

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

February 18, 1985

The twenty-third meeting of the Business & Industry Committee met on February 18, 1985 in Room 410 of the Capitol Building at 10 a.m. The meeting was called to order by Chairman Mike Halligan.

ROLL CALL: All committee members were present.

CONSIDERATION OF SENATE BILLS 208, 425, 426: Senator Ted Neuman, Senate District 21, Vaughn, is the chief sponsor of Senate Bills 425 and 426. Senator Tom Towe, Senate District 46, Billings, is the chief sponsor of Senate Bill 208. Since they relate to the same subject they are being presented together as a total package. Senator Neuman began by saying that his bills deal with the current economic crisis being faced by the agricultural community. The immediate problem facing the agricultural people is the deteriorating financial condition of farm and rangeland assets. Over 30% are in debt for over 40% of their assets. Unless something is done quickly he feels over 45% of today's farmers and ranchers could face demise. He feels we can invest money at the state level to help forestall a serious situation. Senate Bill 425 and 426 will invest some of the state's money to help financial institutions. He stated if the loans can be somehow guaranteed they feel that the bankers will be more willing to look at this possibility and will continue to make loans available. The bills would use 25% of the coal tax money through the Agricultural Loan Authority to invest this money to try and help out the agricultural financial institutions. Senate Bill 425 is an act to establish that 25% of the coal tax goes to the Agricultural Loan Authority. This is similar to the Montana Economic Board fund. Senator Towe then explained these three bills are very significant in that they attempt to do for farmers what was done for the business community in the "Build Montana" program. Senate Bill 426 is an income stream which is not available to the business community however. The beginning farmers bill was passed last session but never really implemented because of federal restrictions that came into being recently. They are not using the coal tax money but just making use of the money in the trust fund to redirect that it be put back into agriculture. The program is mainly designed for helping those people who have equity in their land (over 60%) and the loans would be secure. He then referred the committee to a chart he had prepared for explanation. (EXHIBIT 1) He explained further he would be dealing with the 50% of the trust fund that is not already appropriated. This would just take 25% of this and put it into an in-state agricultural authority investment fund to be managed by the Agricultural Authority Board which was set up in the beginning farmers bill. Senate Bill 425 creates this fund. He explained that in order to obtain a loan you would have to go through a lending authority who would be liable for 10% of the loan.

The Agricultural Authority would decide how much of the appraised value of the real estate can be used for the loan. The legislation being suggested would then go on to use the guaranty pool of assets in an investment way in Senate Bill 208. This money could be used doubly to guarantee agriculture loans with a guarantee fund which would then guarantee other loans and could be expanded into \$200 million dollars. This reserve fund does not call on any state moneys but there is a moral obligation of the legislature to keep the fund at a certain level. Senator Towe felt the guarantee fund could possibly operate without any input whatsoever from the legislature. Senate Bill 426 creates a capital reserve fund which is the same fund as the guaranty fund. This money will be supplemented with a check-off system. All agricultural commodity products will be obligated to pay .0015% upon sale of produce which would go into the fund. Senator Towe explained North Dakota has devised a program by Dain Bosworth which will form a trust, which then goes out on the open market and sells trust interest. They hope to be able to raise \$200 million and with this money to loan 100% of the production value of the land, then ask for 1/3 of the crop share and ask after the first 15% of the capital gains the remainder of the capital gains for the next ten years. They are asking the state to guarantee 65% of their investment. Senator Towe feels if we can add a guarantee to this we will have a program that can work. Senate Bill 208 is the authority for the program. He then distributed an amendment for Senate Bill 208. (EXHIBIT 2) No one person may receive a loan that would exceed 20% of the total amount of the guarantee fund. Senate Bill 426 sets a check-off system fund as a permanent funding source of .0015% of commodities sold which goes into the capital reserve account.

PROPONENTS: Terry Murphy, President of the Montana Farmer's Union, favors Senate Bill 208 and Senate Bill 425 but would like to reserve opinion on Senate Bill 426 until he has more input from his constituents. He felt a sunset date should perhaps be set for Senate Bill 426. Keith Kelly, Director of the Department of Agriculture, feels the problems facing the farmers and ranchers are great and they need to seek new ways to find financial credit. (EXHIBIT 3) He referred the committee to a survey they conducted before session. (EXHIBIT 4) The department supports the passage of these senate bills to provide a mechanism by which viable farms and ranches can remain in operation. He felt by restructuring some of the current loans it might be very helpful to several people. He submitted individual comments for each bill. (EXHIBIT 5, 6 & 7) Margaret McDonald, representing the Northern Plains Resource Council, supports the concept of the package but would like to reserve opinion of the check-off system. (EXHIBIT 8) She feels this represents the future of Montana agriculture in the 25-55 age group. She would like to see it targeted somehow to Montana operations. Mons Teigen, representing the Montana Stockgrowers, feels this is very important to their organization but wanted to reserve opinion on the check-off system. (EXHIBIT 9) A letter of support from Lavina Lubinus supporting SB 208 & 425 was also submitted. (EXHIBIT 10)

OPPONENTS: There were no opponents to Senate Bills 208, 425 and 426.

