

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

March 25, 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: Senator Galt excused, all other members present.

HJR40: Representative Gary Spaeth, HD 84. This is an interim study request Resolution requesting a Legislative study to determine the fair market value of grazing fees on school trust lands. There are those that pay the fee and those who are recipients of the fees, grazing interests and school interest groups. They have come together on this and are supporting it.

PROPOSERS: Dennis Hemmer, Department of State Lands. There have been several things going on over the past number of years pertaining to the grazing rates, such as audit reports, attorney general opinions, etc. They don't have a lot of justification for where their rate is at and there is no justification for moving it. There has been a problem in the law that sets the present rate where it may be unconstitutionally infirm and we need to take a look at it from a much broader perspective than an audit report or Council on Management. It is time the Legislature takes a look at it and decides what to do with it.

Chip Erdman, Montana School Board Association. This is a crucial area in Montana and a decision should not be taken quickly. All aspects must be carefully examined and the interim study is the way to do it. This particular problem would lend itself very well with one. He urged passage of the bill.

Eric Feaver, Montana Education Association, rose in support of the bill.

Stuart Doggett, MT Stockgrowers Association and MT Association of Grazing Districts, said it wasn't very often they found themselves on the same side as the MEA but they are in support. They feel an interim committee would provide them with an opportunity to explain the non-fee grazing costs that incur while using State land, such as transportation, range maintenance costs, water developments and things like that. It will provide a chance for ranchers and people who use State lands to be involved and present their side of the issue before it becomes a political issue for the Legislature.

OPPOSERS: None.

Committee questions: Senator Hammond to Dennis Hemmer - What is the grazing fee? Hemmer - In 1985 it will be \$2.74 AUM, the B rate. Senator Hammond - What is the status of land that was plowed at one time? Hemmer - They have been holding off

going into more breaking in recent years mainly in concern for the farm program. At one point it was indicated they would have cross compliance across all their lines and that would make it unworkable.

Senator Lybeck to Dennis Hemmer - What do you furnish for \$2.74? Hemmer - Grass. Very few fences. We had a loan program back in the teens and twenties so there are a few fences that belong to the State. Likewise there are a few water developments we cost shared in. We cost shared in a number of wells.

Lybeck - You allow the lessee to go ahead and develop the sites such as fence, reservoirs, etc. Hemmer - Correct. We are pretty open about that with any reasonable improvements that are needed for the use of the land. Lybeck - Do you share in these costs in any way? Hemmer - We have a program called the Resource Development Program. We cost share in grazing land, wells, reservoirs, pits, range improvements. Lybeck - To what extent? Hemmer - It depends on the individual improvement, 50% of the improvement or 50% of that share remaining after the ASCS cost share. We recover range land improvements by gearing it to recover through their AUM. On stock water, we have a cash increment on it to recover it over 20 years.

Senator Boylan thought quite a few years ago Senator Mathers put through a bill with a formula for grazing based on what the market value livestock would bring. He asked why the formula wasn't working. Hemmer - That is correct. Since 1949 they have been using that formula. The formula was at three times the average price of the pound of beef cattle. In 1979 it was changed to six times the average price of the pound of beef cattle. The problem resulting in the controversy was that, in the period of 79-83, private rates were going up at the rate of 10% per year. Our rates were going down at about the rate of 10% per year. Our rates should be the same as private rates, but he questioned what that rate should be.

Representative Spaeth, in closing, said all the parties involved have come together and it is important to continue the dialog of all the parties involved in this issue. It is also important that the Legislature keep control over this issue. He was concerned it might affect rates on State grazing lands. There are issues involved here on things the State doesn't supply, such as fences, watering holes, things like that which are not taken into account. There are people in the education sector that feel the rate is too low and they haven't had the opportunity to examine the factors. It is a way to get the parties around the table to work it out. Unless we have the data to find the full market value, we may have some litigation because it involves a question of the Enabling Act.

Senator Conover asked if the Legislative Audit recommended the Board of Land Commissioners raise the grazing fee? Representative Spaeth answered the auditor did not want to be spelled out as the bad person in the process. Recommendation #4 would

recommend the Department present a proposal to the Board to raise the grazing rate to a level that provides the largest reasonable advantage to the State.

