

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

February 11, 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 Galt and Severson excused, all other members present.

SB 345: Senator Ted Neuman, SD 21, explained the bill pertains to Department of Agriculture rule making authority to regulate and inspect anhydrous ammonia facilities. Anhydrous ammonia is a very popular fertilizer in the State of Montana but, being a compressed gas, there are some problems in storage and handling. Many other states have adopted the ANSI Standard which regulates the storage and handling of anhydrous ammonia. The fertilizer people in the State of Montana had asked during the last session that these standards be implemented into the law. It was Senator Neuman's feeling that we would be better off to implement a standard like this through rule and regulation. He said there were meetings during the interim and this bill is a result of those meetings. This would be the guideline he hoped they would follow. The real crux of the bill is on the top of page 3 where it says, "The Department shall adopt rules for the design, construction, repair, alteration, location, installation, and operation of anhydrous ammonia facilities." Pre-existing facilities would be grandfathered in. There would be a 20 cent assessment per ton on ammonia sold, which is similar to the assessment currently levied on dry fertilizer. This would be used to implement and administer the program so the program would not need a general fund appropriation. Penalties are covered on line 13, page 8 of the bill. Exhibit #1, ANSI Standards handbook for anhydrous ammonia.

PROPOSERS: Leanne Schraudner, Montana Agri. Business Association, said the bill was proposed by the Montana Agri. Business Association which is made up of chemical dealers. They recognized that anhydrous ammonia posed some danger significant enough the industry wanted some rules and regulations so a plant would not be built next to a school and that it was built properly and protected people working with it, including the farmer; that it protected the people within the industry and the public. As a result, they suggested the Department of Agriculture have rule making authority to use the ANSI safety standards as a guideline. Testimony attached, Exhibit #2.

Vern Erickson, Montana State Fireman's Association, rose in support of the bill.

Jo Brunner, Power Farmers Elevator Company Group, read her testimony in favor of the bill. Exhibit #3.

Russel Miner, Great Falls Agri. Basics Co., said they have 20 anhydrous ammonia outlets in Montana and have been using the ANSI Standards to install their plants. The ANSI standards are used throughout the United States by the fertilizer industry and, on behalf of his company, he supported the bill. Exhibit #4.

Len Kohlman, Harvest States Co-op, Three Forks, supported the bill. Exhibit #5.

Jim Shortridge, SHOCO Fertilizer, Inc., Great Falls and the surrounding area, supported the bill. He told the committee the industry is trying to make this standard so if they start another plant they will have some guidelines. It is for safety. There is already a 55 cent a ton tax on all fertilizer. This wouldn't be passed on to the farmer any more than any other tax because it is going to be figured into the cost of the fertilizer one way or another.

Keith Kelly, Department of Agriculture, said he would like to commend the industry. They wanted to regulate the plants last session and this was something they were doing themselves to prevent accidents somewhere around the bend. There could be growth and expansion in this industry and there are really no guidelines for anhydrous ammonia. The Department's only part of the program is how it will pay for itself. They have worked out what comes fairly close to around \$40,000 that it will cost for one full-time inspector to visit the 60 some sites around Montana twice a year, and the paperwork involved in writing up the report and corrections that may be necessary, plus one half-time position to do the clerical work in the agency. The Department is in the process of writing a fiscal note with a breakdown of the cost. The bill is giving a state agency some permitting authority and they need to know how they will fit into the Montana Environmental Policy Act. It is the Department's intent that they can approach it in two ways. They can do a major environmental review and assessment and EIS when they adopt the ANSI rule, or approach it with an environmental assessment check list program. The first year \$3,000 to \$5,000 should be set aside for going out and developing the environmental assessments on these particular facilities. They hope the Department can adopt the ANSI Standards as meeting the Montana Environmental Policy Act requirements and maybe that will take care of it.

