (Tape #17 Side B-378)

GARY stated that ALL LICENSE FEES go to the general fund. SENATOR BOYLAN stated when these fees are collected from the farmers and applicators, and the fees go back to the general fund, it's not general fund money because it comes from the users. SENATOR BOYLAN stated that the 14% funding from general fund is not technically general fund because the farmers and applicators paid for it. He asked EXACTLY how much the farmer and applicator is actually putting in the general fund with their fees. GARY responded that in FY83, the General Fund was about \$423,000. The industry contributes about \$72,000 from pesticide fees. In terms of the General Fund, that \$423,000 is not all pesticide enforcement monies. It also includes technical services and some other services indirectly related to enforcement. GARY stated his best calculations currently show that the industry pays about 14%. With the proposed fee increase, the industry will pay about 35% to 40%.

NEW FEES

REPRESENTATIVE STOBIE asked how much the new increased fees would bring in. GARY said about \$226,000. GARY stated they wanted to try and get the authorization for the \$250,000, as shown, but they will be restricted to whatever the revenue is. KEITH also clarified that the total number also includes some other categories.

MODIFICATION - PESTICIDE PROGRAM

GARY stated that the TOTAL REVENUE which will be generated will be \$226,000, but that \$72,000 will continue to go to General Fund. The difference of \$154,000 will go to an EARMARKED ACCOUNT.

REPRESENTATIVE STOBIE asked why not EARMARK all the \$226,000. GARY stated that the increased fee collections of \$155,000 would be used to offset the requested PESTICIDE MODIFIED PROGRAM (6.5 FTE's). The current fees would continue to go to General Fund.

CHAIRMAN MANUEL asked how much money it will take to run the MODIFIED PESTICIDE PROGRAM. GARY stated originally they had asked for \$250,000, but with the \$72,000 (already being collected) going to the General Fund, the program would be short.

GARY plans to hire the entomologist; half the aides; and two pesticide specialists in FY84. In FY85, he would hire the other half of the aides and have operating money.

CAROLYN explained that if the Department does not raise the \$250,000, they cannot spend it, even if they have the spending authority.

SENATOR BOYLAN asked if the budget were tight and the Federal Funds are not replaced, what would happen. GARY stated that the basic enforcement core would be lost--the pesticide specialists, and 5 positions in the laboratory. The technical services' lab personnel would exist, but the enforcement would be gone.

GARY and KEITH stated that more demands on PESTICIDE ISSUES are being placed on the Department. This is a trend nationwide, and is predicted to be a long-term issue. CHAIRMAN MANUEL noted that the AGRICULTURAL INDUSTRY NEEDS THE DEPARTMENT IN THIS ROLE, TO PROTECT BOTH THE INDUSTRY AND THE CONSUMER.

CHAIRMAN MANUEL asked if any other departments were handling the PESTICIDE ISSUE. GARY stated that Health, Fish and Game, and University are all involved to some extent. BUT THE BIG DIFFERENCE IS THEY DO NOT HAVE ENFORCEMENT RESPONSIBILITIES. GARY stated that in their Pesticide Advisory Council, (which equally represents controlled industry, agriculture, health and wildlife), the wildlife people were critical that the Pesticide fees were not higher, as well as the agricultural people. As a group, they felt the General Fund still should support a vast part of the program because the ULTIMATE BENEFIT of all the program areas in Environmental Management is to the GENERAL PUBLIC. The Division deals with urban situations, as much as they do with rural. GARY and KEITH agree with this concept.

KEITH suggested that possible alternative sources of funding might be a fee on wildlife, to assure healthy wildlife.

CAROLYN asked for clarification that the enforcement aspect is in CURRENT LEVEL, and the general public should pay for this. The Fee Bill the Department is sponsoring is FOR THE INDUSTRY to provide more services and technical help to industry. GARY said this was true, except that the two pesticide specialists requested in the MODIFIED would be for enforcement. The rest of the requested personnel in the MODIFICATION would be technical people.

PRIORITIZE NEEDS

DICK asked the Department to prioritize their needs. GARY stated MAINTENANCE OF CURRENT LEVEL IS THE FIRST PRIORITY. The lab equipment is very important to handle the tremendous

samples. REPRESENTATIVE STOBIE asked, if they had to choose between the 6.5 FTE's in the MODIFICATION and the equipment, what would it be. GARY stated the three vehicles (one for the rodent specialist in Lewistown) are a critical need, because of the number of miles on the vehicles. The HPCL is essential. In terms of the long-term benefit of having the \$38,000 and that piece of equipment, they would cut one of the requested pesticide specialists, and cut a portion of the aides proposed, or delay the signing on of an Environmentalist specialist until 1985. The DATA SYSTEM IS VERY EXPENSIVE and will help tremendously in determining what compounds are, instead of bringing in sample after sample. In the overall sense, GARY felt he could accept DELAY of the system until next biennium, to help support personnel in their operations under the Modified.

PESTICIDE

SENATOR BOYLAN felt that perhaps the Department was trying to approve all 3900 products used in Montana, when other states surely must have information we could use. GARY clarified they are concerned with the restricted compounds, perhaps 100. When the Department receives a complaint, often they do not know what they are dealing with until it has been analyzed.

GARY used the example of Aldicarb and its contamination of groundwater in Wisconsin. Wisconsin has devised a program in which Aldicarb can still be used, but without the continued contamination of the groundwater. The Department of Agriculture would like to "get on top" of problems like this now and work with the producers before it becomes a crisis like Endrin.

CHAIRMAN MANUEL asked if there would be adequate support from the industry and environmental groups on this. KEITH stated the industry does support it in varying degrees and environmental groups have already testified support to a large degree.

CHAIRMAN MANUEL thanked KEITH and GARY for their presentation. REPRESENTATIVE STOBIE MOVED TO ELIMINATE \$13,500 in EQUIPMENT FROM THE ENVIRONMENTAL MANAGEMENT DIVISION in FY85. MOTION PASSED.

MODIFICATION - PESTICIDE PROGRAM

SENATOR BOYLAN felt that the 30 employees currently working for Agriculture handled the Endrin situation very effectively. If more people were to be hired, what are these people going to be doing if there is not another crisis? CHAIRMAN MANUEL stated that the current level people have been devoting all of their time to crisis situations and many of their regular

duties have fallen by the wayside. REPRESENTATIVE STOBIE felt that the more people working in this area of pesticides, the more problems they can uncover.

The meeting adjourned at 11:30 a.m.

A handwritten signature in cursive script that reads "Rex Manuel". The signature is written in dark ink and is positioned above a horizontal line.

REX MANUEL, CHAIRMAN

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