DISPOSITION OF HJR 28: Senator Kolstad presented an amendment for HJR 28, Exhibit #1. Senator Kolstad moved the amendment. Motion carried.

Senator Bengtson - Regarding the unified national program, the states have the capability to do so now on types of marketing. It is left up to them to go in their own direction. What are you talking about. Kolstad - States do not market their own grain. The amount of grain Montana negotiates amounts to nothing. He wasn't sure Montana could even do the marketing. Senator Aklestad - Montana and the grain growers are the people who get people together. They bring in buyers and grain merchandisers from other countries to that meeting. Senator Kolstad didn't think we have ever sold grain. Senator Boylan didn't think you could sell a shipment of grain to Tiawan. Senator Kolstad said any negotiations you make on the export market have to be approved by the federal government.

Senator Kolstad moved HJR 28, as amended BE CONCURRED IN. Motion carried. Senator Kolstad will carry the bill on the Senate floor.

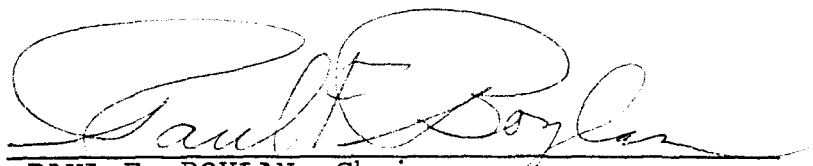
DISPOSITION OF HJR 34: Senator Hammond thought the Resolution encouraged a lot of people to do something that is restrictive to the operation of every farmer in Montana. Senator Bengtson said it was restricting investment on non agricultural income. She said we beg for investors in Montana. Senator Aklestad said agriculture would be in worse shape financially as far as borrowing money right now if we weren't borrowing someone elses'. Senator Kolstad felt one of the key phrases is the capital gains thing. He thought that was ugly.

Senator Bengtson moved HJR 34 BE TABLED. Motion carried. For the record, Senator Williams voted NO.

DISPOSITION OF HB 486: Senator Bengtson moved HB 486 BE TABLED. Motion carried.

DISPOSITION OF HJR 40: Senator Bengtson moved HJR 40 BE CONCURRED IN. Motion carried. Senator Bengtson will carry the bill on the Senate floor.

There being no further business the meeting was adjourned.



PAUL F. BOYLAN, Chairman

ROLL CALL

AGRICULTURE, LIVESTOCK & IRRIGATION COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 3/25/85

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 Mar 25, 1985

COMMITTEE ON AGRICULTURE

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Sergeant)

March 25, 1985
Exhibit #1

Proposed amendment to HJR 28, third reading blue copy.

1. Page 3, line 3.

Following: line 2

Insert: "(5) A unified national program to increase the exporting of
agricultural products; and"

Renumber: Subsequent subsection

STANDING COMMITTEE REPORT

March 25

85

19.....

MR. PRESIDENT

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

having had under consideration..... **HJR** No. **40**

third reading copy (**blue**)
color

Spaeth (Bengtson)

INTERIM STUDY OF GRAZING FEES ON STATE LAND

Respectfully report as follows: That..... **HJR** No. **40**

BE CONCURRED IN

~~XXXXXX~~
DO PASS

~~XXXXXXXX~~
DO NOT PASS

..... **PAUL F. BOYLAN,**

Chairman.

STANDING COMMITTEE REPORT

March 25

85

19.....

MR. PRESIDENT

AGRICULTURE, LIVESTOCK & IRRIGATION

We, your committee on.....

having had under consideration..... HJR 23 No.....

third reading copy (blue)
color

Rapp-Svrcek (Bengtson)

URGING CONGRESS TO ENACT LAWS SUPPORTING FAMILY FARM AGRICULTURE

Respectfully report as follows: That..... HJR 23 No.....

be amended as follows:

1. Page 3, line 3.

Following: line 2

Insert: "(5) a unified national program to increase the exporting of
agricultural products; and"

Renumber: Subsequent subsection

and as amended,
BE CONCURRED IN

~~XXXXXX~~

~~XXXXXXXXXX~~

..... PAUL F. BOYLAN,

Chairman.