Questions were then called for from the committee. Senator Christiaens wondered why there was no mention of variable interest rates. Senator Towe stated this was do it would not be locked into one form and would allow flexibility so the board could make that decision. There is a statement of intent for Senate Bill 425 and 208. (EXHIBIT 11 & 12) which tells that the rulemaking authority will make this type of decision. When asked about the check-off system, Senator Neuman stated this type of thing is done for such things as cherries, milk etc. He feels there may be some who might object but that they have to realize that in order to help themselves they have to do something in return. Senator Williams wondered if the program would work without Senate Bill 426 and Senator Neuman stated that it could but he felt they should be kept together as a unit. Senator Towe stated that the moral obligation might have to be used if this bill were not to pass. Senator Weeding asked if the check-off was refundable and was told it was not. Senator Goodover wondered about the moral obligation and service fees. He was told these would have to be worked out but would possibly be 1% or 1/2 of 1%. It would depend upon the amount of the check-off also. Senator Goodover expressed concern that the banking industry was not here to testify on their response. Senator Thayer wondered who it would be benefiting and was told it was those who had at least 60% equity in their land because a loan of more risk than this would not be wise. There was some concern the banks might abuse this loan program to help rid themselves of bad debts. Senator Towe explained each loan would have to be reviewed carefully and that safeguards and guarantees would have to be put into the program. Senator Goodover wondered if the legislature did not respond favorably if they could continue to operate and was told it would not affect the operation of the program. Senator Towe feels that with the check-off system this would assure them they would not have to use the fund. Senator Boylan felt it was a good idea to sunset this. If times were to get better, it could be dropped. Senator Towe and Senator Neuman agreed. Senator Thayer wondered about excluding the out-of-state interests and Senator Towe felt there could be something in the bill making this direction. Senator Kolstad asked Frank Shawn from First Bank what the banks thought of this program being proposed and he felt personally that the banks would go for it but would need more time to study it thoroughly. Senator Neuman stated in closing he felt it was a very necessary piece of legislation and could help many people. Senator Towe stated in closing there is no doubt there is problems in getting agricultural credit and that it could be addressed with this legislation. The committee will meet again on Thursday, February 21 for more discussion of these proposals.

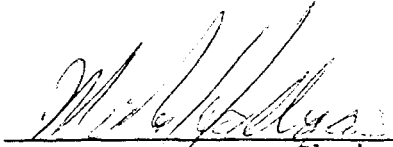
CONSIDERATION OF SENATE BILL 404: Senator William Yellowtail, Jr., Senate District 50, is the sponsor of this bill which permits the Board of Realty Regulation to change the annual renewal and automatic cancellation dates for real estate broker's and salesman's licenses. It would insert a new subsection 2 to permit the board the flexibility to set those times. The current statute provides that the fees are due in December and if not received in that time they are immediately considered to be cancelled.

PROPOSERS: There were no proponents to this Senate bill.

OPPOSERS: There were no opponents to this Senate bill.

Questions were then called for. Senator Yellowtail stated he felt they just wanted to expand from the 31 day due period for a little longer. Senator Gage felt that they possibly wanted to extend the time period for paying dues but felt they wouldn't change the December 31 deadline but possibly extend it from possibly November through December. Senator Halligan stated he would talk with the realtors before executive action as possibly some were just not able to make it to the hearing in the short notice available. The hearing on Senate Bill 404 was closed.

The meeting was adjourned at noon.


Mike Halligan, Chairman

cd

ROLL CALL

BUSINESS & INDUSTRY

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2-18-85

SENATE
SEAT

#

NAME	PRESENT	ABSENT	EXCUSED
Chairman Halligan	X		
V-chrm. Christiaens	X		
Boylan	X		
Fuller	X		
Gage	X		
Goodover	X		
Kolstad	X		
Neuman	X		
Thayer	X		
Williams	X		
Weeding	X		

Each day attach to minutes.

