

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

February 1, 1985

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 Boylan.

ROLL CALL: Senators Aklestad, Bengtson, Galt, Lybeck, Boylan and Hammond present. Senators Kolstad, Severson, Williams, Conover and Lane arrived shortly after the meeting started.

There being a quorum present, Senator Boylan turned the chair over to Senator Lybeck so that he could present his two bills.

SENATE BILL 129: Senator Boylan, SD 39, explained that the bill establishes a centralized filing system for security interests for agricultural products, providing computer programs for this and establishes a penalty for defrauding an agricultural creditor. The banking industry and others who developed the bill are here to testify, Senator Boylan told the committee. There are quite a few amendments to the bill.

PROPOSERS: Harold Brown, President, First Bank, Fort Benton, read his full testimony, attached as Exhibit #1.

Dennis DeVries, Polson, and members of the Montana Bankers Association, supported Mr. Brown's proposals and gave the committee amendments to the bill. The filing fees would bear the cost and they wanted to make the access easy and free for those who want to search a lien. Filing for all new liens will begin with the Secretary of State's office by July 1985. You would have to refile any liens already out there by July 1986 and the system would be fully up and ready to access by October 1, 1986. He said they have the full support of the member users of the system and asked the committee support. Amendments attached as Exhibit #2.

James Muller, Rudyard, Montana, and President of the Montana Grain Growers Association, read his testimony. Attached as Exhibit #3.

At this time, Mr. Muller presented written testimony from Leanne M. Schraudner, Montana Grain Elevators Association, who was unable to be present at this time. Exhibit #4.

Randy Johnson, Executive Vice President of the Montana Grain Growers Association, read his testimony. Exhibit #5.

Mr. Johnson presented testimony for the Montana Agricultural Business Association, in support of the bill. Exhibit #6.

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Senator Gene Thayer, SD 19, Great Falls, told the committee that everyone will benefit from this, from producer to grain elevator company. He would like to see grain excluded from the UCC filing system, but realized it cannot happen. He asked the committee to review this bill as a giant leap forward. He said it is a number one problem being faced by the grain industry clear across the country and it was addressed as a number one problem by the grain and feed dealers the past year. He called it an excellent piece of legislation.

Blake Wordal, Montana Hardware and Implement Association, called it a better way to find the filings. They would like to be able to do it through the county as well.

Elroy Letcher, Montana Council of Cooperatives, said their organization at their annual meeting on January 15th adopted a resolution in support of the centralized filing system in agriculture.

OPPONENTS: Jo Ann Peres, President of the Montana Association of Clerk and Recorders, said they were not taking a stand, but had some suggestions. She was concerned about the loss of records from the court house, and said there were other people involved beside bankers. She had concerns about the cost of the telephone hookup, the procedures of billings and hoped this wouldn't put further burdens on the county. She called attention to page 15, regarding certified copies of each filing being transferred to the Secretary of States office. In 1984, Choteau county had over 4100 active UCC agricultural related filings, and she thought this would be costly. A good number of UCC files are also indicative of a real estate mortgage. She thought this needed to be looked at more clearly. Not all UCC loans are agriculture related, some are real estate related. The assessor uses these records for personal property assessment and taxation and they should have the information available.

Charles Gravely, Montana County Assessors Association, said he was neither proponent or opponent, but had concern with the way the bill was drafted. The county assessors use it for personal property taxation. He asked that the bill be amended to require dual filing both within the county and the county of residence in the Secretary of State's office. The UCC financial statements may be filed in both places. If dual filing was required he felt it would meet objections the Banking Association has to the current laws and also give counties the protection they need and desire. He was concerned with cost to the counties, but with the amendments, the cost would be minimized, and he asked the committee to give serious consideration to dual filing requirements.

Committee questions: Senator Galt asked Senator Boylan how he reacted to the dual requirements. Senator Boylan thought it would be helpful but asked the people who worked on the

bill to comment on this.

