

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

February 20, 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: All members present.

DISPOSITION OF SB 202: Senator Bengtson moved SB 202 BE TABLED. Motion carried.

SB 360: Senator Boylan asked about the amendments to SB 360 which were left with the committee on Monday.

John MacMaster, Legislative Council, said Senator Tveit offered the amendments when he talked on the bill but the Council staffers do not take offered amendments and put them into proper amendment form unless a committee member requests them to do so. Since nobody had requested it, the amendments had not been changed.

Senator Kolstad said the sponsor had visited with him and Senator Aklestad and he thought the sponsor wanted to table the bill. He suggested we talk to him again on this. Senator Kolstad thought we did need the lab in Great Falls and it is an important lab.

Senator Aklestad agreed with Senator Kolstad but if we are going to keep the lab open, we are going to have to put some money in it. He thought the bill is making it more cumbersome for the elevator operators and the Department. Right now under the law you can demand a sample be sent in to the State lab if you are not satisfied with the elevator sample. The way this bill is written, you will have to pay for every sample, but you can opt not to.

Senator Lybeck asked Mr. Kelly, Department of Agriculture, to comment in regard to tabling the bill. Kelly - When they rewrote the grain law last time, it used to be the burden was on the elevator operator to ask everyone coming in if he wanted a State sample. The burden of proof is now changed back to the farmer asking for it. The Department had a hard time enforcing it. Every elevator operator was supposed to ask if they wanted a State sample. The Department tried to estimate a fiscal note and it probably would generate some more revenue for the lab but he didn't know where it would leave them. They had it that way and they couldn't enforce it so they questioned how good the law was.

Senator Lybeck - The way the law is written now it would be an improvement? Kelly - I agree. If they could go out and check to make sure they are asking the question, it would

be an improvement. In the context of leaving it up to the farmer whether or not he wants it, it would help the lab out more. The question is how the Department is going to go around and check closely enough whether they are asking the question. The elevator operator has to settle on the final grades. The only place the State should be involved is between the producer and the local operator on the whole sampling and protein process. The settlement should be based on that transaction and not what they have settled on out in Portland.

Senator Boylan - Is the lab in trouble financially or what is the problem? Kelly - The lab is down to 7 employees. We laid 3 employees off last year. They are just holding their own. We did some promotion work to get word out on the lab but are eating our reserve rapidly.

Senator Kolstad - Is the funding for the lab through the Agriculture Department budget? Kelly - It is an earmarked account. They generate their money off the services they charge to get protein samples and grades. Senator Kolstad - Are they being funded less now than two years ago? Kelly - Yes, we have cut back. We laid off 3 people last year. Every 2 weeks we have about a 15 to 16 thousand dollar pay roll. They are just generating slightly above that. What has really hurt them are the grain subterminals and the infrared analysers.

Senator Williams - What are some of the other functions of the lab other than protein testing? Kelly - Protein and grade are the two primary functions. They do some work on alfalfa seeds or any of the other types of things that need grade. They enforce the federal grain inspection service and the lab has to be in compliance with federal standards. It is strictly grain grading and testing.

Senator Kolstad to Mr. Rasmusson - Do you feel as supportive of this bill today as you did the other day? Rasmussen - Yes, with the amendments proposed by the grain lab. He feels it is in the best interest of the producer. One of the more important things the amendments do is take care of the enforcement part of it that Mr. Kelly referred to. The statement of the waiver of official inspection is put right on the grain contract. The producer signs when he agrees to sell his grain to the elevator. It is hard to miss it. Either he signs it or doesn't sign it and that pretty well addresses the enforcement part of it.

Senator Boylan told the committee that, out of respect for Senator Tveit and the Department, the committee will request the researcher go over the amendments and Friday they will dispose of the bill one way or the other.

DISPOSITION OF SB 378: Senator Bengtson said the question

is whether it is the right fund.

John MacMaster said he had checked with Judy Ripengale, head of the LFA, and she said that is the right fund, the State special revenue fund.

Kelly - It allows them to put it in there and, if it didn't get expended in the fiscal year, it stayed suspended in the fund and the intent was it was to be used in the program. He would like to get it resolved and cleaned up.

Senator Bengtson moved SB 378 DO PASS. Motion carried.

DISPOSITION OF SB 129: Senator Galt moved the Statement of Intent for SB 129 BE ADOPTED. Motion carried.

Senator Boylan asked Larry Akey, Chief Deputy, Secretary of State's Office, to explain the amendments. Mr. Akey told the committee the amendments adopted Friday shift the appropriation from the general fund, as originally worded in the bill, to the State special revenue fund, similar to the State special revenue fund just passed out on SB 378. All the money collected for filing fees will be used to pay the costs of establishing and operating the system and there won't be any other monies used for the purpose of that system. The people who want this bill, the bankers, grain growers, stockgrowers, etc., will pay the cost of establishing that system. The bulk of the amendments the committee passed out on Friday set up that shift from a general fund requirement to a revolving fund requirement.