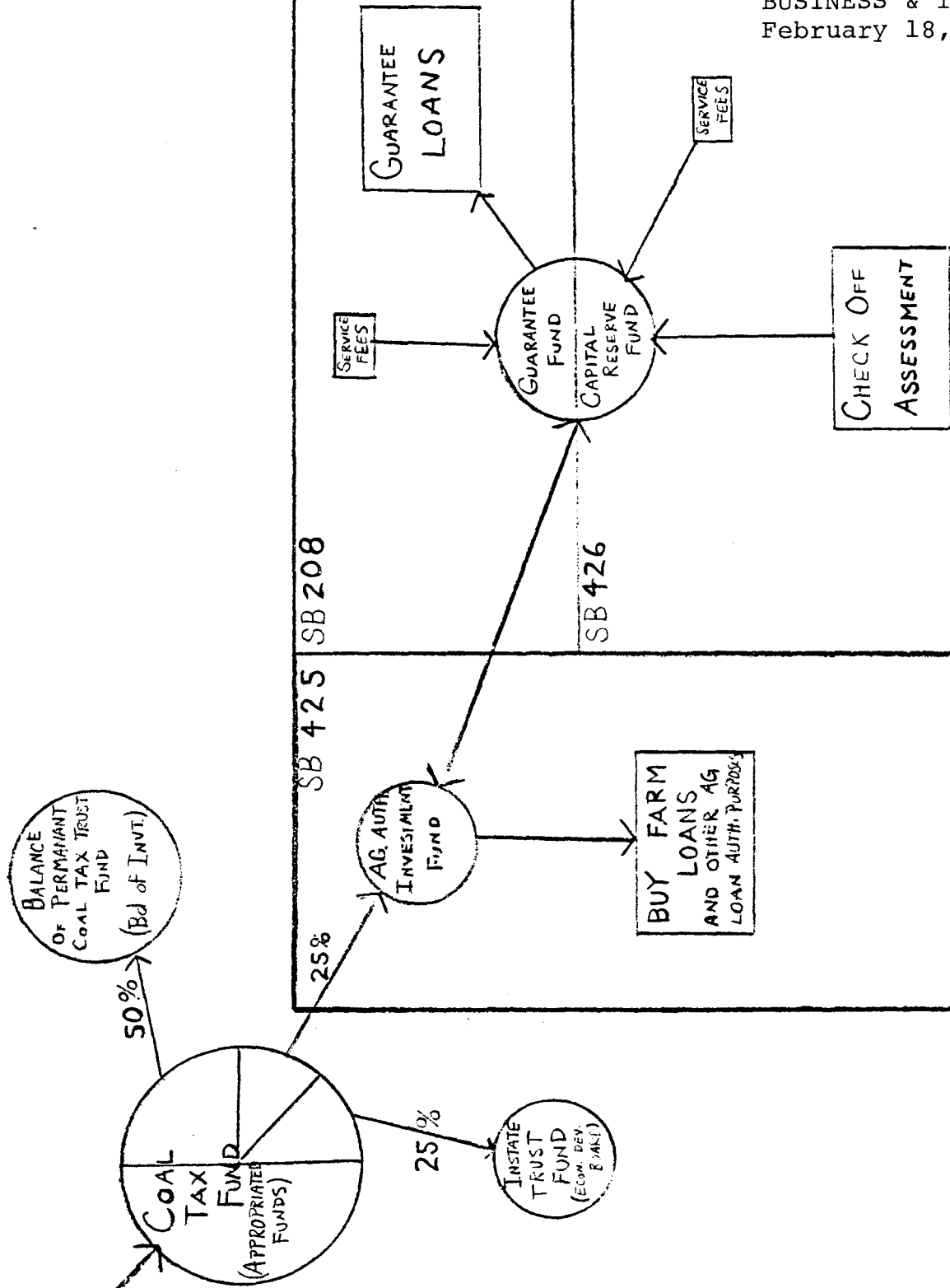
DATE _____

FEBRUARY 18, 1985

COMMITTEE ON BUSINESS & INDUSTRY

VISITORS' REGISTER

[illegible]



MONTANA DEPARTMENT OF AGRICULTURE

January 25, 1985

.0015 (ENTER CHECK-OFF AMOUNT (i.e. 0.0015)
(Equivalent to 54 cents on 1 bu wheat at \$3.40)

Commodity	Units Marketed	Units Measure	Price	Unit Market Val	Unit Cost	Check-off \$
Cattle (head)	991,000	1,100.00	lbs	\$528.00	\$.7920	\$784,872.00
Calves (head)	501,000	475.00	lbs	234.50	.4418	221,316.75
Hogs and Pigs (head)	217,000	239.00	lbs	105.16	.1577	34,229.58
Sheep and Lambs (head)	435,000	110.00	lbs	35.20	.0528	22,968.00
Wool	5,141,000	1.00	lbs	.67	.0010	5,166.71
Chickens - hens	2,680,000	3.20	lbs	.22	.0003	900.48
Eggs	193,000,000	1.00	doz	.55	.0008	13,268.75
Milk and Cream	335,000,000	1.00	lbs	.13	.0002	65,325.00
All Wheat	136,930,000	1.00	bu	3.40	.0051	698,343.00
All Hay (14% sold)	4,158,000	1.00	ton	50.00	.0750	43,659.00
Barley	77,700,000	1.00	bu	2.45	.0037	285,547.50
Dry Beans	37,000	1.00	Cwt	19.00	.0285	1,054.50
Oats	5,280,000	1.00	bu	1.65	.0025	13,068.00
Corn	1,365,000	1.00	bu	3.20	.0048	6,552.00
Potatoes	1,800,000	1.00	Cwt	7.90	.0119	21,330.00
Sweet Cherries	1,365	1.00	ton	457.00	.6855	935.71
Sugarcane	818,000	1.00	ton	37.00	.0555	45,399.00
Honey (198. stat.)	10,800,000	1.00	lbs	.57	.0009	9,234.00
Beeswax (195f stat.)	104,000	1.00	lbs	1.98	.0030	546.48
<hr/>						
						\$2,273,716.45
						-227,371.65
						<hr/>
						\$2,046,344.81

10% slippage

* Based on 1983 statistics

SENATE BILL 208
AMENDMENT

EXHIBIT 2
BUSINESS & INDUSTRY
February 18, 1985

1. Page 2, line 9.

Following: "chapter"

Insert: "or any other agricultural loan for which a guarantee
has been approved by the authority"



TED SCHWINDEN
GOVERNOR

STATE OF MONTANA
DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR
AGRICULTURE/LIVESTOCK BLDG.