Mr. Brown said he would be opposed to dual filings as it would double the cost of filing and they are taking it on the chin now. People who have liens are totally funding this bill and they are not asking for appropriations. If the burden was increased, he thought it would be too much.

Larry Akey, Secretary of States office, said they have looked at centralized ag/lien filings in other states. The success ratio in other states was not good and the reason it failed was because of dual filings. He would encourage the committee not to adopt the dual filings.

Senator Aklestad - Do you need dual filings if you can go to the court house and punch it out? DeVries - The bill provides access at the county court house so you could get it there. Aklestad - Do all the courthouses in the state have the capability of hooking in? DeVries - The bill provides equipment will be installed. Aklestad - Who will pick up the cost? DeVries - The bill provides that everyone would be required to re-file the existing lien. It is estimated there are somewhere between 64,000 and 80,000 liens out there and the re-filing fee would be enough to buy the equipment and start it up.

Senator Aklestad - Do you have the capability with existing terminals to bring in that extra load? Akey - Our office can meet the requirements of the bill and do so in a workable way for everybody concerned. Aklestad - On page 13, where you are going to put us in prison, aren't there existing laws on the books that cover this situation without adding more? Akey - There is an existing fraud statute on the books that would cover agricultural fraud as well and that is what is being amended in the bill. This provides a stiffer penalty.

Senator Kolstad - Regarding the penalty clause, isn't it unusual to have a mandatory sentence for this; and then you have to pay it off when you get out.

Senator Williams - Couldn't the equipment, when installed in each county, be used for something other than this? Akey - the equipment would be usable to access other records. Some of the suggestions were water rights records. Once it is installed, anything on the state computer system that you can get authorization to access, you will be able to access.

Senator Hammond asked if they needed more FTE's to take care of this. Akey - If the bill passes, the Secretary of State will need an extra appropriation, including some additional FTE's. The way the bill is worded with the Ag/lien Committee's proposed amendments, all of that will come out of a special

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revolving fund. There will be no general fund monies involved at all, so they will have to come back in to get authority to expend the fees, but it will be paid for by the agricultural lenders.

Senator Hammond - Would they have to have one more person?
JoAnne Peres - It would cost her county about \$8,000 a year and they would probably have to put one girl back to half time.

Senator Lybeck asked if there should be a fiscal note with the bill. Senator Boylan didn't think so if there wasn't any general fund money. Senator Lybeck thought there was general fund money there.

Senator Aklestad - When the counties purchase equipment, they will buy the equipment first and be reimbursed from the fees?
Akey - The transition schedule would be to encourage the agricultural lending community to get their re-filings accomplished as quickly as possible. The installation of equipment into the clerks office would occur sometime in the summer of 1986. With the cooperation of the lending commission to get their filings accomplished early they should get that within the transition schedule. The Bankers Association, the Independent Bankers Association and the agricultural producers and buyers have all worked on this and he thought they would have that cooperation. Aklestad - Does your bill provide money to the counties to keep the equipment up once it is in place? That language is not currently in the bill. Akey - The clerks would collect a \$2.00 fee for each certificate produced. There is a provision in the bill from the production of certificates of the equipment involved, generating revenue.

The hearing was closed on SB 129.

SB 201: Senator Paul Boylan, SD 39, introduced the bill as a request of the Department of Agriculture to change the law in setting up the Commercial Fertilizer Board.

PROPONENTS: Jim Welsh, Dean of Agriculture and Director of the Experiment Station at MSU, said the items they have requested consideration on changing have to do with the appointment of the advisory committee for the fertilizer check off fund. Testimony attached as Exhibit #7.