Marci Quist, member, Montana Agri. Business Association, said as a fertilizer dealer, she is familiar with the ANSI codes in other states and they have worked very well in regard to safety. Having worked within this state and other states with and without the codes, she thinks they are very necessary for the industry. The rules are needed for the safety of everyone.

Ross Fitzgerald, Montana Grain Growers Association and Volunteer Fireman's Association, on behalf of the safety of both groups went on record in favor of SB 345.

OPPONENTS: None

Committee questions: Senator Williams to Mr. Miner - Is there any kind of training program set up to teach people? Miner - Through the individual firms when they install a plant, they make it a point to train. They have an annual training program for his own people and an annual training for the voluntary fire department. Last year there was a group program through the cooperation of Sennex, Exxon and Agra Basics where they first had a slide program and then a live hands-on training program working with anhydrous ammonia. They are working toward doing more of this type of meeting. They have talked to civil defense and are trying to work with them to get a place on their program and with any volunteer fire department.

Senator Williams said he could see where this inspector would be in a good position to be the state coordinator for the programs. Senator Neuman thought it could be a possibility. He would leave it up to the committee. One of the things encompassed in the ANSI standards book is safety requirements. The first part says that personnel shall be trained in safe operating practices and action to take in emergencies and then goes on to outline some of those things. If the Department would agree to adopt this standard, that would be covered in part of the rule.

Senator Aklestad - With the federal rules in force, do the feds go around in different states and inspect these plants?

Neuman - The federal regulations mostly deal with highway and rail transportation. As far as inspection of storage sites, they do not. He thought the EPA had an office in Billings and, if someone requested them to come, they may come up and take a look. Senator Aklestad - There are no fed inspectors in the state? Neuman - not to the best of his knowledge. If you complain to EPA they would send someone up. He would like to stay away from the feds by adopting our own standards.

Senator Aklestad - On page 5, where you are setting rates, the \$40,000 figure, at what rate per ton is that based on?

Neuman - 60 cents. As Keith explained, the hearing was set so fast they didn't have time to get the fiscal note prepared.

Aklestad - The 10 cents on line 23, page 5, is that encompassed in the 60 cents. Neuman - yes. Kelly - That has nothing to do with anhydrous ammonia. That is in the permanent statutes right now. Aklestad - Is the ten cents a ton the only tax being imposed or are there other taxes? If so, what are the taxes? Kelly - Under the fertilizer laws right now, there is a 55 cent per ton assessment; 35 cents goes to the university and 20 cents to the Department. Under anhydrous ammonia, they

are proposing to pay the 20 cents to the Department, put it over here in a separate pot, and add up to 45 cents on top of it to complete inspection of the plants and facilities so that the 20 cents a ton the Department is getting is inclusive in this as well as the anhydrous ammonia people would still pay the 35 cents a ton for the research part. Aklestad - So there are other taxes on top of the potential 65 cents? Kelly - 35 cents plus 65 cents. They are currently paying 55 cents a ton and are requesting an additional 45 cents, so there would be additional, yes. The 20 cents a ton we are collecting currently is being used for running the lab down there and doing the inspection, but not for this kind of inspection. We have to hire an entirely different type of inspector and he will have to be trained on valves and safety to make sure it doesn't leak, etc. Aklestad - How many plants fall under the criteria of this bill. Neuman - 66 plants.

Senator Lybeck to Russ Miner - In regard to training the firemen, is anhydrous ammonia flammable? Miner - No, it's not flammable at all. Anhydrous ammonia is a household product at a concentration of 2/10 of a % ammonia, and you are familiar with the fumes and smell. It goes from liquid to vapor with water. It has a great adhesion to water, so if there is a leak or problem, like a nurse tank becomes upset and starts leaking, the best way to control the vapor is to wet it down with water. By putting water on the ammonia, it will dissipate it. The best source of water would be the fire departments. Senator Neuman - One thing with ammonia that is critical is not the danger of the chemical but the panic factor. Because of the smell, they need to understand that, just because it smells awful, it is not the horrible chemical people think it is. You can get burned by it, however.