CAPITOL STATION

HELENA, MONTANA 59620-0201

TELEPHONE:
AREA CODE 406
444-3144

KEITH KELLY
DIRECTOR

Testimony of Montana Department of Agriculture
Director Keith Kelly for the Senate Committee
on Business and Industry on
Senate Bills 208, 425 and 426
Monday, February 18, 1985

Chairman Halligan, Members of the Committee. The problems facing agriculture and the corresponding loss of our family farms and ranches are of great concern to the Montana Department of Agriculture. Recent Production Credit Association (PCA) liquidations and concerns regarding the soundness of other financial institutions accentuate the significance of the current problems. Problems within the financial institutions will directly and indirectly affect a very large number of producers who will be seeking a new source of financing for millions of dollars of necessary credit. Agricultural lenders will pick up a certain percentage of the operators who are current on loan payments, but a large percentage will not find a lender willing to continue their financing and may be forced out of business. The recent merger between farm credit institutions in Spokane and agricultural loan related stock devaluations within some of the larger bank holding companies is further evidence of the severity of the credit crunch facing agriculture.

Prior to the session, each member of the legislature was mailed a copy of the department's recently completed statistical survey of the agricultural finance situation in Montana. Survey results did not paint a very bright future for agriculture, but were consistent with recent developments. Current loan delinquency rates and foreclosures are considerably higher than in the recent past. Delinquencies on operating loans at banks are about double those in 1981. Foreclosures are five (5) times higher than in 1981. Voluntary farm liquidations were eight times higher than in 1981 with many existing loans yet to be reviewed for the 1985 season. These statistics may be compounded by the recent problem confronting the farm credit institutions and continued devaluation of agricultural land. The Montana Agricultural Finance Survey's attitude-trend analysis (assuming current trends in farm income and expenses) indicates that only about 55 percent (55%) of the existing farmers/ranchers felt that they will be able to remain in business for another five (5) years.

It is essential that workable long range solutions to the farm credit problems be developed. The mounting problems within our agricultural sector, our number one industry, represents a major issue that affects not just the farmer/rancher and other agri-businesses. These problems and their impact also affect our many rural communities and the overall economy of the state.

High interest rates and the lack of available credit sources represent very significant causes of the current adverse conditions within agriculture which will result in even further

deterioration of our agricultural economy. The Department of Agriculture supports the passage of Senate Bills 208, 425 and 426 as these bills would provide a mechanism by which viable farm and ranch operations will be able to secure a source of financing where it would not otherwise be available and will provide assistance toward the continuance of our states' family farms/ranches. Passage of these bills will also provide for economic stablization and potential stimulation of our many rural communities and the overall economic well-being of the state, while at the same time protecting and enlarging our coal severance tax trust fund and demonstrating the concern of the farmer and the state of Montana.

agricultural finance summary

EXHIBIT 4
BUSINESS & INDUSTRY
February 18, 1985

supplemental tables & charts

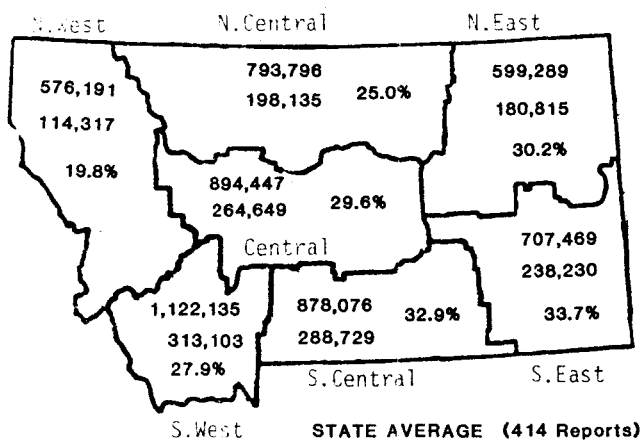
MONTANA FARM FINANCE BALANCE SHEET BY GROSS FARM INCOME

GROSS FARM INCOME	NUMBER OF REPORTS	DEBT TO ASSET RATIO AVERAGE	FARM ASSETS AVERAGE	FARM DEBT AVERAGE	PERCENT DEBT IN LAND CONTRACTS	INTEREST PAID AVERAGE
		-Percent-	-----Dollars-----		--Percent--	-Dollars-
< \$10,000	19	14.6	230,418	33,582	26.9	3,543
\$10,000-19,999	27	17.1	418,961	71,533	27.0	6,982
\$20,000-39,999	57	26.1	371,108	96,740	31.5	9,084
\$40,000-69,999	63	21.8	506,527	110,196	40.0	15,729
\$70,000-99,999	86	29.3	795,464	232,780	49.3	23,745
\$100,000-199,999	104	28.9	1,063,302	306,903	45.9	30,999
\$200,000 +	53	34.1	2,007,900	684,813	47.1	65,844
STATE TOTAL	414	28.2	769,114	216,854	39.7	22,241