Keith Kelly, Department of Agriculture said the Department asked for a bill in cooperation with MSU. What constitutes the manufacture of a product and a manufacturer is the idea of going back to collecting an assessment from a wholesaler. Throughout the bill, on pages 5 and 6, whoever registers the product, that is who the department will collect fees from. Page 7, lines 13, 14, 15, they recommend amendment changes to clarify. They collect all fees then they break it apart. In

the proposed amendment, you cross out the assessment so that they deal with both collecting and the assessment. Line 3, page 8 - relabeling - this used to be required in the law several years ago. It is a good management practice and is supported by the industry. Sometimes they get in a load of bulk fertilizer, put it in a bin then forget what it is. Any type of sign put up showing what kind of fertilizer it is could prevent the liability problem of someone forgetting what it is and selling the wrong product. Page 10 - licenses because it deals with distributors. Top of page 11, lines 2,3,4 starting with "registrant", he thought redundant because it is picked up again and restated on lines 14 and 15, but he wasn't sure. He added one line on the last page to prevent double taxation - ie. nitrogen fertilizer is taxed at the plant, then hauled to Great Falls and modified. He thought it might be assessed again. They should only be assessing the modification and not the entire product. There are 119 manufacturers registered with the Department of Agriculture, in Montana, with 814 products, including the specialty products. A fiscal note was sent up and they indicated no fiscal impact but he thought now there may be a fiscal impact and didn't know if they had an amended fiscal note showing this. With the 119 manufacturers collecting assessments on a monthly basis they will be sending out a form with how many fertilizer tons on there and it will be sent back to the Department with a check. So in the period of 12 months they will see some 1440 transactions, including one going out and one coming back. It probably will involve a grade 7 at \$4,000, at about a 1/4 FTE just to sit there and handle the 1440 documents twice. Amendments, Exhibit #8.

Gary Goodroad, representing the fertilizer industry, wanted to verify the industry's full support of the bill. They feel it is good to take the tax back to the manufacturer. They felt dealers in Montana were not being honest in sending in their funds, and felt in this way the funds would be collected without increasing the tax.

OPPONENTS: None

Committee questions: Senator Bengtson's question regarding bringing the tax back to the manufacturer was answered by Mr. Kelly - He files semi annual reports with the Department but won't have to send in a check with this. The way it is set up there is a possibility of just plugging in there. Bengtson - How do you determine the assessment. Kelly - They have two assessments. One is sent to the Department of Agriculture, it is 55 cents, of which the Department of Agriculture gets 20 cents for enforcement expenses and the university gets 35 cents for fertilizer research. It has to do with experimentation. The assessment is in the statutes of 1971. They will be changing the collecting from the dealers in Montana and going back to the manufacturers of the product and having them send in the assessment. The manufacturer will

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add this on.

Mr. Goodroad-There was a considerable amount of debate on this relative to the amount of funds that was collected relative to the amount that would be collected if everyone had been paying the assessment. At least 35% of the funds have never been collected because they are dealing with such a large number of individual dealers. Moving the assessment collection back to the manufacturer, rather than dealing with individual dealers, is a move in efficiency in the collection of funds. Many states that have this type of funding activity do deal directly with the manufacturer. They have this built into their computers and simply attach this to the invoice. It is a move to increase the accuracy of the collections.

Senator Aklestad - On page 8 regarding labeling of the bins, aren't you taking on management decisions. Kelly - It creates a better preventive measure regarding liability problems.

Senator Conover asked Mr. Kelly if there might be a mistake on page 7, line 15 - 80-10-103 and 80-1-207. Mr. Kelly answered they are suggesting both 80-10-103 and 80-1-207, but there may be a typographical error.

In answer to Senator Bengtson's question, Mr. Kelly said they have the right to find them in violation and pull the product. It works effectively. You can expect better payment out of dealers because the manufacturer just puts on the bottom of the invoice, "55 cents Montana State Tax".

Senator Hammond asked if they were taking it out of the margin and not raising the price. Mr. Goodroad answered that they are competing so fiercely that he didn't think any dealer put fifty five cents on the invoice.

Senator Bengtson asked how the Department collected this. Mr. Kelly said the Department bills them monthly and when the check comes in they take it off.

Senator Severson asked if they were assured that the 119 manufacturers are going to conform with this. Mr. Kelly said if they say they are not complying with the law, the Department can pull their registration of the product and, for the small amount involved, he didn't think they would be willing to lose their registration in Montana. They will do a cross comparison at the end of the year to compare with the dealer's records with the manufacturer's invoice, and they should come pretty close to matching.

