

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

January 21, 1983

The Agriculture, Livestock and Irrigation Committee meeting was called to order on the above date, in Room 415 of the State Capitol Building at 1:00 p.m. by Chairman Galt.

ROLL CALL: All members present, except Senator Ochsner.

SENATE BILL 51: Senator Galt explained that SB 51 was a duplication, by the Legislative Council, of SB 59 which received an adverse committee report on January 12.

DISPOSITION OF SB 51: Senator Graham moved SB 51 be tabled. Motion carried unanimously.

SENATE BILL 160: Senator Allen Kolstad, District 5, explained that the bill increases the maximum assessment on wheat and barley in the state. It raises the assessment on wheat to a maximum of one cent per bushel and on barley to one and one half cents per 100 weight and would be left up to the Wheat Research and Marketing Committee's discretion. He told committee members that they had this bill in the past, but this time the grain growers and other interested people, had gone out and educated farmers as to how these assessments worked. The assessments are self imposed to help promote the grain industry in Montana and abroad.

Bob Stephens, Montana Grain Growers Association, went on record in favor of SB 160 and introduced testimony in support of the bill from the National Farmers Organization, Exhibit #1; WIFE, Exhibit #2; and the Montana Farmers' Union, Exhibit #3.

Bud Luethold, President of the Montana Grain Growers Association, introduced Knud Grosen, Randy Johnson, Bill Brinkel and George Paul, Montana Grain Growers Association members, who were present in support of SB 160. Mr. Luethold's testimony is attached as Exhibit #4.

Bill Brinkel, member of the Wheat Research and Marketing Committee, supported SB 160. His testimony is attached as Exhibit #5.

Janelle Fallan, Montana Chamber of Commerce, supported SB 160. Testimony attached as Exhibit #6.

Senator Larry Tveit, District 27, Director of Montana Grain Growers, and a wheat farmer, supported the bill. He had the opportunity to witness what was being done in wheat market-

Agriculture
January 21, 1983
page 2

ing abroad and felt it is a very worth-while project. He urged support of the bill.

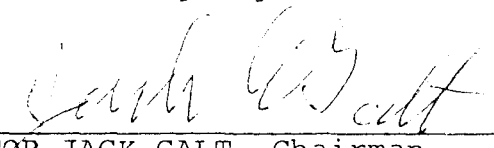
Pat Underwood, Montana Farm Bureau, supported SB 160. Testimony attached as Exhibit #7.

There were no opponents.

The hearing on SB 160 was closed.

DISPOSITION OF SB 160: Senator Conover moved SB 160 DO PASS. Motion carried unanimously.

There being no further business, the meeting adjourned.



SENATOR JACK GALT, Chairman

ROLL CALL

AGRICULTURE COMMITTEE

48th LEGISLATIVE SESSION - - 19 83

Date 1-21-83

NAME	PRESENT	ABSENT	EXCUSED
GALT, Jack E.	✓		
KOLSTAD, Allen C.	✓		
AKLESTAD, Gary C.	✓		
OCHSNER, J. Donald			
GRAHAM, Carroll	✓		
BOYLAN, Paul F.	✓		
CONOVER, Max	✓		
LANE, Leo	✓		
LEE, Gary	✓		

Each day attach to minutes.

SENATE AGRICULTURE COMMITTEE

58 BILLS 160 + 51

VISITORS' REGISTER

DATE 1-21-83

[illegible]

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

CROP PRODUCTION



Statistical Reporting Service-USDA
Montana Department of Agriculture
PO Box 4369-Helena, MT 59604

