

MINUTES OF THE MEETING  
AGRICULTURE, LIVESTOCK AND IRRIGATION

February 7, 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.

HOUSE BILL 113: Representative Dean Switzer, House District 54, introduced the bill, an act authorizing the Department of Livestock to research brands and histories for a fee. The Department doesn't have the staff to do this and the bill will provide this.

Les Graham, Department of Livestock, said this would not include the research of all brands to identify livestock for court records, etc. This will research brands on history searches and family things.

In reply to Senator Aklestad's question as to whom this would apply, Mr. Graham answered it was strictly for the benefit of the person who wants the history of a brand clear back to the origin. It has nothing to do with brand enforcement by the Department of Livestock.

The hearing closed on HB 113.

SENATE BILL 259: Senator Judy Jacobson, Senate District 42, explained that the bill reinstates the Board of Livestock. She reviewed the various changes in the bill.

Mons Teigen, Montana Stockgrowers Association, handed committee members the latest copy of the "Montana Stockgrower" publication, referring them to page 3 and the comments made in regard to the proposed legislation. Exhibit #1. The Montana Stockgrowers Association supports the bill but would like to amend it in several respects. See amendments, Exhibit #2. Mr. Teigen's testimony is attached as Exhibit #3. In addition to the above, Mr. Teigen also gave members a copy of the Resolutions of the Big Horn Livestock Association, Exhibit #4, and Carter County Sheep and Cattle Growers' Association, Exhibit #5.

Mr. Teigen introduced into the record testimony from Will Brooke, Montana Woolgrowers and Montana Association of State Grazing Districts, in support of the bill but calling for the amendments submitted by Mr. Teigen. Exhibit #6.

None of the organizations were in favor of adding a consumer to the Board of Livestock nor were they in favor of the sunset review of the board.

Bob Gilbert, Montana Woolgrowers Association, concurred with Mr. Teigen.

Agriculture

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Page 2

Bill Asher, representing the Agricultural Preservation Association, Sweetgrass County Preservation Association, and the Park County Legislative Association, supported the bill, but he would like to see the 8th member deleted. He said the fee should be based on cost and they do have some concern about the open ended fee.

Pat Underwood, Montana Farm Bureau, also representing Terry Murphy, Montana Farmers Union, said they also would like to see the 8th member deleted. Testimony attached, Exhibit #7.

Jo Brunner, WIFE, supported the bill with the changes, but did not support the sunset provision or the consumer on the board. Testimony attached, Exhibit #8.

Pat Seitz, Montana Cowbellees, said their 3500 membership oppose the 8th member as a consumer. They feel this waters down the board. Testimony attached, Exhibit #9.

Greg Seitz, Montana Stockgrowers, supported the bill with Mr. Teigen's amendments. Exhibit #10.

Dean Switzer, Representative House District 54, supported the bill. As a member of the industry, he felt he has been served well by the board but did not feel it needed to be expanded. It has worked well for a hundred years and he feels it will work good for another 100 years.

Testimony from Fred R. Brown, Montana National Farmer's Organization, was submitted in support of the bill, and is attached as Exhibit #11.

Proposed amendments from James W. Glosser, D.V.M., Department of Livestock, attached as Exhibit #12.

There were no further proponents and no opponents.

Senator Graham asked where the idea of putting another member on the board came from. Senator Jacobson said this came from the last legislative session. All the boards that were sunsetted received another member. It was something the audit committee suggested. The other boards are using the services of a public member, it is working well and is not discriminatory, according to Senator Jacobson.

Senator Lee asked if the Department was looking at a lot of money the way the fees are. Les Graham replied that it came out of the audit committee and was something they determined in their study.

Senator Galt asked if they were going to charge for bringing strays into market. Les Graham replied it would involve those who repeatedly brought strays in through carelessness. Some one has to pick up the fees. Currently the Department has to

pick up the expenses and they feel the person who brings in the stray should be responsible. When strays are brought in and the Department has to hold them, the Department is stuck. The law is not clear regarding who pays the fee.

Senator Galt pointed out that the bill says "shall be paid out of sales of strays." If cattle are brought to town and they are not sold between the time your neighbor is contacted and the next sale, who pays the fees until that time? That is not spelled out. He asked where the Department was assessing the fellow who brings in the stray.

Mr. Graham answered that they will have to determine that. This just spells out what can be charged for this.

Senator Kolstad asked if the Department had to buy them for what they are worth. Mr. Graham answered that they usually have to buy them for more than they are worth.

Senator Galt asked about the market bonds. Mr. Graham told him there is a duplication of bonds between state and federal. This refers to the market bonds, not the dealer bonds.

In referring to the Department's amendments, Mr. Graham replied that they would bring consistency all the way through the bill where fees were concerned.

In closing, Senator Jacobson referred committee members to the Statement of Intent where it says fees shall not be set so high as to generate revenue in excess of expenses. She did not agree with Mr. Teigen's ammendment regarding the consumer and felt a non-related member should be on all boards. She said Senator Himsl's SB 137 does away with sunseting the boards.

Hearing closed on SB 259.

HOUSE BILL 127: Representative Neuman was not present. Representative Dean Switzer, HD 54, explained the bill shortens the time required when taking possession of an animal and time the animal is picked up to 24 hours. He felt that might fall into place rather well with things now being discussed regarding stray animals and hauling them to town, etc. The language on lines 5 and 6, page 2 were struck because it would indicate that, when the animal was picked up, you might have to drive a stake where you picked it up.

Les Graham, Department of Livestock said this is part of the overall stray problem and only refers to livestock intended to be impounded and assesses civil expenses. It is a civil, not a criminal matter.

Hearing colsed on HB 127.

Amendments for SB 296 were presented to the committee by

Senator Conover. Exhibit #13.

Senator Kolstad questioned amendment 7 where the only thing taken out is the restriction on uses of land.

Senator Galt asked if they wanted the loophole in there.