Senator Hammond asked how much would be generated from this. Mr. Kelly thought about \$170,000.

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In closing, Senator Boylan said they were trying to tighten up collections on this and everybody should be treated fair and equally. The manufacturers are concerned about this; it would be easier for the Department to collect the taxes; and they will get more research out of it.

The hearing closed on SB 201.

SB 129: John MacMaster, Legislative Council, thought SB 129 did need a fiscal note as there are many places it calls for a fee to be set and collected and, in that case, it should have a fiscal note.

Senator Boylan said when you get to figuring the budgets for the people then you will have to release the funds so they can spend them.

Mr. MacMaster said when you were dedicating revenue to be generated for a general purpose you must request a fiscal note. Senator Galt suggested requesting one.

Senator Boylan said before any executive action was taken on the bill, they would have a lot of clean up and questions for the committee so he hoped the lobiests from the lending institutions and someone from the Secretary of State's office would be available for putting it in its final right form.

Senator Hammond suggested amending out the penalty.


Senator Boylan suggested John MacMaster work with them to get some of the things cleared up.

DISPOSITION OF SJR 10: Senator Lybeck said that, due to the grave situation in the agricultural industry, he couldn't see where the Resolution would hurt and if there was a chance of it helping, the committee should do what it could.

Senator Galt proposed the Resolution be amended as follows:
"the Senate Committee on Committees shall appoint Senate members and the Speaker of the House shall appoint House members and on page 3, line 7 add that the Resolution be sent to both the Senate and the House Committees on Agriculture.
Motion carried.

Senator Lybeck moved the Resolution, as amended DO PASS. Motion carried unanimously.

There being no further business, the meeting adjourned.



SENATOR PAUL F. BOYLAN, Chairman

ROLL CALL

AGRICULTURE, LIVESTOCK & IRRIGATION COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2-1-85

SENATE
SEAT
#

	NAME	PRESENT	ABSENT	EXCUSED
1	SENATOR GARY AKLESTAD	✓		
27	SENATOR ESTHER BENGSTON	✓		
35	SENATOR JACK GALT	✓		
34	SENATOR H. W. (SWEDE) HAMMOND	✓		
10	SENATOR ALLEN KOLSTAD	✓		
38	SENATOR LEO LANE	✓		
48	SENATOR RAY LYBECK	✓		
31	SENATOR ELMER SEVERSON	✓		
39	SENATOR BOB WILLIAMS	✓		
29	SENATOR MAX CONOVER, V. CHMN.	✓		
50	SENATOR PAUL BOYLAN, CHAIRMAN	✓		

Each day attach to minutes.

DATE 2-1-85

COMMITTEE ON AGRICULTURE

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Mike Cronin	MT Bankers Assoc	SB 129	✓	
Harold Brown	MT Bankers Assoc	SB 129	X	
James Moller	MT Grain Elev. Assoc.	SB 129	✓	
Dennis DuVries	MT Independent Bankers	SB 129	✓	
Les Graham	MT Dept. of Livestock	SB 129		
Harold Ude	CENEX	SB 129		
Joanne Piers	MT Assn. of Chemists & Recorders	SB 129		
Gary Goodroad	Fertilizer Industry	201	✓	
James Welsh	MSU	201	✓	
LARRY AICEY	SECRETARY OF STATE	129	✓	
Gene Bartlett	Clarks Rec. & Print & Clark Co.	129		
John Galt T. T. T.	My Self & M M I	129		
Ray Brown	MT Dept of Agr	201	✓	
Ritchie Johnson	Montana Grain Growers Assn	129	✓	
KEITH KELLY	MT DEPT OF AGRIC	201	✓	
Lavina Labinus	WIFE	129		
Joanne Donnelly	Mont Assoc of Counties	SB 129		
ELROY LETCHER	MT COUNCIL OF COOPERATIVES	SB 129	✓	
ELROY LETCHER	MT COUNCIL OF COOPERATIVES	SB 201	✓	
FRANK E. STUCK	Security State Bank & Loan	SB 129	✓	

(Please leave prepared statement with Secretary)

Feb. 1, 1985
Exhibit #1

TESTIMONY IN FAVOR OF

SB-129

Dear Mr. Chairman and members of the committee:

Senate Bill 129 is a bill that changes the location where security interests are perfected. It provides for central filing of ag liens in a single location, and adds immediate and constant access by computers used by individuals and companies, while maintaining strict security measures.