October 1, 1982

MONTANA CROP PRODUCTION FORECAST -- OCTOBER 1, 1982

CROP	UNIT	ACRES HARVESTED		YIELD		PRODUCTION	
		1981	1982	1981	1982	1981	1982
		(000)				(000)	
Winter Wheat	Bu.	2,550	2,185	35.0	40.0	89,250	87,400
Durum Wheat	Bu.	480	340	23.0	30.0	11,040	10,200
Hard Spring Wheat	Bu.	2,790	2,880	26.0	33.0	72,540	95,040
All Wheat	Bu.	5,820	5,405	29.7	35.6	172,830	192,640
Corn for Grain	Bu.	10	10	85.0	85.0	850	850
Oats	Bu.	110	150	44.0	59.0	4,840	8,850
Barley	Bu.	1,320	1,600	43.0	50.0	56,760	80,000
Potatoes (Fall)	Cwt.	7.4	7.4	235.0	250.0	1,739	1,850
Dry Beans	Cwt.	13.0	9.0	16.8	16.5	218	149
Sugarbeets	Cwt.	44.5	43.0	20.8	20.5	926	882
Alfalfa Hay	Ton	1,300	1,300	2.60	2.70	3,380	3,510
All Other Hay	Ton	1,020	1,040	1.40	1.70	1,428	1,768
All Hay	Ton	2,320	2,340	2.07	2.26	4,808	5,278
Sweet Cherries	Ton	--	--	--	--	1,240 ^{1/}	2,150 ^{1/}

^{1/} Actual tons.

UNITED STATES CROP PRODUCTION FORECAST -- OCTOBER 1, 1982

CROP	YIELD & PROD. UNIT	ACRES HARVESTED		YIELD		PRODUCTION	
		1981	1982	1981	1982	1981	1982
		(000)				(000)	
Winter Wheat	Bu.	58,589	58,498	35.8	36.0	2,098,719	2,106,149
Durum Wheat	Bu.	5,755	4,267	32.3	35.4	185,940	150,879
Hard Spring Wheat	Bu.	16,604	16,199	30.6	34.2	508,777	553,484
All Wheat	Bu.	80,948	78,964	34.5	35.6	2,793,436	2,810,512
Corn for Grain	Bu.	74,264	72,823	109.9	114.2	8,200,951	8,314,938
Oats	Bu.	9,411	10,379	54.0	57.7	508,083	599,008
Barley	Bu.	9,151	9,191	52.3	56.2	478,301	516,192
Dry Beans	Cwt.	2,201.0	1,836.0	14.45	13.94	31,814	25,602
Sugarbeets	Ton	1,229.1	1,044.1	22.3	20.5	27,408	21,384
Alfalfa Hay	Ton	26,394	26,537	3.17	3.41	83,696	90,573
All Other Hay	Ton	33,818	33,984	1.76	1.82	59,409	61,901
All Hay	Ton	60,212	60,521	2.38	2.52	143,105	152,474
Sweet Cherries	Ton	--	--	--	--	153.0	158.8

MONTANA PRODUCTION FORECASTS BY DISTRICT OCTOBER 1, 1982 ^{1/}

DISTRICT	WINTER WHEAT			SPRING WHEAT			BARLEY		
	1981	Indic. 1982	Pct. Change	1981	Indic. 1982	Pct. Change	1981	Indic. 1982	Pct. Change
	---(000 Bu.)---			---(000 Bu.)---			---(000 Bu.)---		
Northwest	1.1	.8	-27	.4	.5	+25	3.1	3.6	+16
North Central	43.0	43.6	+1	40.4	41.7	+3	28.2	41.4	+47
Northeast	9.4	7.5	-20	33.3	48.4	+45	4.4	9.2	+109
Central	14.8	16.0	+8	4.3	5.0	+16	12.3	15.0	+22
Southwest	2.0	1.8	-10	1.5	1.2	-20	3.1	3.4	+10
South Central	11.6	11.6	--	.9	1.6	+78	4.3	4.6	+7
Southeast	7.4	6.1	-18	2.7	6.8	+152	1.4	2.8	+100
STATE	89.3	87.4	-2	83.5	105.2	+26	56.8	80.0	+41

^{1/} District data funded by Montana Wheat Commission.

WITNESS STATEMENT

Exhibit 1.
AGRICULTURE Comm.
1-21-83

NAME FRED R BROWN BILL No. SB 160
ADDRESS P.O. Box 477 Whitethall DATE 1/20/83
WHOM DO YOU REPRESENT NATI FARMER'S ORG
SUPPORT X Yes OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Supports Bill enactment at
levels not to exceed one ~~per~~ cent per
bushel on Wheat and not to exceed
one and one half ~~per~~ cent per hundred wt.
on barley.

WIFE Women Involved In Farm Economics

WITNESS STATEMENT

NAME Jo Brunner BILL NO. SB 160

ADDRESS 563 3rd St. Helena, Montana DATE Jan. 21/83

REPRESENT Women Involved in Farm Economics

SUPPORT X OPPOSE AMEND

Mr. Chairman, members of the committee, my name is Jo Brunner and I represent the members of the Women Involved in Farm Economics Organization. We wish to go on record as being in agreement with the changes proposed in the wheat and barley check-off program in Senate Bill 160, both concerning the increase of the levys and the repealing sections.