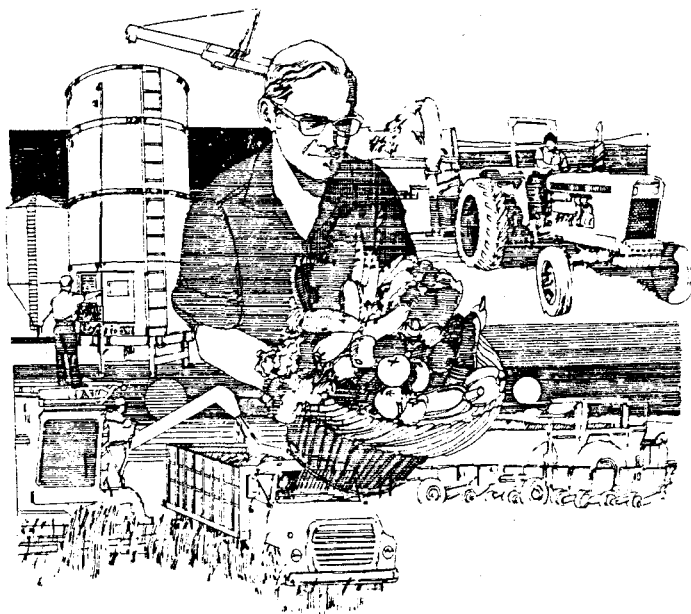
MONTANA FARM FINANCE BALANCE SHEET BY DEBT/ASSET RATIO

DEBT/ASSET RATIO CATEGORY	NUMBER OF REPORTS	DEBT TO ASSET RATIO AVERAGE	FARM ASSETS AVERAGE	FARM DEBT AVERAGE	PERCENT DEBT IN LAND CONTRACTS	INTEREST PAID AVERAGE
		-Percent-	-----Dollars-----		--Percent--	-Dollars-
0	77	0	573,702	0	0	48
0 - 10	58	4.3	805,751	34,866	32.4	4,865
10 - 20	53	14.0	883,587	123,679	52.3	15,587
20 - 30	41	24.6	1,097,016	270,009	60.1	31,168
30 - 40	43	33.8	907,062	306,881	55.5	30,070
40 - 50	43	43.7	894,245	390,499	48.7	40,251
50 - 60	52	53.8	764,533	411,426	57.1	36,762
60 - 70	19	63.8	470,708	300,628	57.3	33,969
70 +	28	82.2	601,765	494,965	53.7	49,279
STATE TOTAL	414	28.2	769,114	216,854	39.7	22,241