Senator Hammond - On page 4, the new section on line 6, what does the word variance mean? Leanne Schraudner - It means it will be up to the rules of the Department of Agriculture and will depend on the individual situation. It allows flexibility when it poses a threat to the public.

Senator Kolstad thought training is needed as the ammonia is a deadly thing and poses more danger than some of the pesticides.

Senator Lane - Have there been any problems in using this? Senator Neuman - Not in Montana, but in other states tanks may have rolled over. Senator Lane - Who is responsible now? Neuman - The courts would have to determine that now. It depends upon the circumstances of the accident.

Senator Williams - How many companies in the state are licensed to sell this? Miner - 10 or 15. Senator Williams to Keith Kelly - Will you write up the job description for the inspector? Kelly - They did allow for some training for him;

Agriculture  
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page 5

6 hours for inspection and 5 or 6 hours travel time to and from the inspection site. About 160 hours of that person's time will be involved in training. He wasn't quite sure what kind of person it would take to fill that position as it is entirely different from the regular fertilizer inspectors.

Senator Boylan told the committee they won't act on this bill until we get the fiscal note.

Hearing closed on SB 345.

HB 316: Representative Kurt Krueger, HD 69, Butte, said he is carrying the bill at the request of the Department of Natural Resources. It restructures the membership of the Rangeland Resources Committee and currently takes the committee, which has 23 members, down to a 6 member board. It removes individuals listed on page 2, lines 1 through 18 of the bill. It says on page 3, this committee may consult with state and federal agencies and units of the university system as it considers appropriate, in performing its duties. The committee would be solely comprised of ranchers who would consult with these agencies as they see fit and need. We are taking away a little of the bureaucracy in dealing with the people and allowing the committee to become more functional and efficient, while at the same time getting input from these other areas. This is an advisory committee.

PROPOSERS: Ray Beck, representing the Conservation Districts Division of the Department of Natural Resources. Complete testimony attached as Exhibit #6.

OPPOSERS: None.

Committee questions: Senator Kolstad - This doesn't require a fiscal note? Beck - There is no change in fiscal responsibility because most members haven't been attending. Committee expenses are picked up by the Department. The Department charges a 1% administrative fee to pay for the committee expenses.

Bengtson - What is your budget? How much money do you get from the coal tax? Beck - \$300,000 was allocated in 79; \$350,000 in 81 and last session it was agreed upon to be 75% of the other categories of the RD. It is projected by 1989 they will have a million dollar account for range approval. Bengtson - Who is getting those loans? Beck - They have about 50 loans out. Three loans have been satisfied. There is a \$20,000 ceiling on the loans. The idea behind it when it was first established was zero interest, now we have 7% interest. What they have mostly been used for are water development projects, springs, fencing, pipelines, that sort of thing. It is handled through the local conservation districts.

Senator Kolstad - Is this a one time \$20,000 loan or can you get it again in 3 or 4 years? Beck - They possibly could, but

so far the committee has been hesitant because there has been quite a few more applications, so they pretty much limit it to one shot.

Senator Bengtson - How do you collect bad debts? Beck - So far we haven't had any. We do have one now we have started proceedings on. For any of our loans, we have a security of first mortgage on equal property that is free from debt. If we can't get 1st mortgage, we'll take a 2nd mortgage providing it is 1 1/2 times the amount of money loaned.

Representative Neuman, in closing, said he thought the discussion was mainly on the programs and we can see this advisory committee needs to be narrowed just by the discussion because we are talking 23 people vs. 6. The bill is trying to streamline the committee as to its work.

Hearing closed on HB 316.

DISPOSITION OF HB 316: Senator Lane moved HB 316 BE CONCURRED IN. Motion carried. Senator Williams will carry the bill on the Senate floor.