Thank you.

WITNESS STATEMENT

NAME Tony Murphy BILL No. SB 160
ADDRESS Great Falls DATE 1-21-83
WHOM DO YOU REPRESENT Montana Farmers Union
SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

M.F.U. supports enactment of SB 160 at levels not to exceed one cent per bushel on wheat and not to exceed one and one-half cents per hundred weight on barley. We feel the MWR+MC is doing a commendable job thus our support for passage of SB 160.

NAME: Bud Leuthold DATE: 1/21/83

ADDRESS: ~~290~~ Molt, Mont

PHONE: 656-8951

REPRESENTING WHOM? Mont. Grain Growers Assn

APPEARING ON WHICH PROPOSAL: SB 160

DO YOU: SUPPORT? X AMEND? OPPOSE?

COMMENTS:

See Attached Testimony

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Exhibit #4
Agriculture Comm.
SB 160
1-21-83
Bud Leuthold

Introduction of Guests -

On behalf of The group I would like to express our appreciation for The opportunity to appear before ^{you} and share our opinions concerning Senate Bill 160. We consider This bill very important to the grain industry in Montana and appreciate The consideration you are giving it.

I know you are very busy and I will keep my testimony very brief.

I would like to take just a couple of minutes and review the background of The Check-Off process.

Agriculture is a big industry - in fact it is The biggest industry in both This state and The entire Nation. Farmers not only like to farm because of The fresh air + The way of life we enjoy but also because we like to produce and produce we have. 25 years ago we were exporting as a country about 360 Million Bushels. Last year we approached approx 2 Billion Bushels. Much of This happened because we developed our own market development programs. Probably The greatest single item That this country has to offer to The rest of The World is the

high Technology and you certainly would have to include grain in that category. In fact it's become so sophisticated and widespread in the growing areas that it's almost invulnerable to disaster.

Because we have developed this tremendous ability and capacity to produce we also have to assume the responsibility in finding someone to consume what we have created. That responsibility is somewhat accomplished through the assessment process. Almost all commodities have a check-off or assessment system. The wheat industry now has 13 states that use this method and California will soon be the 14th. These states are basically set up like most and the funds are administered by a board who spend according to the needs in that area. One place where they all agree is the support of U.S. Wheat Assoc. U.S. Wheat Assoc. is the farmer means of promoting his product and developing new markets. It is funded by state assessment funds, some funds from the federal govt and also cooperator countries. Its success record has been outstanding and frankly is the envy of ~~all~~ the other foreign countries that compete for the same markets.

I can attest to that personally as I was privileged to sit in a meeting just last week at The National Wheat Growers Convention with representatives from Canada, Australia and The European Common Market. They are very envious of the system we have created to promote our product. I think the man from Australia put it very aptly when he said "When The United States blows their nose, The rest of us get pneumonia." There is a strong movement in Canada right now to set an assessment system very similar to ours. I think you would have to agree that through this market development method we have been able to put a lot of money back in the pockets of most producers as well as the state treasury.

The assessment was started here in Montana in 1967 with a $\frac{1}{4}\%$ on wheat. In 1973 the assessment was also applied to Barley at the rate of $\frac{1}{2}\%$ per 100. Two sessions ago the rate was increased to $\frac{1}{2}\%$ on wheat which included the gasoline provision. The main reason we are back here this session is that there is a sunset provision on the $\frac{1}{2}\%$ and we revert back to the original $\frac{1}{4}\%$.

What we are basically asking for is a Variable rate up to 14. In defense of this request I don't think we are out of line in relation to what the Wheat Committee needs to fund all the requests they get. Things cost a lot more than what they did in 1967. The ~~the~~ World Market for Wheat is becoming more and more competitive requiring a greater effort on our part to keep these markets. The federal govt. is attempting to cut back on their funding leaving the states to pick up a bigger share.

We are not out of line with what other states are contributing and I don't think we are out of line in requesting this from the farmer as the price of wheat certainly is much higher than it was back in the 60's.