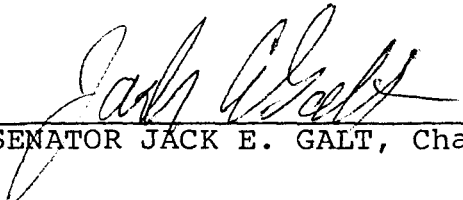
Senator Graham questioned the insurance loans. Senator Conover referred members to the article, "Why Insurance Companies Are Buying Farmland" in "Successful Farming", January 1983 issue, page 22. Exhibit #14.

DISPOSITION OF HB 113: Senator Aklestad moved HB 113 BE CON-CURRED IN. Motion carried. Senator Aklestad will carry the bill on the floor.

DISPOSITION OF HB 127: Senator Aklestad moved HB 127 BE CON-CURRED IN. Motion carried. Senator Lane will carry the bill on the floor.

Senator Aklestad had some information regarding the Wheat Research and Marketing bill. The state ASC office is evaluating some of their procedures and would like to have the committee write a letter removing the checkoff per bushel at the time the CCC loan is received. They requested a committee letter of approval. Senator Galt appointed Senator Aklestad to draft the letter and present it for committee approval.

There being no further business, the meeting adjourned.

  
\_\_\_\_\_  
SENATOR JACK E. GALT, Chairman

ROLL CALL

AGRICULTURE COMMITTEE

48th LEGISLATIVE SESSION - - 19 83

Date 2-7-83

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.



**Committees . . .**

(Continued from Page 1)

Dr. Larry Stackhouse, Deputy Director, reported on the incidence of Trichomoniasis in the state. Considerable publicity is now out on the disease and latest treatment techniques are being disseminated, he reported.

Dr. David Young, head of the Research Lab, reported on studies underway.

The recently announced Vesicular Stomatitis outbreak in Idaho was discussed by Drs. Glosser and Newcomb. The disease, which is clinically indistinguishable from foot and mouth disease, has been reported in 198 dairy herds and feed lots in the Magic Valley of Idaho. While not fatal, the disease causes such a loss of flesh that no stockman can live with it. It was formerly believed to be vector borne, but now they are not so sure as it is spreading rapidly within the herds where the infection exists. Glosser indicated that consideration was being given to closing the Idaho border to all bovine animals.

A USDA proposal to allow the importation of heifers from Mexico for feeding without complying with Brucellosis test requirements was discussed. The group asked that the USDA be advised that the proposition is entirely too risky for consideration. In another Brucellosis matter the committee agreed to go along with a USDA proposal to allow the payment of the \$50 indemnity up to twice in an individual ranch operation, but no more than that.

Ward Swanser, Billings, a member of the committee, reviewed the pending game farm legislation with the group. While most such operators would prefer to have the program administered under the Livestock Department, apparently the decision has been made to place it under the Fish, Wildlife and Parks Division instead.

**President's Column**

Hello and Good News!

The 25¢ tax per head on Montana cattle has brought in \$295,000 in this tax period! This, multiplied by all the other participating states, means the cattle industry may now be able to **promote** beef in a proper and meaningful way. We should get our fair share of the market and, most important of all, **educate** the consumer in the realm of nutrition and the healthfulness of **beef**.

Another bit of wonderful news is that our part of the new Livestock Building is paid off — and all this by outright gifts and memorial contributions.

However, I would urge you to continue sending to help perpetuate the recognition of those people dear to you who have been devoted to the growth of the Montana Stockgrowers Association.

The MSGA and several other Montana agricultural associations, held on January 13th, the fourth annual Social Seminar for the members of the legislature. Everywhere you could see the self-styled lobbyists exercising their best arguments for their pet projects — I was right in there, too!

I am concerned with the aura of the proceedings of this legislature — they are searching for money and it seems that whenever more funding is needed, the first place they look is to the land. Income from land in the form of grazing and farming has decreased the past few years, but **no** tax relief is in sight. Also, leases on public lands are being seriously considered for increases.

How come gasoline prices have dropped to near a dollar over the U.S. and are still a \$1.30 in Montana?

How come trucking rates for livestock are \$4.45 a loaded mile when originated and terminated within the state? There is also talk of increasing taxes on trucking and you know the cattleman would have another load to absorb.

The media spends the lion's share of time on deploring the unemployment situation. I'm reminded again and again that in our country in the early and mid 1930s, the ranchers had to cut their help from \$30.00 a

month and found to \$10.00 a month or maybe just board, room and tobacco. These men, for the most part, stayed on until things became financially better and they, too, were rewarded with increases.

I really believe that this philosophy and physical enactment can be related productively to other businesses and American industries. I hope you do, too.

*Larry B. Johnson*

**Visitors**

D. Michael Curran, Wolf Creek; John Teigen, Capitol; Jim Yedlicka, Fromberg; Jack Galt, Martinsdale; Jane Glennie, Twodot; Jim McCann, Harlem; Dallas Gaines, Albany, Oregon; John and Donna Paugh, Belgrade; Jack Smith, Tosten; Stuart Ellison, Helena; Torrey B. and Adrienne Johnson, Busby; Mr. and Mrs. Andy Grande, Mary and John, Martinsdale; Mr. and Mrs. Walter Johnson, Belt; Mr. and Mrs. Laverne Kiel, Conrad; Mr. and Mrs. Melvin Underdal, Shelby; John Conter, Billings; Alan Evans, Roundup; Lawrence and Leatrice Faber, Chinook; Darrell Hansen, Ashland; Mrs. H. C. Ebaugh, Havre; Nick Murnion, Jordan; Gene Engen, Circle; Bob Mothershead, Brockway; Mrs. Don Jones, Wise River; Bob and Betty Gray, Ismay; Dan Bailey, Helena; Spence Hegsted, Dillon; Ron Haag, Missoula; Don Hilger, Wolf Creek; Frank Valgenti, Bozeman; Earl and Pauline Webb, Broadwater County; James and Richard Berg, Lennep; Glen Rugg, Plevna; Bill Sternhagen, Helena; John and Dick Harwood, Shelby; Jim Moore, Bozeman; Ron Johnson, Dillon; Ted Lucas, Highwood; Fred Johnston, Great Falls; Mr. and Mrs. Jimme Wilson, Trout Creek; Jack Eidel, Great Falls; Willie Milliron, Glendive; Dean Switzer, Richey; Russell and Joice Unruh, Chinook; Paul Ringling, Miles City; Paul and Mark Holzer, Stanford.