**AVERAGE FARM ASSETS,
DEBT and DEBT/ASSET RATIO**

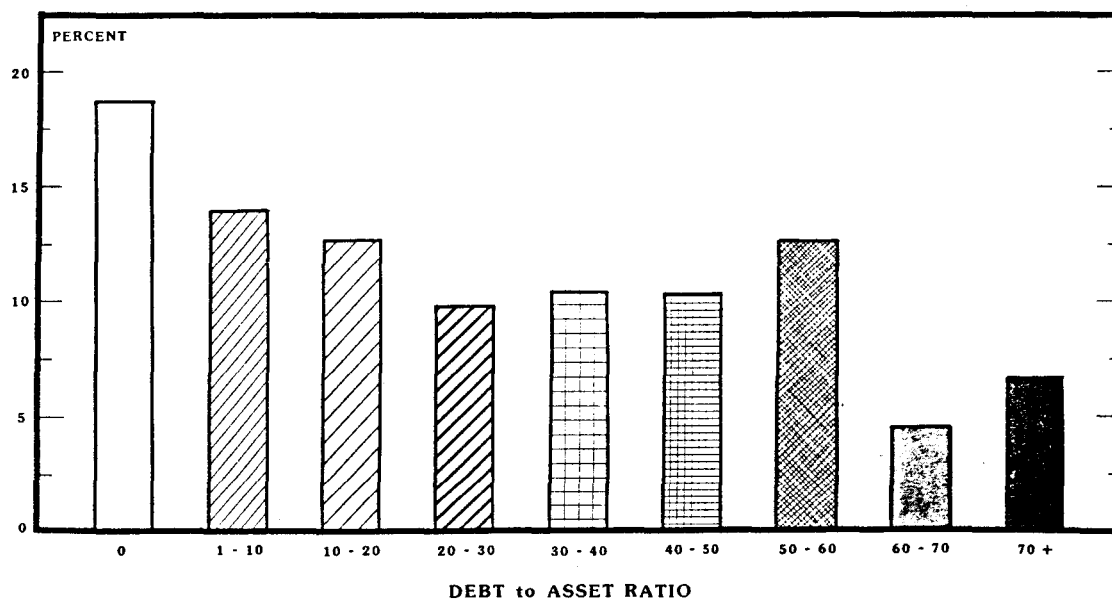


Assets 769,114
Debt 216,854
Ratio 28.2%



MONTANA

DEBT TO ASSET RATIO BY PERCENT REPORTING

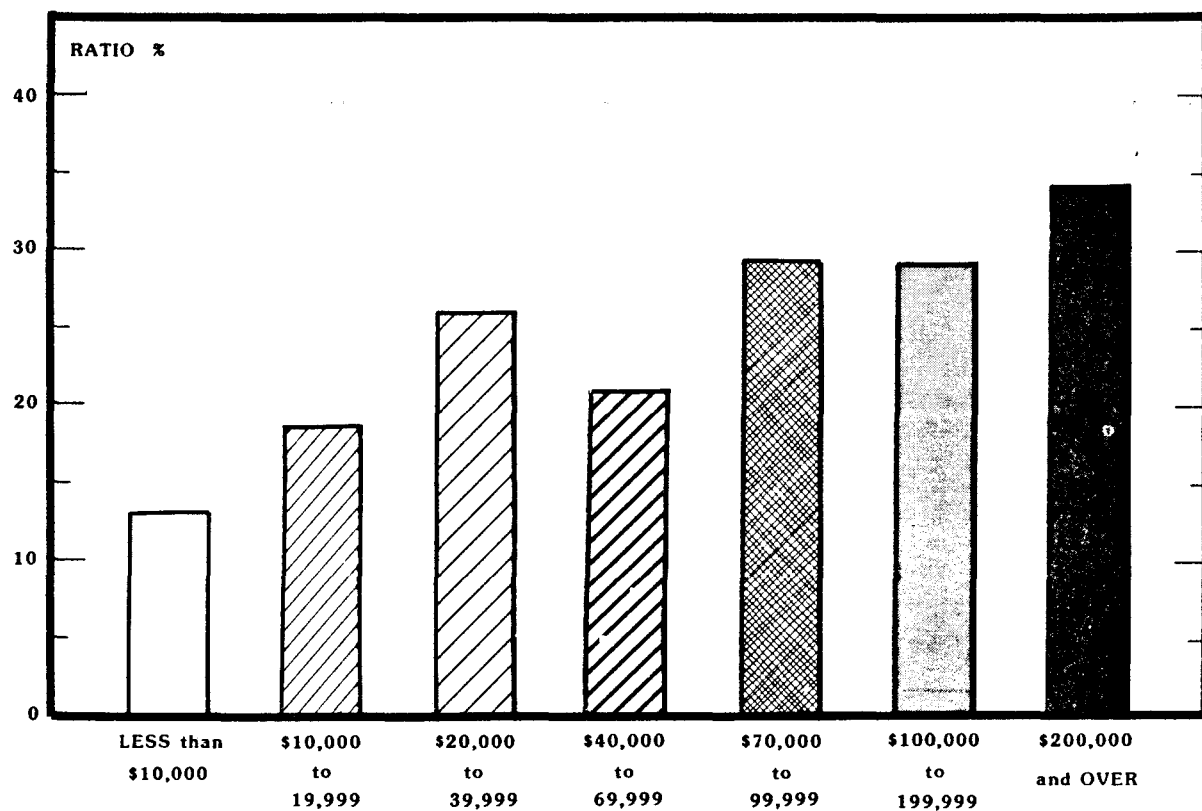


MONTANA FARM FINANCE BALANCE SHEET BY TYPE OF FARM

TYPE OF FARM	NUMBER OF REPORTS	DEBT TO ASSET RATIO AVERAGE	FARM ASSETS AVERAGE	FARM DEBT AVERAGE	PERCENT DEBT IN LAND CONTRACTS	INTEREST PAID AVERAGE
		--Percent--	-----Dollars-----		--Percent--	-Dollars-
Cash Grains Only	78	23.4	799,472	186,710	33.1	15,978
Mostly Crops	106	30.8	763,397	235,281	51.5	24,296
Livestock Only	91	24.5	681,227	166,685	33.2	16,108
Mostly Livestock	119	30.1	787,260	237,107	42.5	26,240
All Other	20	34.4	912,546	313,605	27.4	35,713
STATE TOTAL	414	28.2	769,114	216,854	39.7	22,241