Having a single location for the filing of liens, the perfection of security interests, and conducting lien searches is immensely preferable to the present lien filing and searching system. At present, about 60,000 liens are filed with the clerk and recorder's office in each county where the debtor resides, plus in the counties where the crops are growing or the equipment is used. Thus the present system requires a creditor to file in several places in many instances, but, what is worse, it requires excessive diligence in conducting a lien search - one must contact every possible county where a lien may be placed on a creditor.

SB-129 would simplify the filing and search process by placing all ag liens with the secretary of state, who has the capability of operating a centralized ag lien system. Regarding computer access: SB-129 puts all ag liens on the state's main frame computer. The state would set up an access system that would allow the ag lien data to be accessed by private computer terminals in grain companies, banks, PCAs, federal offices such as the ASCS and even by farmers.

The lien data are public information and anyone may have access to it now. Private computer access would be restricted to those whose computer can "talk" with the state's computer and who have completed an application process through the secretary of state's office.

The state computer experts can design a security program to protect the lien data from tampering, even so, the bill has a criminal penalty for any attempt to tamper with the data or otherwise impair its integrity, as well as, for an attempt to defraud a creditor.

The computer system would be available for access virtually 24-hours a day, seven days a week. Anyone conducting a lien search by computer could receive a certified copy transmitted from the state computer to the individual's computer within minutes.

Creditors and grain buyers would benefit by the system by being able to search for liens in a matter of minutes through the computer, or, without computer, within two to four mail days. Many searches today take as long as seven work days to achieve any sense of completeness because of the number of locations which must be contacted. This benefit is achieved by the single filing location and by the potential for computer access. Grain transactions frequently occur on weekends, thus, SB-129 would give them weekend access via computer.

A loan customer and grain seller can expedite their transactions and be on with their business because of quicker lien searches.

The bill requires that all lien holders refile all ag liens by July 1, 1986, or jeopardize their perfections and priority placements. Each lien holder would also file a form with the counties that would indicate to anyone doing a lien search at the county level that the filing has been transferred to the secretary of state's office.

The lien holder would pay a modest fee for each refiling, continuation, etc. The fee would be set by the secretary of state and cover the cost of the refiling effort in his office, plus an amount that would go to a special revolving fund and those monies would pay for the startup costs for the system. The secretary of state would set all fees by administrative rule.

The bill was designed by the cooperative efforts of the Montana Bankers Association, Montana Independent Bankers Association, United Grain Company, General Mills, Peavey Company, Cargill Company, Farmers Home Administration, ASCS, PCA, Secretary of State, Montana Grain Growers Association, Montana Stockgrowers Association, Montana Wool Growers Association, and Montana Elevators Association.

We sincerely hope you will support this bill and give it your "do pass" recommendation with the attached amendments that we propose to you today.