Exhibit #1 SB 259

2-7-83

Agriculture

Exhibit #2  
S. 7-83  
Agriculture

AMENDMENTS  
Senate Bill 259  
Introduced Bill

- 1.) Page 1, line 7  
strike: "ADDING A PUBLIC MEMBER TO THE BOARD;"
- 2.) Page 1, line 7  
Following: "Rules;"  
Insert: "REMOVING BOARD OF LIVESTOCK, DEPARTMENT OF LIVESTOCK FROM PERIODIC AGENCY EVALUATION;"
- 3.) Page 1, line 16  
Following: "MARKET"  
Insert: "; ELIMINATING THE SALE OF FIVE OR LESS HEAD OF LIVESTOCK AS AN EXEMPTION FROM BRAND INSPECTION"
- 4.) Page 1, line 18  
strike: "81-3-216,"
- 5.) Page 2, line 12  
strike: "For 6 years"
- 6.) Page 6, line 23 through line 25  
strike: subsection (6) in its entirety
- 7.) Page 7, line 4  
strike: "eight"  
insert: "seven"
- 8.) Page 7, line 6  
following: "state"  
strike: ". "  
insert: "and an active livestock producer. A member"
- 9.) Page 7, line 8  
strike: "(3) seven members"  
following: "be"  
strike: "active livestock producers."
- 10.) Page 7, line 9  
strike: "each"  
following: "of the"  
insert: "related"
- 11.) Page 7, line 10  
strike: "in which he is a producer,"
- 12.) Page 7, line 19 through 20  
strike: subsection (4) in its entirety  
renumber: subsequent subsections





AMENDMENTS  
Senate Bill 259  
Introduced Bill  
Page 2 -

- 13.) Page 16, lines 15 through 16  
strike: subsection (a) in its entirety  
renumber: all subsequent subsections
- 14.) Page 22, line 13 through line 2 on page 25  
strike: section 13 in its entirety  
renumber: all subsequent sections

NAME: Mans Teigen DATE: ~~1/27/83~~

ADDRESS: Helena

PHONE: 442-3420

REPRESENTING WHOM? Mont. Stockgrowers Assn

APPEARING ON WHICH PROPOSAL: SB 259

DO YOU: SUPPORT?                      AMEND? X OPPOSE?                     

COMMENTS: Our association generally endorses the sunset  
concept but feels that, once accomplished should  
be relieved hereafter. The Board of Livestock has been  
on the scene supervising one of Montana's largest  
industries, using largely producer money since  
statehood for this reason it should not have to  
submit to such a review every 7 years.

The elimination of the 5 year change of ownership  
exemption is definitely favored as it will clear  
up a significant loophole in our brand inspection  
laws.

We generally oppose watering down this industry board  
by the addition of a consumer. 85% of money spent  
comes from livestock and 92 1/2% of all mill levies collected  
come from cattle.

Exhibit # 4  
2-7-83 SB 259  
Agriculture

RESOLUTIONS OF THE  
BIG HORN LIVESTOCK ASSOCIATION

6) WHEREAS the Board of Livestock is self-supported by the livestock industry; and

WHEREAS there is a promotion of the idea of adding a member to the board who is not a livestock producer;

THEREFORE, BE IT RESOLVED by the Big Horn Livestock Association that the present method of appointing only livestock producers to the Board of Livestock be continued.

BE IT FURTHER RESOLVED that a copy of this resolution be sent to the Governor of the State of Montana, the legislative representatives of Big Horn County, the State Legislative Audit Committee, and

BE IT FURTHER RESOLVED that the Board of Livestock be commended for its efficiency, effectiveness, and business like manner in the way it has promoted and protected the livestock industry.

7) BE IT RESOLVED that the Big Horn Livestock Association support amending existing Department of Livestock laws clarifying what expenses can be recovered when imported animals are in violation of Livestock Laws and Regulations in Montana.

Mons Tegan.

Exhibit # 5

2-7-83 SB 259

Agriculture



The Carter County Sheep and Cattle

Growers' Association

Helena, Montana 59321

34th ANNUAL MEETING

Resolution #8

WHEREAS: The Board of Livestock has been representing the livestock industry for the past 95 years, with livestock producers serving as board members representing the industry in acting as directors of the Department of Livestock and,

WHEREAS: The interest of the livestock industry and the protection of consumers interest has been of the highest quality and,

WHEREAS: Ear marked revenue from the livestock industry is a large part of the Department of Livestock budget.

BE IT THEREFORE RESOLVED THAT: The Carter County Sheep and Cattle Growers Association recommends that all Board of Livestock members continue to be livestock producers actively involved in the production of livestock.

*Montana's Only Livestock Association Serving Both Cattle and Sheep Producers.*

FOUNDED IN 1908 AS CARTER COUNTY WOOLGROWERS — COMBINED TO INCLUDE CATTLE PRODUCERS IN 1948.