The Variable rate also gives the Commission some flexibility. In a year where we have high production such as last year the rate can be reduced. On the other hand if you forecast ahead for the next couple of years we could have considerably lower production if the farmers in the state sign up for the farm program as well as the new PLK program.

Mont is a state where that could easily happen because we are half Spring wheat + half winter wheat producers.

Now you may ask we assurance do we have that the Commission would be flexible. I would say that the Wheat Committee is probably monitored more severely than many of the agencies here in Helena. It kind of like ^{giving} ~~asking~~ your neighbor some money and asking him to spend it for you. I know that my association is very vocal in pointing out to the Wheat Committee what we think their shortcomings are.

I can't believe either that we are placing an undue burden on the farmer in relation to the return he is getting. If you harvested a 30,000 bushel crop last year at the present $\frac{1}{2}$ ¢ that is only \$150 to have your product promoted all around the world. If you had to do this on your own, \$150⁰⁰ wouldn't even pay for your stationary.

We know that not everyone is totally ^{happy} with the Commission and assessment process but let me point out that it would be hard to deny that haven't benefitted from the results. Obviously most of them approve in the end as less

Then I'd request a refund and That Process is certainly not difficult to do. Actually, its probably a good Thing that the system is discussed and examined on a regular basis. I'm sure we have a better Wheat Committee because of it.

In conclusion I should mention that I haven't even talked about the many worthwhile projects that the Wheat Committee has funded through the ^{state} College and other sources but that ~~so~~ has been as big and productive to Mont. producers as U.S. Wheat. Again, I would like to reemphasize that everybody in this State has benefitted from this assessment process as I know that most of the farmers feel very proud to have contributed to what they feel is a self-help program. I think the Legislature can also take a great deal of credit for having the foresight & courage to set up and administer the program.

Thank you ~~for~~ very much for your time and I hope you will look with favor on this piece of legislation.

STATEMENT TO THE
SENATE AGRICULTURE COMMITTEE
BY: WILLIAM BRINKEL, JR.
ON S. B. 160

Mr. Chairman and members of the Committee:

My name is Bill Brinkel and I am a Director on the Montana Wheat Research and Marketing Committee. I, along with six other farmer directors like myself, establish policy guidelines and budgets which the committee's staff at the Great Falls office implement. We have one overall purpose which is to increase the value of Montana wheat and barley by increasing the sale and use of Montana grain and lowering the cost of its production.

To accomplish its purpose, the commission relies solely on a 5 mill per bushel of wheat and a 10 mill per CWT of barley check-off assessed at the time of sale. These are the only funds available to the committee. In short, the Wheat Research and Marketing Committee is a producer financed and producer directed effort aimed at expanding sales and lowering costs, thereby improving the economic plight not only of our farmers but of the economy of the state in general.

I am here today to urge your favorable consideration of S.B. 160 to allow the committee to adjust the wheat and barley assessment up to a maximum of 1¢ per bushel on wheat and 1-1/2¢ per CWT on barley. By doing so you will enable us to continue our highly successful efforts in developing new markets, research expansion, transportation involvement, and public information. Without these programs, we risk losing out on the opportunity to capitalize on additional markets for our crops and targeting research programs which impact most directly on our economic well-being.

Testimony of Bill Brinkel, Jr. on S.B. 160
Page 2
January 21, 1983

It is most important to remember that passage of this bill does not automatically raise the assessment. It simply gives me and the other committee members the latitude to set the assessment at a level that will meet the needs of the budget. As a farmer, I am well aware of the current hard times in the industry. I could not in good conscience vote for an assessment level any higher than good solid proposals to us would dictate. While I cannot give you concrete assurances that my group will not raise the assessment after passage of this bill, it could very well be that the current level will be continued for sometime into the future.

So why are we asking for increased budget authority? Rather than dwelling on past accomplishments, let me tell you about some of the issues that the committee sees as issues for now and for the future. These are projects that, whether or not we would want to be involved, we cannot touch with current revenues.

First, U.S. Wheat Associates. Montana and 12 other states have joined together through the formation of this organization to promote wheat around the world.

There are several areas that, at present, the U.S. Wheat Associates member states and Montana are concerned about because of budget limitations:

The model China Flour Mill should be complete by 1985, if funding can be found, to complement the bakery and noodle factory that U.S. Wheat Associates has opened in the past year.

The model China Bakery in Beijing needs equipment. Particularly slicing and bagging machines.