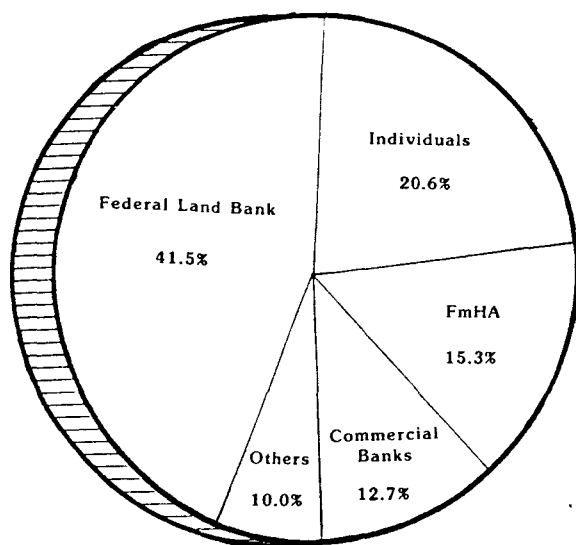
MONTANA

DEBT TO ASSET RATIO BY GROSS FARM INCOME



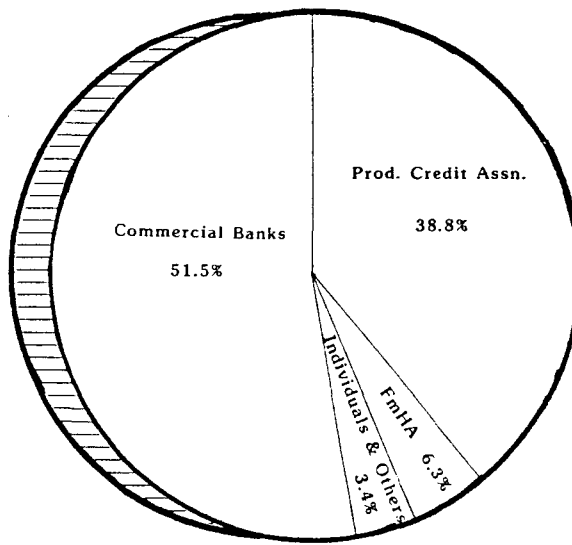
MONTANA FARM DEBT BY LENDER

REAL ESTATE DEBT



NON-REAL ESTATE DEBT

(Operating Loans)



MONTANA FARM FINANCE BALANCE SHEET BY AGE OF OPERATOR

AGE CATEGORY OF OPERATOR	NUMBER OF REPORTS	DEBT TO ASSET RATIO AVERAGE	FARM ASSETS AVERAGE	FARM DEBT AVERAGE	PERCENT DEBT IN LAND CONTRACTS	INTEREST PAID AVERAGE
		-Percent-	-----Dollars-----		--Percent--	-Dollars-
24 or Less	2	35.1	1/	1/	1/	1/
25 - 34	50	35.9	855,443	307,429	43.2	24,734
35 - 44	65	32.1	837,180	269,033	49.1	30,001
45 - 54	102	37.2	762,777	283,717	50.7	26,827
55 - 64	138	20.3	787,887	159,969	38.4	18,863
65 +	57	16.7	568,179	94,816	12.8	11,171
STATE TOTAL	414	28.2	769,114	216,854	39.7	22,241

1/ Information withheld to avoid disclosure of individual data.

MONTANA FARM FINANCE BALANCE SHEET BY SIZE (Acres)

SIZE OF FARM	NUMBER OF REPORTS	DEBT TO ASSET RATIO	FARM ASSETS AVERAGE	FARM DEBT AVERAGE	PERCENT DEBT IN LAND CONTRACTS	INTEREST PAID AVERAGE
Acres		-Percent-	-----Dollars-----		--Percent--	-Dollars-
499 or Less	37	37.1	331,619	122,947	37.2	15,003
500 - 999	41	32.2	544,724	175,632	32.9	18,940
1,000 - 1,999	71	25.2	576,982	145,403	35.7	14,674
2,000 - 2,999	67	29.2	631,650	184,474	44.8	19,945
3,000 - 4,999	73	21.8	977,002	213,546	41.5	22,795
5,000 - 9,999	57	34.8	1,448,882	503,525	56.5	45,186
10,000 +	68	24.7	1,872,600	462,893	42.6	44,447
STATE TOTAL	414	28.2	769,114	216,854	39.7	22,241

MONTANA DEPARTMENT of AGRICULTURE

KEITH KELLY, DIRECTOR

CAPITOL STATION

HELENA, MT 59620

(406) 444-3144

IN
COOPERATION
WITH

U.S. DEPARTMENT of AGRICULTURE
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C. R. LIES, ASST. STATE STATISTICIAN

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FUNDING PROVIDED BY THE GOVERNOR'S COUNCIL FOR ECONOMIC DEVELOPMENT

MONTANA DEPARTMENT OF COMMERCE

Testimony of Montana Department of Agriculture
Director Keith Kelly for the Senate Committee
on Business and Industry on
Senate Bills 208, 425 and 426
Monday, February 18, 1985

Chairman Halligan, Members of the Committee. SB208 provides the Montana Agricultural Loan Authority, loan guarantee ability and establishes a guarantee fund.

By use of a guarantee program, closely coordinated with existing financial institutions, we can start to address the financial crunch that is now facing rural Montana.

The guarantee program can provide lower interest funding to agriculture and it stabilizes and maintains a secondary market for agricultural loans.

We support and ask for your full consideration of Senate Bill 208.

Testimony of Montana Department of Agriculture
Director Keith Kelly for the Senate Committee
on Business and Industry on
Senate Bills 208, 425 and 426
Monday, February 18, 1985

Chairman Halligan, Members of the Committee. SB425 provides for an investment in the future of Montana. The Coal Tax trust fund is secured by SB426's commodity check off program provided by the agricultural industry itself.

The Coal Tax investment in agriculture provides for a guarantee of loans and/or bonds, participation in agricultural loans through existing financial institutions, and establishes the Agricultural Authority Investment Fund and Capital Reserve Account.

SB425 provides:

- (1) Security to the Coal Trust Fund through the Reserve Account and check off in SB426.
- (2) Provides badly needed financing to Montana agriculture which will stabilize our rural communities.
- (3) Provides long term benefits to the economy of Montana through development and maintenance of agriculture.