AMENDMENTS TO SB 129

Proposed by Centralized Ag Lien Filing Committee

1. Page 1, line 9
Strike: APPROPRIATING FUNDS TO ESTABLISH THE SYSTEM;
2. Page 4, line 22
Strike: printout, \$10
Insert: certificate, \$2
3. Page 7, line 3
Following: subsections (6)
Insert: and (10)
4. Page 11, line 7
Following: subsection (9).
Insert: The secretary of state shall deposit all fees he collects in an account within the state special revenue fund created for paying the expenses of establishing and operating the computerized access system.
5. Page 11
Following line 23
Insert: (10) When a financing or continuation statement covers property described in subsection (8), the effectiveness of such filed financing statement shall lapse on the first day of July, 1986, unless prior to such date there is filed within the office of the secretary of state a certified copy of the financing statement on file with the county clerk and all related documents as provided in [Section 8].
6. Page 14, line 24
Following: centrally filed
Insert: as provided in [Section 8]
7. Page 14
Following line 24
Insert: NEW SECTION. Section 8. Implementation schedule - refiling of existing financing statements.
(1) All financing statements covering property described in 30-5-403 (8) filed on and after July 1, 1985 must be filed in the office of the secretary of state.
(2) Any financing statement covering property described in 30-5-403(8) and filed and of record with a county clerk and recorder prior to July 1, 1985 must be refiled with the office of the secretary of state prior to July 1, 1986, or the financing statement filed and of record with the county clerk and recorder shall lapse as provided in 30-9-403(10).
(3) The refiling of a financing statement in the office of the secretary of state and covering property described in 30-9-403(8) is accomplished by:

(a) presenting a certified copy of such financing statement as filed and of record with the county clerk and recorder together with certified copies of all related documents, including all continuances, releases, assignments or amendments;

(b) filing with the county clerk and recorder a notice that such financing statement has been filed in the office of the secretary of state identifying the records of the county clerk to which such financing statements relates; and

(c) tendering the filing fee.

(4) The secretary of state shall by administrative rule establish fees for filing and indexing documents as required by this section. The fees must be commensurate with the costs of processing the documents and establishing the computerized access system described in 30-9-403(9). The secretary of state shall deposit all fees he collects in an account within the state special revenue fund created for paying the expenses of establishing and operating the computerized access system.

8. Strike page 14, line 25 through page 15, line 19.
Renumber subsequent sections.
9. Page 15, line 25
Strike: July
Insert: October
10. Page 16, line 1
Strike: 11
Insert: 10

Feb. 1, 1985
Exhibit # 3
JB/29

MONTANA



GRAIN ELEVATOR ASSOCIATION

February 1, 1985

The annual meeting of the Montana Grain Elevator Association was held in Great Falls this past week and by resolution it was agreed to support Senate Bill #129, as it is now written.

I am James Muller of Rudyard, Montana, president of the Montana Grain Elevator Association, and I would like to submit this testimony on their behalf in support of Senate Bill #129, for a centralized farm crop lien system for the state of Montana.

The present system of filing liens with the county clerk and recorder is not adequate. With today's multiple and expanded farming and marketing operations, grain is often sold in counties other than where it is grown, and producers often live in counties other than where they market their grain.

At the present time there is no acceptable or positive manner in which a buyer of grain products can research a lien. The county lists are varied, cumbersome, often incomplete and rapidly outdated. It is very difficult, if not impossible, to keep up to date with all the counties in which one elevator's trade area may lie.

Every major and many of the smaller elevator companies in the state have had to pay twice for the same lot of grain because of double jeopardy. These losses to a large company are serious and to a small company can be devastating.

In light of the depressed farm economy throughout the state, we would urge the passing of an effective centralized lien system, which would be beneficial to both agri-business and producer.

Feb. 1, 1985
Exhibit #4

TESTIMONY OF MONTANA GRAIN ELEVATORS ASSOCIATION

IN SUPPORT OF SENATE BILL 129

The Montana Grain Elevators Association has long felt the need for a centralized filing system. On numerous occasions, members of our association have checked the clerk and recorders' office for security interest in the grain we're buying only to find after the purchase that there was a security interest on file in some distant clerk and recorders' office. Paying for the same product twice is a financial hardship particularly to those small independent elevators.

The Grain Elevator's Association has been involved with many lending institutions and other concerned organizations for months in trying to develop a centralized lien system.

The Grain Elevators Association support Senate Bill 129 as it will address and eliminate the problems we have outlined. The refiling fee and new filing fees should more than pay for the implementation of this system, and the benefits to business and the producer is immeasurable.