Senator Aklestad - Who has authority to raise the fees up or down? Akey - The Secretary of State would set the fees but with legislative oversight every 2 years when it came through the budget process.

Senator Lybeck - In the rules of the Department, could they expand or if some programs are dropped off, could they cut the cost of this? Is that in the rule making? This is in regard to the main terminal in Helena. Akey - Because the system is set up based on fees, if the Department doesn't get the use they are anticipating, they won't get the fees generated so they will have to scale back the system. Yes, the rules and the fee structure will be only on what business will bear. If the banks and grain operators decide down the road they don't like the system and stop using it, it will essentially dry up and blow away. The commitment is there on the part of the bankers and grain terminal operators to see this system go. It solves a lot of problems for them so he feels they will see the volume they are anticipating.

Senator Galt moved SB 129 AS AMENDED DO PASS.

Senator Bengtson asked how this started with the Secretary

Agriculture
February 20, 1985
page 4

of State's office" Akey - The Ag/Lien Committee of the Montana Bankers' Association came to them and asked if they would take responsibility at the State level because all other UCC filings are with the Secretary of State's office and could they take on agricultural UCC's? This is not a bill out of the Secretary of State's office. It is a bill of the Ag/Lien Committee. The Secretary of State's office is there as a technical resource because other UCC's are filed with their office.

Senator Williams asked the bankers to comment on the bill as amended. Mike Cronnin, Montana BANKers Association, said the amendments presented and passed last Friday do meet with their approval and they had a considerable influence in their drafting.

QUESTION ON SB 129 WAS CALLED FOR. SENATE BILL 129 PASSED.

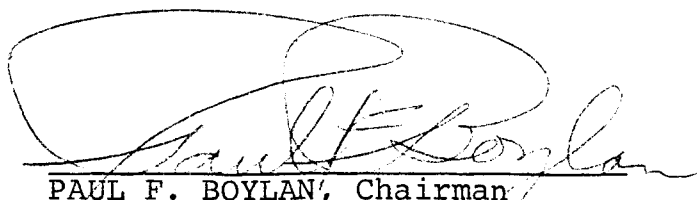
SB 448: Senator Lybeck told the committee about his bill, SB 448. It pertains to licensing, inspecting and requiring liability insurance for horse rental businesses. The bill gives authority to each individual county, if they so desire, for setting up guidelines for licensing, inspection and the requirement for liability insurance. It was scheduled to go to Local Government but Chairman Fuller said their schedule is full. He asked if this committee could hear the bill.

Senator Severson asked whether packers and outfitters had the same kind of insurance and regulations. Senator Lybeck answered that they are all regulated under the Department of Fish Wildlife and Parks but these situations fall into a different category.

Senator Boylan will get SB 448 re-referred to Agriculture Committee.

We will meet at 1:00 on Friday, February 22nd.

There being no further business, the meeting adjourned.



PAUL F. BOYLAN, Chairman

ROLL CALL

AGRICULTURE, LIVESTOCK & IRRIGATION COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2/20/85

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 Jul 20, 1982

COMMITTEE ON AGRICULTURE

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretariat)

STANDING COMMITTEE REPORT

February 20 19 85

MR. PRESIDENT

We, your committee on **AGRICULTURE, LIVESTOCK & IRRIGATION**

having had under consideration **SENATE BILL** No. **373**

first reading copy (**white**)
color

CLARIFYING THAT PESTICIDE EDUCATION FEES BE USED FOR PESTICIDE EDUCATION

Respectfully report as follows: That **SENATE BILL** No. **373**

DO PASS

~~DO NOT PASS~~

SENATOR PAUL F. BOYLAN, Chairman.

STANDING COMMITTEE REPORT

February 20

85

19.....

MR. PRESIDENT

We, your committee on **AGRICULTURE, LIVESTOCK & IRRIGATION**

having had under consideration..... **SENATE BILL** No. **129**

first reading copy (**white**)
color

CENTRALIZED FILING SYSTEM FOR SECURITY INTERESTS COVERING AGRICULTURAL GOODS

Respectfully report as follows: That..... **SENATE BILL** No. **129**

BE AMENDED AS FOLLOWS:

1. Title, lines 7 through 9.
Following: "COMPETENCE;" on line 7
Strike: "PROVIDING" on line 7 through "SYSTEM;" on line 9
2. Title, line 10.
Following: "30-9-403,"
insert: "AND"
3. Title, line 11.
Following: line 10
Strike: "AND 45-5-315,"
4. Page 2, line 5.
Following: "section"
Strike: "7"
insert: "5"

~~XXXXXX~~

~~XXXXXXXXXX~~

(page 1 of 4 pages)

(Continued)

STATEMENT OF INTENT ADOPTED
AND ATTACHED

Chairman.