2/7/83 Agriculture

NAME: Will Brooke

DATE: 1/27/82

ADDRESS: 420 No. California

PHONE: 442-3420

REPRESENTING WHOM? Mt. Woolgrowers / Mt Assoc of State

APPEARING ON WHICH PROPOSAL: S.B. 259  
*Crazing Duvallets*

DO YOU: SUPPORT? X AMEND? X OPPOSE? \_\_\_\_\_

COMMENTS: We do not support the addition of a consumer  
to the Board of Livestock. If this were to occur  
auction markers, livestock dealers, rendering plants, veterinarians  
and others will demand representation. This would create an  
unworkable, ineffective board. (Withdraw Amendment Section 2-15-3102)

Withdraw Chapter 8, part 1 calling for a sunset Review of  
the Department. The department is under continual review because  
it has as its director the board of livestock which is appointed by  
the Governor. As new members are appointed, the department is reviewed  
by these appointees

~~Do not repeat sections 81-3 etc and 81-8-257. These sections help to prevent~~  
~~and discourage livestock theft and bad checks in payment for livestock in market channel.~~  
PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

FEB 7

NAME: Pat Underwood DATE: ~~Jan 27~~, 83

ADDRESS: 502 S. 19th Ave, Bozeman, MT. 59715

PHONE: 587-3153

REPRESENTING WHOM? Montana Farm Bureau

APPEARING ON WHICH PROPOSAL: SB 259

DO YOU: SUPPORT?  AMEND?  OPPOSE?

COMMENTS: MFBF SUPPORTS SB 259 BUT  
amended to eliminate the 5 head  
section - we too object to a  
public person or consumer being on the  
board - there are plenty of boards maybe  
a farmer or rancher should be on - but this precedence  
has already gone far enough. we also  
object to the 1989 sunset. this  
DEPT. has been here 100 years. Lets  
finally recognize that the livestock  
industry is a permanent part of the  
economy of this state. I am also  
testifying for MR. TOM MURPHY - Montana Farmers  
Union!

Pat Underwood

Exhibit #8  
Agriculture



# WIFE Women Involved in Farm Economics

## WITNESS STATEMENT

NAME Jo Brunner BILL NO. SB 259  
 ADDRESS 563 3rd St, Helena DATE January 27, 83  
Jan 7, 83  
 REPRESENT Women Involved in Farm Economics  
 SUPPORT X OPPOSE        AMEND X

### Comments:

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

Mr. Chairman, in general, our women support the changes requested in Senate Bill 259. The areas we do not support are of vital interest to us and we ask your consideration of our concerns.

On page 76, line 23, paragraph 6 is the proposed date of the extended sunset provision. We do not oppose that extension as such--we oppose the board of livestock fitting into this category.

The board of livestock is unique in its funding. The total appropriation for the years 1982-82 is 4, 257,558 dollars. Of that amount \$717, 190 is general fund money. The livestock industry provides 83% of its operating money through various means such as livestock taxes, inspection fees, ectera This is a producer funded program. We ask the committee take this into consideration.

Going to Section 3, paragraph 4, line 8 on page 7, we object to only 7 of the 8 members appointed as being identified as livestock producers. We prefer that all 8 be active livestock producers.

Moving on to paragraph 4, line 19---one member must be appointed who is not involved in cattle, swine, dairy, or sheep production. We recognize that this is a recommendation of the Governors advisory council, and I might add that this is not the first, nor

"Hell has no fury like a woman scorned"



# WIFE Women Involved In Farm Economics

Will it be the last recommendation of that body that W.I.F.E. disagrees with. What useful purpose can it serve to put a person not connected with the industries, and by that inference, have no working knowledge of the industries, on the livestock board? Perhaps we might be more receptive to the idea if each and every board in our state government included a person completely ignorant of the workings of that bureau or industry, or if each board required an agriculture person to sit on it. We believe also, that the above named committee missed the fact that the livestock board was set up to protect livestock, not the consumer--the animal health division protects the consumer when and if they need it against disease, ectera.

It is W.I.F.E.s contention that all members of the livestock board, as it is constituted now are indeed consumers and are consequently very concerned with anything that would adversely effect the consuming public. People in the livestock industry would not remain in operation for any degree of time if they did not consider the needs and wants of the very important group who purchases their product.

*We support the 5 head deletion & other amendments suggested by Mrs. [unclear]*  
So, Mr. Chairman, members of the committee--W.I.F.E. does indeed support the overall changes in fees, salaries, law enforcement designations, and so on, but we ask that your consideration of that the portions we have named, removal of this board from the sunseting provision and that you do not include a consumer on the livestock board.

Thank you.

"Hell has no fury like a woman scorned"



NAME: Pat (Mrs. Greg) Seitz DATE: 2/7/83

ADDRESS: Star Route East - Box 904 Anaconda MT 59711

PHONE: 797-3529

REPRESENTING WHOM? Montana Cowbelles

APPEARING ON WHICH PROPOSAL: 259

DO YOU: SUPPORT?            AMEND? X OPPOSE?           

COMMENTS: The Montana Cowbelles are supposed to several parts of this bill. We as a statewide membership of approx 3500, oppose the addition of our 8<sup>th</sup> member to the board in the form of a consumer. It is felt by the Cowbelles, that a consumer addition would weaken the livestock industry's position, since the majority of money funding the Board of Livestock comes from the cattle industry. Since this department is involved mainly in the internal affairs of agricultural operations, not in the consumer purchasing department, the Mont Cowbelles feel the consumer would be of little benefit on the board. We are also opposed to the Sunset concept subjecting the Dept. of Livestock to frequent audits. Considering the magnitude of the industry the Dept. represents & considering that it has been in existence since about 1885 & functioned very effectively, the Mont. Cowbelles feel it should not be subjected to audit so frequently.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Therefore, we recommend a pass, with the preceding amendments.

NAME: Greg Seitz DATE: Feb 7, 1983

ADDRESS: Star Rt Et Anacosta Mt.

PHONE: 797-3529

REPRESENTING WHOM? Mont Stockgrowers

APPEARING ON WHICH PROPOSAL: 259

DO YOU: SUPPORT?  AMEND?  OPPOSE?