Development of rural baking short courses for small established bakeries around China.

Africa is the area with the most promise after China. An effort that would be especially important to Montana would involve Tunisia, Algeria, and North Africa. They use Durum and the market development potential is great.

Noodle equipment to Sri Lanka could be used in trade for military distribution of that product to their army. Since most young men spend time in the service, noodles could be introduced to the entire population.

The Northern Crops Institute (NCI) at Fargo, North Dakota, is able to provide pasta processing courses for foreign technicians but money is needed to bring them to NCI for training.

Trade Teams to Montana currently are fewer in number and stay for shorter periods of time because of financial constraints.

Barley is not promoted by U.S. Wheat. The Committee wants to get more involved in international market development in this area.

The U.S. Feed Grains Council also does foreign market development work. Montana could contract with them for barley promotion on the Pacific Rim.

Trade teams expressly interested in feed and malting barley have visited Montana on only two occasions in the past because of cost. This would be an effective method of barley promotion.

What domestic marketing efforts would be effective in Montana?

Durum product promotion could have a major impact on domestic consumption. As a specialty crop, a small increase in utilization relative to other wheats could mean sharply increased returns. The National Durum Growers Association could be utilized.

There are many concerns for the Committee at MSU:

Foremost is the spring wheat breeding program. More than half of the wheat produced in Montana is of this class but we have no breeder after the Feds pull out.

Support people, especially for plant pathologists and breeders, maximizes the effectiveness of the program managers and is an area that is perennially underfunded.

Green house space has been an area of concern for many years and will perhaps be funded this session. But, special equipment will be needed for special interests such as small grains. For example, vernalization chambers could increase winter wheat breeding to three generations per year instead of the current one per year.

Other areas of interest at MSU are: plot equipment for research centers; stress physiology in relation to alternate cropping systems; grass barriers; erosion control; nitrogen fixation; alternate crops; straw sterilization; frost seeding; saline seep control; evaporation control.

And between the research to develop a product that is in demand and the ultimate consumer is that vital link, transportation; the highest cost per bushel of all the costs.

The Staggers Rail Act changed the rules markedly in favor of the transportation modes. The standard tools, protest to the ICC or redress in the courts, will continue to play a part in the MWR&MC involvement but, under Staggers, the role of negotiations will become paramount. The caliber people needed for sit down "heart to heart" technical discussions with the railroad are neither cheap nor easily available.

The future for the Wheat and Barley Committee is one of great challenge and opportunity, but there are obstacles. With the 20 percent government acreage reduction program and the Payment in Kind program revenues could be cut sharply. If the prototype of agricultural self-help organizations, the Montana Wheat Research and Marketing Committee, is to continue to do the necessary job it needs your help. With the increased variable assessment in S.B. 160 I know that we will be able to serve farmers and Montana for the future.

Thank you for your consideration.

NAME: JANELLE FAULAN

DATE: 1-21-83

ADDRESS: Box 1730

PHONE: 442-2405

REPRESENTING WHOM? Montana Chamber

APPEARING ON WHICH PROPOSAL: SB 160

DO YOU: SUPPORT? X AMEND? OPPOSE?

COMMENTS: The Montana Chamber is
concerned about marketing the
state's products. Since agriculture
produces our most important
product, we strongly support
efforts for greater marketing.
We also applaud the farmers'
willingness to access themselves

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: PAT UNDERWOOD DATE: 21 JAN 82

ADDRESS: 502 S. 19TH BOZEMAN, MT. 59715

PHONE: 406-887-3153

REPRESENTING WHOM? JOHN TARA Farm Bureau

APPEARING ON WHICH PROPOSAL: SB 160

DO YOU: SUPPORT? ☒ AMEND? ☒ OPPOSE? ☐

COMMENTS: WE SUPPORT SB 160 BUT WOULD
PREFER TO SEE THE ASSESSMENT
REMAIN AT THE 1/2 CENT RATE
ON WHEAT AND 1 CENT ON BARLEY.

Pat Underwood

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

STANDING COMMITTEE REPORT

January 21 19 83

MR. **PRESIDENT:**

We, your committee on **Agriculture, Livestock and Irrigation,**

having had under consideration **Senate** Bill No. **160**

Respectfully report as follows: That **Senate** Bill No. **160**
introduced, white

DO PASS