5. Page 4, line 32.
Following: "obtaining a"
Strike: "printout"
Insert: "certificate"
6. Page 7, line 3.
Following: "provided in"
Strike: "subsection"
Insert: "subsections"
Following: "(6)"
Insert: "and (10)"
7. Page 11, line 7.
Following: "subsection (9)."
Insert: "The secretary of state shall deposit all fees he collects in the state treasury and the fee money is allocated to the secretary of state to pay the expenses of establishing and operating the computerized access system. The expenses to be paid by the secretary of state shall include the costs of maintaining the terminals and printout capability provided for in [Section 6(2)] and the costs directly attributable to any technology used to link those terminals with the computerized access system described in subsection (9)."
8. Page 11, line 23.
Following: "statement."
Insert: "The secretary of state shall maintain adequate errors and omissions liability coverage to protect against input errors causing loss to a secured party.
(10) When a financing or continuation statement covers property described in subsection (8), its effectiveness lapses on July 1, 1986, unless prior to that date there is filed in the office of the secretary of state a certified copy of the statement on file with the county clerk and all related documents as provided in [Section 7]."
9. Page 12, line 24.
Following: "If a"
Strike: "printout"
Insert: "certificate"

10. Page 13, line 1.
Following: "charged."
Insert: "If a certificate is made on a terminal provided for in [Section 6(2)], only the fee provided for in section 7-4-203(1)(p) shall be charged."
11. Page 13, lines 2 through 25.
Strike: Section 6 in its entirety
Renumber: Subsequent section
12. Page 14, lines 16 through 18.
Following: "30-9-407." on line 16
Strike: remainder of line 16 through line 18
Insert: "The secretary of state shall provide for the installation of the technology and any equipment required to link the terminals in the offices of each county clerk and recorder with the computerized access system provided for in section 30-9-403(2)."
13. Page 14, line 21.
Following: "recorder"
Strike: "on July 1, 1985"
Insert: "prior to July 1, 1985"
14. Page 14, line 24.
Following: "centrally filed"
Insert: "as provided in [Section 7]"
15. Page 14, line 25 through page 15, line 19.
Following: line 24 on page 14
Strike: Sections 8 and 9 in their entirety.
Insert:

NEW SECTION. Section 7. Implementation schedule - refiling of existing financing statements. (1) A financing or continuation statement covering property described in 30-9-403(2) filed after June 30, 1985, must be filed in the office of the secretary of state.

(2) A financing or continuation statement that covers property described in 30-9-403(2) and is filed and of record with a county clerk and recorder lapses as provided in 30-9-403(10).

(3) The refiling of a financing or continuation statement in the office of the secretary of state that covers property described in 30-9-403(2) is accomplished by:

(a) presenting a certified copy of the 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 the statement and related documents have been filed in the office of the secretary of state; 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 39-9-403(9). The secretary of state shall deposit all fees he collects in the state treasury and the fee money is allocated to the secretary of state to pay the expenses of establishing and operating the computerized access system. The costs of establishing the computerized access system shall include the costs of acquisition and installation of the terminals, printout capability, and related technology described in [Section 6(2)]."

Remember: Subsequent sections.

16. Page 15, line 21.
Following "Section"
Strike: "7"
Insert: "6"
17. Page 15, line 23.
Following: "section"
Strike: "7"
Insert: "6"
18. Page 15, line 25.
Following: "effective"
Strike: "July"
Insert: "October"
19. Page 16, line 1.
Following: "through"
Strike: "11"
Insert: "7"

And, as amended,

DO PASS

STATEMENT OF INTENT ADOPTED AND ATTACHED

MR. PRESIDENT,

FEBRUARY 20, 1985

WE, YOUR COMMITTEE ON AGRICULTURE, LIVESTOCK & IRRIGATION HAVING
HAD UNDER CONSIDERATION SENATE BILL 129, ATTACH THE FOLLOWING STATEMENT
OF INTENT:

STATEMENT OF INTENT

SENATE BILL 129

A statement of intent is required for this bill because it grants rulemaking authority to the secretary of state to set fees and prescribe the format for the centralized filing system. The legislature intends that the fee for filing a financing statement under 30-9-403(8) be set at an amount necessary to cover all the costs of the system, including the operation of the computer, maintenance of equipment installed in the counties and errors and omissions coverage made necessary by implementation of the system. The fee for a computer printout set pursuant to 30-9-407 should recover the cost of the computer time, supplies and postage. The fee for filing documents set pursuant to Section 7 should recover all costs of establishing the system, including the cost of installing the computer equipment in the counties required by Section 6. The rules governing the format for the system should provide for easy access through telephone interconnect. The data on the system should be essentially that contained on the financing statement, along with such other matters as the secretary of state considers necessary.