COMMENTS: as most of the money comes from  
livestock mill loans and as the Dept.  
has an outstanding track record, I support  
Bill 259 as with the proposed amendments

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: FRED R. BROWN DATE: 2/7/83

P.O. Box 477 Whitehall

ADDRESS: 1805 Joslyn #60, Helena

PHONE: 287-5662 Whitehall, 442-3091 Helena

REPRESENTING WHOM? Montana National Farmer's Organization

APPEARING ON WHICH PROPOSAL: SB 259

DO YOU: SUPPORT? X AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: The Montana Board of Livestock has shown itself to be one of the best in the nation and of great worth to all of Montana; both within and out.

The effectiveness of the Board and its leadership is, we feel, without question of great economic benefit to our state. The Montana National Farmer's Org supports S. bill 259 and urges its passage.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Exhibit #12  
2-7-83  
Agriculture

JAMES W. GLOSSER, D.V.M.

AMENDMENTS  
SENATE BILL 259 - INTRODUCED BILL

1. Page 10, line 14 ,

Strike: "general fund of this state"

Insert: "earmarked revenue fund for the use of the department"

2. Page 23 ,

Following: Line 25

Insert: "Section 16. Section 81-7-504, MCA, is amended to read:<sup>X</sup>

"81-7-504<sup>Fee -</sup> Duration of permit -- fee. Each permit shall be valid for a period set by the department of livestock not to exceed 3 years. ~~and shall cost \$50 or portion thereof if a period of less than a year is set.~~ <sup>of livestock</sup> The department shall <sup>and</sup> establish a fee for the permit. All fees for permits shall be paid to the department of livestock for deposit in the state treasury to the credit of the earmarked revenue fund for predatory animal control."

Renumber: ~~a~~ subsequent sections

3. Page 26, line 1 ,

Strike: "general fund"

Insert: "earmarked revenue fund for the use of the department"

4. Page 26, line 23 ,

Strike: "general fund of this state"

Insert: "earmarked revenue fund for the use of the department"

Exhibit #13  
1-7-83  
agriculture

Amend SB 296

1. Page 2, lines 18 and 19.

Following: "ranch" on line 18

Strike: the remainder of line 18 through "aliens" on line 19

2. Page 3, lines 1 and 2.

Strike: ": (i)"

Insert: ", "

3. Page 3, lines 4 and 5.

Following: "ranch" on line 4

Strike: the remainder of line 4 through "alien" on line 5

4. Page 4, line 6.

Strike: "."

Insert: " ; "

5. Page 4.

Following: line 6

Insert: "(10) mineral rights on agricultural land;

(11) agricultural land acquired or leased by a corporation  
for immediate or potential use for nonagricultural purposes."

6. Page 4, line 14.

Following: "land"

Insert: "cease its agricultural activity"  
↑  
and

7. Page 4, lines 14 through 17.

Following: "years"

Strike: the remainder of line 4 through "lessee" on line 17

8. Page 5, line 14.

Strike: "must"

Insert: "may"

Ephilet #14 SB 296  
2-7-83 Agriculture

# Insurance companies buy farmland

By Danita Allen, Senior Editor, Successful Farming

Insurance companies loom once again on the horizon of farmland. But unlike after the Great Depression, they're not just waiting for mortgage holders to default. They're actively seeking to buy farmland.

Just ten insurance companies *Successful Farming* talked with have bought more than 800,000 acres of prime farmland across the country.

Prudential Insurance Co. is by far the largest farmland owner, having bought outright 750,000+ acres. Roughly 85% of the land was bought in the past four years.

Prudential's 35-member agricultural staff spent about one-third of its agriculture budget to buy about 65 parcels of land, ranging from 80 to 125,000 acres. The land is spread across the country in 16 states.

Here are some other insurance companies pouring cash into farmland as a hedge against inflation:

▶ The Travelers Insurance Co. bought about 12,000 acres in the past four years in Arkansas, Illinois, Mississippi and Ohio.

▶ Phoenix Mutual Life Insurance owns about 12,000 acres in 31 farms in Illinois, Indiana, Ohio and Missouri.

▶ Since 1980, Northwestern Mutual has bought about five farms in Kansas and Nebraska and a vineyard in California.

▶ Metropolitan Life started buying equity in farms in 1980. They are now 50-50 partners in land, equipment and capital improvements in 12 joint ventures, mostly orchards and vineyards in Florida and California, but with one row-crop farm in the Midwest.

▶ Equitable Life Assurance Society of the United States dipped its toes into the soil in 1981 by buying about 1,000 acres apiece in both California and Florida.

▶ Equitable Life Insurance Co. of Iowa is leveling and developing a 19,000-acre rice farm in Louisiana.

▶ Connecticut Mutual invested 5-10% of its \$500 million agriculture portfolio into wholly owned farmland and joint ventures.

Insurance companies play another role in farmland investment, that of manager for other institutional investors, such as pension funds, trusts



and endowments.

A few of these investors have recently begun to follow insurance companies by investing in farmland, much as they followed Prudential and a few other large institutional investors a decade ago into commercial real estate, such as housing or office buildings and malls.

Here is a sampling of the companies acting in this role:

▶ The Prudential Property Investment Separate Account (PRISA), a special account set up for pension funds, owns nearly 26,500 acres in five farms. This land was not included in the Prudential acreage already mentioned.

▶ This month, a new and independent corporation, AgriVest, began operation to service pension funds and other institutions that wish to invest in farmland. The staff of AgriVest were formerly the agriculture investment staff at Connecticut Mutual.