Leanne M. Schraudner
Lobbyist
Montana Grain Elevators Association

Feb. 1, 1985
Exhibit #5



**Montana
Grain
Growers
Association**

P.O. Box 1165 • 750 6th Street S.W. • Great Falls, Montana 59403 • 406/761-4596

SPL4

TESTIMONY BEFORE THE SENATE AG COMMITTEE ON SB 129

FEBRUARY 1, 1985

Mr. Chairman, members of the committee:

For the record, my name is Randy Johnson. I am the Executive Vice President of the Montana Grain Growers Association. I would like to testify in support of SB-129, "AN ACT TO ESTABLISH A CENTRALIZED LIEN FILING SYSTEM."

Agriculture is a highly capitalized industry. Large sums of money change hands several times in the production of food and fiber. In order for this highly leveraged system to survive, each individual or business involved must be able to keep track of this complex system of financing.

The current system of filing crop liens in county courthouses is cumbersome and inadequate, leaving elevators and commodity dealers unsure as to the title of the grain they are purchasing. Producers market grain differently today than when our current lien filing system was set up. The first point of sale is often many miles away from the county in which the grain was produced. The grain buyer cannot be certain that he has checked with the appropriate courthouse, nor can the lien holder be assured he has notified all potential buyers of his lien.

In the interest of streamlining the lien filing system, and making it more compatible with today's grain trading system, the Montana Grain Growers Association urges you to support SB 129.

MARK RASMUSSEN
President

ROSS FITZGERALD
Vice President

HOWARD HAMMOND
Secretary

GREGG HOLT
Treasurer



TESTIMONY OF MONTANA AGRICULTURAL BUSINESS ASSOCIATION
IN SUPPORT OF SENATE BILL 129

The Montana Agricultural Business Association supports
Senate Bill 129.

Under the present law before purchasing an agricultural commodity to fully insure that there are no security interests in an agricultural product the prudent businessman should search the records of all 56 county clerk and recorder's offices. This is neither practical nor economical given the time and money it would take to complete such a search. It can not be assumed that the agricultural product sold to the dealer in Lewis & Clark County is a product grown in Lewis and Clark County and that any lien will be on file in Lewis & Clark County. In fact if a purchaser checks Lewis & Clark for a lien and finds none and proceeds to purchase the crop--he may find a short time later that a lien was recorded in Park County--the result-- he must pay twice for the same product--even though he made reasonable efforts to insure that there were no others holding security interests in that crop.

A centralized lien law would eliminate this problem. The use of a computer is the only logical solution.

The fees generated by refileing and new filings should more than pay for any costs of this program. This bill is good for the purchaser, protects those holding security interests and helps the agricultural producer by enabling expediant approval and payment for his crops after an instantaneous lien search.

Leanne M. Schraudner
Lobbyist
Montana Agricultural Business Association

NAME: JAMES WELSH DATE: 2/1/85

ADDRESS: DEAN OF AG, MSU, BOZEMAN

PHONE: 994 3681

REPRESENTING WHOM? AG EXP. STATION

APPEARING ON WHICH PROPOSAL: SB 201

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENT: The Changes in the advisory Committee
are made to make the appointments less
time consuming and the committee more
representative of the total Industry by adding
Fertilizer reps. The method of collection
is being changed to insure more
complete collection in an easier manner
by dealing with manufacturers rather
than the individual dealers.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Senate Agriculture, Livestock & Irrigation Committee

Room 415 - February 1, 1985

Senate Bill 201

Introduced by Senator Paul Boylan
Representative James Schultz

A bill for an act entitled: "An act generally revising the law relating to commercial fertilizers; changing the composition of the Fertilizer Advisory Committee; further defining the responsibility and enforcement of payment of fertilizer fees; and requiring labeling of storage bins; amending sections 2-15-1516, 80-10-101, 80-10-103, 80-10-201, 80-10-204, and 80-10-207, MCA.