We support and ask for full consideration of Senate Bill 425.

Testimony of Montana Department of Agriculture
Director Keith Kelly for the Senate Committee
on Business and Industry on
Senate Bills 208, 425 and 426
Monday, February 18, 1985

Chairman Halligan, Members of the Committee. The Department of Agriculture has worked with Senator Neuman and Senator Towe as they developed SB426.

For clarification we believe the following should be considered by the committee.

Page 1, Line 11: The word annual could be stricken to clarify it is a one time assessment and provide consistency with Section 3 collection procedures.
(Page 4 Lines 16-20)

Page 2, Section 2: The Loan Authority should have rule making authority for form establishment and collection procedures.

Page 4 and 5, Section 4: Administrative costs for collection of the assessment will have to be funded from the General Fund unless section 4, sub 2 is amended to include these costs.

We support and ask for your consideration of Senate Bill 426.

NAME: Margaret E. MacDonald DATE: 2/18/85

ADDRESS: 419 Stapleton Building, Billings, MT 59101

PHONE: 248-1154

REPRESENTING WHOM? Northern Plains Resource Council

APPEARING ON WHICH PROPOSAL: SB 208, 425, 426

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENT: Reserve comments on check off below. I can review proposal w/
my Board. Support the concept of this package. The generation of
operators between 25-55 are in the greatest. These people represent the
future of Montana agriculture. This could help move the money into a positive
cash flow. The rules of agricultural finance changed virtually overnight
from equity to cash flow criteria. They can survive if we can buy them
some time. The federal govt. is pulling back in its role of lender as
last month and other states are stepping into the void. We strongly
endorse the use of real trust funds for investment in sound agricultural
loans. It reflects the goals & purposes of our tax to support renewable,
locally owned, small business operations. It should be targeted to
owner-operators / family farms; not "super" far or absentee-owned farms.
I'm concerned about the Mo. Dak. plan to use equity financing & exploit
capital gains because it perpetuates a terribly inequitable
PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Federal tax system that will ultimately destroy the family farm.

WITNESS STATEMENT

Name Mons. Trigen Committee On SEN B d T
Address Helena Date 2/18/85
Representing Stockowners Support ?
SEN Bill No. 208-425-47.6 Oppose ?
Amend 0

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. While I personally see considerable merit to much of the proposals, I will review this with my
2. executive committee next Monday. The check off
3. amounts to commodity taxation which will be objectionable to some.
- 4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

WITNESS STATEMENT

Name Laina Lubin Committee On S. Bus. Indus. Tr.
Address 1501 Chestnut Date 2-18-85
Representing Women Involved in Farm SB's
WTFE Domestic Support 202 + 425
Bill No. SB 202-SB 425 SB 426 Oppose _____
Amend _____

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. ~~the app. for a federal program~~
Need to get back to members on SB 426. ^{proposed} ~~proposed~~
Why not Lumber? And 4th Farmer? They are
an Agriculture ~~industry~~. Can they be included
in SB 426. Also how about Xmas Trees?
2. Change Chicken to Poultry (Turkey, Goose, etc.)
Change Wheat & Barley to All Grains? Sunflower, Soybean, etc.
3. SB 426 is a good self help bill. But all Ag-producers of
any Commodity should be in - sort of a Good neighbor deal
from one Agriculture to another in Montana.
4. Maybe the target is Farm Families, not a Small family Farm.
The large corporation seem to have their own "self help" system.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

49th Legislature

LC 852

STATEMENT OF INTENT

SB BILL NO. 208

A statement of intent is required for this bill because it delegates authority to the agricultural loan authority to adopt rules concerning loan guarantees. The legislature intends that in adopting rules the authority look to existing rules established by the Montana economic development board, on which the authority contained in this bill is patterned.

49th Legislature

LC 1670

STATEMENT OF INTENT

SB BILL NO. 425

A statement of intent is required for this bill because rulemaking authority is granted to the Montana agricultural loan authority (MALA) in sections 5, 6, 8, and 10.

It is the intent of the legislature that MALA adopt rules for the orderly handling and processing of investments made with the coal tax trust money deposited in the agricultural authority investment fund. MALA should operate in a similar fashion as the Montana economic development board. However, the investments must be in agriculture, and the concern must be for economic stabilization as well as economic stimulation. The investments are intended to increase the amount of available capital for farm operations by providing a new source of investment capital.

It is the intent of the legislature that MALA should establish rules for the investment of money in banks, with the agreement that the banks will in turn loan an equal amount of money to farmers at the banks' risk. The investment of money in

the banks should provide the liquidity necessary for the banks to make these loans.

It is the intent of the legislature that the state is morally obligated to back the sale of bonds, as set forth in section 7.

It is the intent of the legislature that MALA establish a separate standard for determining eligibility for those persons receiving loans with money backed by the agricultural authority investment fund. The legislature recognizes the overly restrictive regulations placed upon applicants for loans financed by bonds sold by MALA. Therefore, the standards placed upon applicants for loans backed by the investment fund are not limited by federal regulations but by statutory limits enacted by the Montana legislature and interpreted liberally.