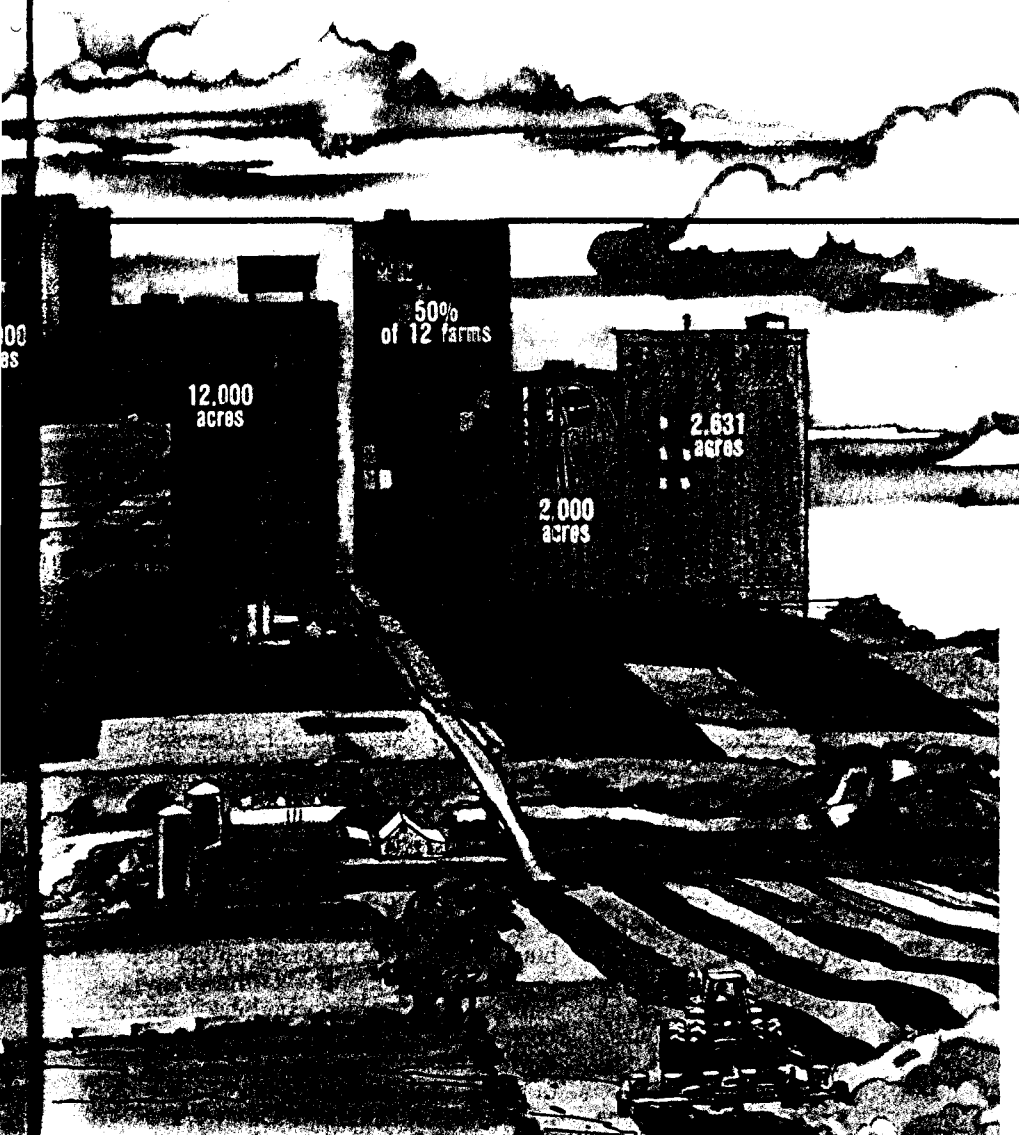
▶ John Hancock Mutual Life Insur-

ance began a special account in 1981 called the Agricultural Capital and Real Estate Account (ACRE); \$23 million worth of pension funds in this account purchased 2,631 acres in seven farms ranging in size from 150-640 acres.

**W**hy are Prudential and other insurance companies buying a piece of the farm rock? Mainly, farmland is an attractive investment because of the long-term appreciation.

"The long-term returns of farmland are less volatile and have exceeded returns of any other medium that pension funds could invest in, including the stock market and other forms of real estate," says Bill Cotter, president of the American Agricultural Investment Management Co., which started investing about \$48 million of pension funds in farmland in 1981.

"And agriculture represents an incredible amount of the total wealth of



the nation, previously ignored."

Backing Cotter's claims are the findings of a Wall Street investment firm, which found farmland was the 10th best investment over a 10-year period ending June 1981, with a 14.6% return, and ahead of diamonds, housing, stocks and bonds.

But farmland is also a way for investors to diversify. In fact, law requires pension funds to diversify. By investing in farmland across the country, investors spread both crop and weather risk, as well as diversifying from more traditional investments such as stocks and bonds.

The cash flow from land rent, which tends to keep pace with inflation, may also attract investors.

In addition, there are tax benefits, except for pension funds, which are tax exempt.

"Yes, we can use the speeded up depreciation on everything, on tractors, buildings, equipment and other capital improvements," says Don

Meinhold of Metropolitan's 50-50 ventures. Corporations are also allowed investment tax credit on any improvements.

**I**n spite of all these incentives, institutions don't own a great percentage of land—not yet, anyway.

The most recent information, a USDA land ownership survey in 1978, shows non-family corporations and non-family partnerships own only about 6% of all farm- and ranchland.

In a few states, however, the percentages are much higher. In Florida, for example, non-family corporations and partnerships own about 24% of all farmland. In Louisiana, they own nearly 14%.

Also, pension funds and insurance companies limit the percentage of their investments in farmland. John Hancock, for example, balances their agriculture investments evenly between mortgage loans, land purchases, and shared appreciation mortgages. Metropolitan's goal for

joint ventures is 10% of their \$2 billion agriculture portfolio.

Finally, declining land prices have some investors skittish. "Pension fund managers are conservative people," says Rick Shock, with John Hancock. "They don't know agriculture. They move slowly. Some think land prices may go down still more.

"But investors are becoming more interested in farmland as interest rates drop, making money markets and other investments less attractive," he adds.