Section 1

Section 2-15-1516 Fertilizer Advisory Committee

The proposed change in section 2-15-1516, will allow the Director of the Montana Agricultural Experiment Station and the Director of the Montana Cooperative Extension, to appoint members to the Fertilizer Advisory Committee.

The proposed change will allow a 7-member committee. The committee members would be selected from the following areas:

- a) 5 members involved in agriculture that includes the use of fertilizer in crop production;
- b) 2 members from the fertilizer industry

The proposed change will add the Director of the Department of Agriculture to the Advisory Committee. The Director will serve as an ex officio member on the Committee.

The proposed change also clarifies the terms each appointed member will serve.

The proposed change was requested by the Director of the Agricultural Experiment Station.

The purpose of the Fertilizer Advisory Committee is to review educational/experimental programs financed by Chapter 10, Commercial Fertilizers. The Advisory Committee also may recommend needed programs and/or program adjustments.

Section 2

Section 80-10-101 Definitions

page 4, line 24, 25 page 5, line 1

Add (8) "Manufacture" means the formulation, mixing, blending,
or further processing of commercial fertilizers or soil
amendments.

page 5, line 2, 3

(9) "Manufacturer" is a person who manufactures commercial
fertilizer or soil amendments.

Section 3

Section 80-10-103, MCA Assessment to fund educational & experimental
programs -- collection.

page 5, line 25 - change "will" to "must"

page 6, line 4 - strike "licensee or"

Section 4

Section 80-10-201 Registration/licenses

page 7, line 13, 14, 15

amend to read (4) No registrant may reregister his product
until full payment of the ~~assessment~~ fees
provided for in 80-10-103 and 80-1-207 ~~has~~
have been received by the department.

The proposed change in Section 80-10-101, 80-10-103, 80-10-201, and
80-10-207 will allow the Department to assess the registrant of com-
mercial fertilizers and soil amendments, the required fee as set forth
in 80-10-103 and 80-10-207. The proposed change will greatly reduce the
number of accounts the Department will have to deal with in the collection
of tonnage fees. The proposed change will enhance the Department's ability
to increase revenue collection by a projected 30%. The proposed change
was requested by the fertilizer industry and strongly supported by the
Department, the Agricultural Experiment Station and the Cooperative
Extension Service.

Section 5
Section 80-10-204 Labeling

Add page 8, line 3, 4, 5, 6, 7, 8 & 9

The proposed change in 80-10-204 (2) will require the operator of a commercial distribution location to properly label bulk storage bins, in which commercial fertilizer is stored. The proposed change in bin label requirements will reduce potential cross-contamination of fertilizer blends. The proposed change will reduce the chance of an employee wrongfully blending fertilizer ingredients.

Section 6
Section 80-10-207 Fees

page 10, line 16 strike - "registrant and"

amendment - page 11 - strike beginning "The registrant" line 2, 3 & 4

The statement is not needed, as licensee will not file fees with the Department.

amendment - add - "No fees shall be paid on a fertilizer/soil amendment material, if payment has been made on the fertilizer/soil amendment materials by a previous registrant." - to line 15, page 11.

line 20 - strike "or licensee"

line 22 - strike "or licensee"

STANDING COMMITTEE REPORT

FEBRUARY 1

19³⁵

MR. PRESIDENT

AGRICULTURE, LIVESTOCK & IRRIGATION

We, your committee on

SENATE JOINT RESOL.

10

having had under consideration

No.

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reading copy (

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JOINT RESOLUTION ASKING SPECIAL COMMITTEE TO RECOMMEND FARM LEGISLATION

Respectfully report as follows: That

SENATE JOINT RESOL.

10

No.

be amended as follows:

1. Page 2, line 11.

Following: "party."

Insert: "The senate committee on committees shall appoint the senate members and the speaker of the house shall appoint the house members."

2. Page 3, line 7.

Following: "Representatives,"

Insert: "the U. S. Senate Agriculture Committee, the U. S. House Agriculture Committee,"

AND AS AMENDED

DO PASS

~~DO NOT PASS~~

PAUL F. BOYLAN,

Chairman.