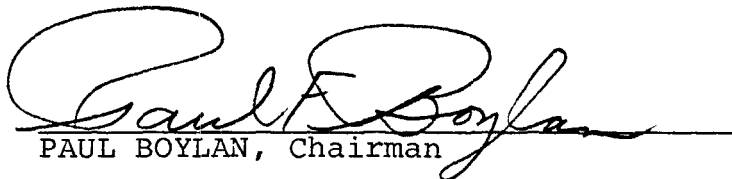
SB 202: Senator Boylan asked if the bill was ready for the committee. Senator Bengtson reported that she is waiting for Representative Donaldson's bill, HB 349.

SB 129: Amendments - John MacMaster reported that he still didn't have all the amendments for SB 129. The two groups got together, each with their own set of amendments, and are trying to come to some kind of compromise. They will funnel them down to John through Mr. Akey.

Senator Kolstad thought they were having trouble with the double filing.

SB 301: Senator Conover said he would get in touch with Mr. Hemmer regarding amendments for this bill.

There being no further business, the meeting adjourned.

  
PAUL BOYLAN, Chairman

ROLL CALL

AGRICULTURE, LIVESTOCK & IRRIGATION COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2-11-85

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 Feb. 11, 1985

COMMITTEE ON AGRICULTURE

# VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)



Feb. 11, 1985  
CGA-G-2.1-1981

SB345

TFI-M-1-1981

Exhibit #1.  
ANSI K61.1-1981

# American National Standard

safety requirements  
for the storage and handling of  
anhydrous ammonia



american national standards institute, inc.  
1430 broadway, new york, new york 10018

Exhibit #2  
Feb. 11, 1985  
SB 345

## ANHYDROUS AMMONIA FACILITIES SAFETY ACT

Anhydrous Ammonia is the single most important source of nitrogen as fertilizer in the United States. In Montana anhydrous ammonia has been used commercially for about 10 years. It is now the second largest source of nitrogen for farmers in Montana and is expected to surpass the current number one ammonium nitrates in the next few years. Anhydrous Ammonia has gained in popularity because it is a cost effective source of nitrogen that is easy to use.

Anhydrous ammonia is a gas under atmospheric temperature and pressure, but is easily compressed to a liquid form in which it is handled. As a gas it is colorless, lighter than air and has a pungent, irritating odor that makes it readily distinguishable. It requires special handling because if any part of the body comes in contact with the liquid form it will cause damage to the skin tissues by freezing as well as caustic action and dehydration.

The fertilizer industry is presenting bill SB 345 to provide the Department of Agriculture with rule making authority to regulate facilities of anhydrous ammonia in an effort to provide for the safety of workers, farmers and the general public. The bill allows for the Department to provide for the safety by governing such things as location, repair, and operation of future anhydrous ammonia facilities. Included in the statement of intent is the recommendation that the Department adopt the rules of the American National Standard Institute (ANSI). These rules are very detailed and technical as to provide the in depth information for the Department to allow them to provide safety for all.

The bill allows for pre-existing facilities that do not pose a safety hazard to continue operation.

The funding for the regulation of the facilities shall be provided by an assessment from the fertilizer industry. This money shall be placed in a state special revenue fund for administration and enforcement.

Currently there are 31 states that have all enacted some regulation of the anhydrous ammonia industry. These include all the major farm states such as Iowa, Minnesota, Washington, Oregon, and South Dakota as well as our neighbors North Dakota and Idaho. A number of those states rely on ANSI standards or standards that are substantially similar.

In summary, the Industry recognizes the potential hazards of anhydrous ammonia and urges you to support SB 345.

*Leany Schauder*  
Mt Agri Business Ass.

Jo Brunner

## AGRICULTURE LEGISLATIVE WORK

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NAME JO BRUNNER COMMITTEE ~~SSxS#S~~ Senate Ag.  
 ADDRESS 1496 Kodiak Road, DATE FEB 11, 1985  
 REPRESENT Power, Farmers Elevator Co. BILL NO. SB 345  
 SUPPORT X OPPOSE            AMEND           

Mr. Chairman, members of the committee, for the record, my name is Jo Brunner, and I am representing the Power Farmers Elevator Company at this committee meeting.