And the *potential* for institutions to invest in farmland is great. Some fund managers recognize the current land price slump as the first buyer's market since the Great Depression. "We're absolutely taking advantage of it," says Bill Cotter.

**O**f course, many people object to insurance companies buying farmland.

"People in this state are really anti-corporate farming," says Nebraskan Perry Dudden, one of Metropolitan's farmer partners who also runs a grain elevator and implement business. "They get very upset."

Not only do they get upset, they did something about it. This past November, Nebraskans approved a constitutional amendment prohibiting corporate farming except by family farm corporations. The big rural vote carried the amendment.

Before Nebraskans passed their amendment, 13 other states also had banned or restricted business entities from owning farms or engaging in farming—even though there are lots of loopholes and exceptions.

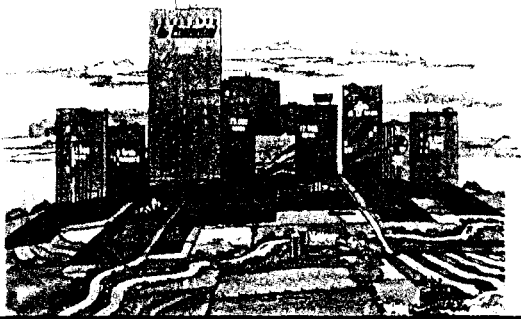
Farmers Union and other groups oppose nonfamily corporations' ownership of farmland for these reasons:

- ▶ They're concerned about opportunity for beginning farmers.

- ▶ Large corporations could control food production and food prices.

- ▶ Insurance companies and other corporations that develop new farmland create even more surplus production. For example, Prudential has developed new land by installing irrigation in the Nebraska sandhills, clearing timberland in the Delta, and plowing ranchland in Texas.

*Continued on next page*



# Insurance companies buy farmland

Continued from page 23

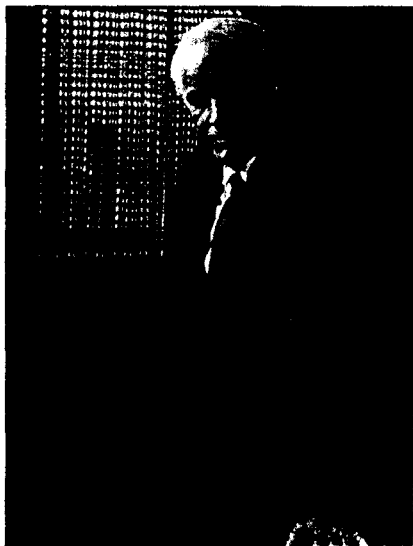
► Corporations benefit from government policies intended to help family farmers, such as tax deductions, water projects, price supports and set-aside payments. For example, Marty Strange, with the Center for Rural Affairs in Nebraska, says a government-proposed and funded irrigation project will subsidize part of the cost of irrigation on some Prudential land. At the same time, the government pays a farmer who pays rent to Prudential not to grow corn on this land.

► Institutional ownership of farmland seems to lead to super-large farms and fewer farmers. A few studies have found healthier local economies, with more schools, grocery stores, churches and newspapers, in areas where family farming prevails.

Dangerous is how Harold Breimyer sums up insurance ownership of farmland. Breimyer is a University of Missouri agricultural economist and a philosopher. He says, "No! We should not let insurance companies own farmland, not *IF* we want a family farm agriculture with a good return to the operator."

**T**hough many renters from insurance companies are family farmers and they benefit from the company's ability to pay for improvements such as irrigation and grain storage, Breimyer says, "To the

**Prudential's Mark Wilkinson claims they don't compete with local farmers for land.**



individual, it's great in the short run. But to agriculture in the long run, it's full of danger."

His reasons? Inflation is not a sound basis for investment in agriculture. Land needs to pay off in production, not in capital gains, for a healthy agricultural economy. Yet investors are banking on inflation.

Also, he believes tenants may get favorable rental agreements so long as good farmers who want to rent are hard to find. But if you force enough farmers out of owning their own land, competition for leased land may heat up and renters may lose bargaining power.

Iowa State economist Mike Boehlje's main concern, however, is whether the owners and the operators are sharing equitably the risks and rewards of farmland ownership.

One of Prudential's renters doesn't worry about corporate control of farmland. "They may own it, but they sure as hell can't work it," says Paul Harper, who rents 4,000 acres from Prudential at Scott, Mississippi. He also figures farmers could unionize if landowners pressured the renters' profits too much.

Though there is mounting evidence that erosion is worse on rented land in this country, there's no evidence that it's worse on land owned by insurance companies. In fact, these companies pay freely to take care of this problem, and without burdening SCS staff or ASCS funds.

**B**ut what about the other side? "We're doing a service," states Prudential's Mark Wilkinson. "Agriculture needs capital, and it's too large and returns are too low for large corporations ever to control."

Myron Sigaty, with The Travelers, adds, "Those states with the fewest restrictions in agriculture have the best capitalized agriculture and a healthier industry. A lot of farmers would be better off to quit paying interest rates they can't afford and to rent from us. But mostly, I believe you should let capital move freely."

Insurance companies point out:

- They are investing to pay and protect workers' benefits, policyholders' claims and stockholders' dividends.
- They create opportunities for some



**Jimmy Winemiller sublets some of his rented land.**

beginning farmers, since most farmers couldn't get started if they had to buy machinery and land.

► Sellers benefit with more competition for farmland. "In fact, many Nebraska farmers have called us," Wilkinson says.

► They help keep some farmers in agriculture. "Often, tenants of estates approach us asking us to buy the land. Otherwise, nearby neighbors would buy the farm and expand, leaving the tenant out of business," says Urmey McConnell at Phoenix Mutual.

► A few insurance companies grant buy-back options to sellers, thus giving a financially troubled farmer a few years of breathing space. John Hancock and The Travelers do this.

► Many insurance companies frequently lease the land back to the farmer who sold it.

► Prudential's Wilkinson also claims, "We try our best not to compete with local, small, family farmers." Prudential prefers to buy larger properties, which have fewer qualified buyers. However, Rick Shock, with John Hancock, admits "We compete with local farmers as well as foreign money, developers, and bank trust accounts for farmland."

Also, the farmers who rent land from insurance companies like the arrangements.

The reasons? Prudential is like a Santa Claus, for starters. They give them improvements that make farming easier.

Jimmy Winemiller, Newport, Arkansas, rents 27,000 acres from Prudential. He says, "Prudential will spend money to improve the land, something an individual sometimes won't or can't do. They'll build or buy wells, grain storage, underground irrigation, ditches and drainage."

In Nebraska, for example, Prudential installed 34 center pivots for rent-





**Bud Short rents a lot of insurance ground, but he's still a family farmer.**

ers in one year on about 11,600 acres.

Bud Short, who also rents from Prudential near Helena, Arkansas, unwrapped a new shop and center pivot this past year, courtesy of Prudential. And a Prudential-owned precision land leveler smooths freshly cleared land on Short's place. Prudential will even loan tractors to renters for development work.

"They're not always breathing down your neck, either, as long as you do a good job," compliments Paul Harper. "They'll even let you participate in the set-aside without squawking."

And these farmers don't worry whether they'll get the land another year, perhaps outbid by another renter, "as long as you do a good job," they echo. They also don't have to worry about the land passing to an heir or being sold.

**W**ho are these farmers who are so enchanted with Prudential? Jimmy Winemiller, who rents 27,000 acres, farms a total 48,000 acres in Texas, Louisiana and Arkansas. He is obviously making money. His luxurious office, with its full conference room and cream-colored carpet, is staffed by a receptionist, a personal secretary, and a former president of Newport's First National Bank, plus a business-size IBM computer.

Winemiller subleases about 15,000 acres of the Prudential land to other farmers. His policy is to farm land himself for three years. Then, if he hasn't shown a profit, he subleases it to others who might do a better job.

Winemiller represents the extreme in Prudential renters, says Wilkinson. Their average tenant farms about 1,500 or 2,000 acres, he claims.

Bud Short may be another extreme. He is definitely a family farmer, even if he's a big one. His wife, Chris-

tine, puts in as many hours as Short does, manning the communications center, helping manage employees, and running errands. Among his employees are his son-in-law, a cousin, and three nephews. Two twin daughters, Roxanna and Rosanna, 18, are parts runners. His married daughter, Vonda, and his 13-year-old son, Clark, also help out sometimes.

Bud Short's farm operation is growing, too. H.C. Westmoreland, Prudential's regional manager at Memphis, describes Winemiller as having gone through an apprenticeship and Short as being at the stage Winemiller was a few years ago—and moving in the same direction. Short has farmed more land every year since he began renting from them.

Metropolitan's Don Meinhold adds, "We choose the better educated, more aggressive, highly efficient farmers, the kind who've already adopted computers. We're very selective. Our partners are generally long-time loan clientele who would like to expand."

**Paul Harper says companies can own but not farm.**



Most pension funds and insurance companies prefer to rent land to row-crop farmers and not to farm it themselves. But some insurance companies hire professional farm management companies to farm the land.

For example, both Equitable Life Assurance and Equitable of Iowa hire farm management firms.

Carell Freeman, with Nortrust Farm Management Co., manages Equitable of Iowa's 19,000-acre Louisiana farm. He also manages some Prudential land in Mississippi.

He lives in Memphis. He doesn't fit the image of the impersonal, absent manager, even though the Equitable farm headquarters does, with its security fence with barbed wire.

Freeman is the kind of guy who



**Carell Freeman, Nortrust Farm Management, runs two insurance company farms.**

hires a handicapped worker as a rice waterer and asks a neighbor's teenager to repay damages from vandalism in work instead of cash.

"Some people are resentful of our bigness more than anything," Freeman says. "But the younger, progressive farmers have a good attitude. We loan equipment and trade out work with some of them."

**IRONY OF OWNERSHIP**

Thomas Jefferson generally gets credit for this country's policy favoring independent owner-farmers. But in his time, most of the population were farmers. Distribution of land among owners was far from uniform to distribution among farmers. Plain so today.

Today, less than 5% of our country's population owns farmland. If only farmers owned farmland, that percentage would be even less.

And one USDA economist concludes that policies that favor farmer ownership of farmland will favor even more concentration of land in fewer hands. Policies that favor widespread ownership will favor absentee owners and outside investment in agriculture.

In spite of this bit of irony, we at Successful Farming believe the people farming the land deserve the benefits of ownership—not insurance companies.

Is a ban on institutional investors or corporate farming the answer? Perhaps. But perhaps a better answer is to deny the incentive to own farmland. Whip inflation and disallow tax benefits and other government subsidies, intended for family farmers, but exploited more efficiently by large companies. **SF**

# STANDING COMMITTEE REPORT

February 7 19 83

MR. **PRESIDENT** .....

We, your committee on **AGRICULTURE, LIVESTOCK AND IRRIGATION** .....

having had under consideration ..... **HOUSE** Bill No. **113** .....

**Switzer (Aklestad)**

Respectfully report as follows: That ..... **HOUSE** Bill No. **113** .....

**third reading (blue),**

**BE CONCURRED IN**

**XXXXXX**  
**DO PASS**

*JEG*

# STANDING COMMITTEE REPORT

.....February 7, 1983.....

MR. PRESIDENT.....

We, your committee on.....AGRICULTURE, LIVESTOCK AND IRRIGATION.....

having had under consideration .....HOUSE Bill No. 127.....

Neuman (Lane)

Respectfully report as follows: That.....HOUSE Bill No. 127.....  
third reading (blue),

BE CONCURRED IN

~~XXXXXX~~

*MC*