Mr. Chairman, The Power Farmers Cooperative does a great deal of Anhydrous Ammonia business. We service a pretty large area of farmers who rely on our facilities for their anhydrous needs. Consequently we are aware of the possibility of problems in handling anhydrous. In supporting this bill we are trying to keep the movement of the anhydrous as safe as we possibly can. We are in essence trying to police the industry, to see that any potential problems are taken care of before they come about.

We believe that if rules, promoted and accepted by the industry are implemented we will be a safer industry.

We ask a do pass on SB 345.

Thank you.

(This sheet to be used by those testifying on a bill.) **Exhibit #4.**

NAME: RUSSEL MINER DATE: 2-11-85

ADDRESS: PO BOX 2548 GREAT FALLS MT 59403

PHONE: 453-4321

REPRESENTING WHOM? AGRI BASICS COMPANY

APPEARING ON WHICH PROPOSAL: SB 345

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENT: I support a standard code

~~AWSE~~ ANSI K61.1-1981

for installation of anhydrous ammonia  
distribution plants and the safe  
operations of these plants

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Len Kohlman DATE: 2-11-85

ADDRESS: Box 64 Three Forks MT

PHONE: 285-3231

REPRESENTING WHOM? Harvest States Coop

APPEARING ON WHICH PROPOSAL: SB 345

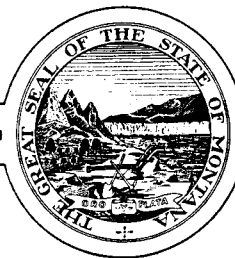
DO YOU: SUPPORT? X AMEND?        OPPOSE?       

COMMENT: I support a standard Code  
ANSI K61.1-1981 for the installation and  
operation of anhydrous plants.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

DEPARTMENT OF NATURAL RESOURCES  
AND CONSERVATION  
CONSERVATION DISTRICTS DIVISION

Exhibit #6



TED SCHWINDEN, GOVERNOR

32 SOUTH EWING

STATE OF MONTANA

(406) 444-6667

HELENA, MONTANA 59620

MEMORANDUM

February 11, 1985

TO: Senate Agriculture, Livestock, & Irrigation Committee

FROM: Ray Beck, Administrator  
Conservation Districts Division *Ray*

SUBJECT: Testimony on House Bill 316

House Bill 316 was requested by the Department as a law clean-up measure. The reasons for this requested change are as follows:

1. Since 1981, the committee has basically operated with the six executive members (a-f). Most of the remaining 23 members have shown little interest, if any, to participate. This creates difficulty in obtaining a quorum.
2. The Division's administrative funds are somewhat limited for this program. The added duplication expense, mainly from lengthy loan applications, could be avoided with the reduction of committee members. These funds could be better spent for monitoring loans.
3. Although the committee does not receive daily compensation, the Division is responsible for travel and lodging reimbursement. These funds would not be available if every member requested travel expenses.
4. Most state advisory committees have 6-12 members. Whereas this committee contains 23 members, it would be very unworkable if everyone participated. The division will continue to ask these agencies and groups to participate in an advisory capacity.

We urge your support for HB 316.

# STANDING COMMITTEE REPORT

FEBRUARY 11

85

19.....

MR. PRESIDENT

## AGRICULTURE, LIVESTOCK & IRRIGATION

We, your committee on.....

HOUSE BILL

316

having had under consideration..... No.....

third

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blue

)  
color

Krueger (Lane)

## REVISING STRUCTURE AND AUTHORITY OF RANGELAND RESOURCES COMMITTEE

Respectfully report as follows: That.....

HOUSE BILL

316

No.....

BE CONCURRED IN

~~XXXXXXXXXX~~

~~XXXXXXXXXX~~

.....  
PAUL F. BOYLAN,

Chairman.