

49th LEGISLATURE - SPECIAL SESSION 11
MINUTES OF THE MEETING
APPROPRIATIONS COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

March 26, 1986
5:30 p.m.

The meeting of the Appropriations Committee was called to order by Chairman Bardanoue on Wednesday, March 26, 1986 at 5:30 p.m. in Room 104 of the State Capitol.

ROLL CALL: All members were present.

EXECUTIVE ACTION was taken on HOUSE BILL 10, and further testimony was heard on HOUSE BILL 11.

E X E C U T I V E A C T I O N :

HOUSE BILL 10: It was moved and seconded that HOUSE BILL 10 DO PASS; motion carried.

The Chair ruled that the Committee would hear the rest of the testimony on HOUSE BILL 11 from those who had not had a chance to testify on the bill at the 1:00 hearing and that EXECUTIVE ACTION on the bill would be deferred until the Appropriations Committee received the House Agriculture Committee's recommendations regarding the amendments proposed for the bill. The following testimony was heard:

Proponents:

Richard Metney, Shawmut, Montana, rose in support of mediation because it would make the process of working with more than one institution much simpler in his case and for others as well.

Sue Conley, a rancher's wife from Alder, Montana, rose in support of the bill.

Roy Patte rose in support of the bill, stressing that the amendment for the right to mediate was an important one, putting everyone in a better position to either lengthen or carry out the program they had instigated. He stressed the importance of keeping the people on the farms.

Larry Martin, a Twin Bridges rancher, spoke up, also stressing the importance of the mediation amendments. He pointed out that mediation would save a lot of lawsuits and bankruptcy filings.

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Fred Conley, Alder rancher, rose in support of the right to mediate.

Susie Tilton Chiovaro, Richey Montana, and a farmer advocate, said they worked with farmers on debt restructure, stress reduction, mediation and negotiation rights, and coordination of services, and these are the kinds of things the peer counseling portion of the bill would be providing for.

David Bruner, a Ryegate rancher, rose in support of the bill as amended with the right to mediate.

Marcie Pilgeram, Gold Creek, Montana, said her farm needed time, credit and mediation to achieve positive cash flow, and she was in support of HOUSE BILL 11 with the right to mediate.

Neil Peterson, Chairperson for the Ruby Valley Montana People's Action (MPA), brought up the ripple effect: the right to mediation will have a ripple effect which will be seen on Main Street, in the school system, and in medical facilities.

Wallace Broderson, Ryegate, asked, "If BN can get a tax break, why can't the farmers get a break with mediation". It wouldn't cost nearly what it would cost to give BN their break.

Alfred Verschoot, MPA President, asked, "How much money would we be bringing in in taxes if we kept those families out there on the farm. This is something to be considered". The returns from the passage of this bill in tax dollars needed to be considered, he stressed.

Wink Nyhart, Twin Bridges, had two more effects of the crisis on Montana farms: (1) Besides the dwindling number of cattle herds, there has been reduced herd management, which is opening herds to the possibility of disease coming in again; and (2) When the farmers are foreclosed on and the tax base reduced in the counties, the stress is showing up in the schools and this will affect the quality of our future leaders.

Opponents: None.

The hearing was closed on HOUSE BILL 11.

Committee Discussion:

Representative Nathe asked for a showing of hands to help

him determine which institutions those present in the room were having trouble with. It was brought out that many of those present were in trouble with short-term lending through their banks because of trying to meet long-term obligations on their land. Almost everyone in the room felt that a right-to-mediation clause in the bill would be beneficial to them.

Representative Quilici wanted to know how the proponents intended to utilize the process of mediation. Mr. Curtis Haskins, a Polson farmer and also an advocate, said they were asking for a 60-day period of time for the right to mediation with a lender of any sort. The mediator would be an expert and would help resolve differences between the lender and the borrower and come up with a good plan to get the program to work; if not, then foreclosure proceedings would continue. Either the farmer or the creditor would be able to petition the Department of Agriculture for a mediator; then a plan would be sent in to the Department. A positive cash flow situation would be needed in order to be eligible for mediation. Mediation could be asked for at any point before foreclosure proceedings were begun, also. Participation would be required if either side requested it and the Department approved it.

Representative Rapp-Svrcek then explained the amendments he was offering to the bill. He clarified that the stipulations for mediation would be that the market value of the property would be \$5,000 or more and that the property be agricultural. He emphasized that the mediation would not be binding arbitration.

Mr. Keith Kelly, Director of the Department of Agriculture, stated that there were three different amendments proposed for the bill. The Agriculture Department's amendments would take his agency out of being the one who would determine who would or would not get mediation. He submitted that a "whale of a bureaucracy" would have to be set up to determine who would or would not be eligible for mediation. They feel this process should go to the mediation form. A \$100,000 appropriation to the Department would be sufficient to ensure that the appropriate documents were submitted and sent to the mediator.


Representative Nathe wanted to know how the proponents felt about the statement that the right to mediation clause might have a chilling effect on financial institutions and their willingness to give credit. He wanted to know how those present would feel about an amendment that provided for the forfeiture of the borrower's right to mediation if they failed to respond to written notices from the lender. Ms. Tilton Chiovaro said she didn't see a problem with this, and this point in the process would be when the advocates could be of great help.

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Representative Spaeth submitted that going through mediation would cost the lending agency additional money which would be added onto the borrower's debt; he wanted to know how this could be meshed with the right to contract and not interfere with that. It was pointed out by one of the proponents that going into bankruptcy cost much more than that, and this was a problem which would have to be shared by both borrower and lender.

Representative Holliday then closed.

The meeting was adjourned at 6:10 p.m.


Representative Francis Bardanoue - Chairman

STANDING COMMITTEE REPORT

March 20

19 80

Mr. Speaker: We, the committee on APPROPRIATIONS

report HOUSE BILL 10

☒ do pass

☐ do not pass

☐ be concurred in

☐ be not concurred in

☐ as amended

☐ statement of intent attached

Rep. Francis BARDANOUVE, Chairman

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VISITORS' REGISTER

Appropriations

COMMITTEE

BILL NO. HB 11DATE 3/26/86SPONSOR Holiday

| NAME (please print) | RESIDENCE | SUPPORT | OPPOSE |
|---|--------------------------------|---------|--------|
| <i>Wally & Rose</i> Wallace Braden | <i>Twin Bridges</i> Ryegeat | ✓ | |
| <i>Susan Patte</i> | | ✓ | |
| <i>W. R. Patte</i> | <i>Ryegeat</i> | ✓ | |
| <i>Joan Poise</i> | <i>Ryegeat</i> | ✓ | |
| <i>Lawrence Laine</i> | <i>Ryegeat</i> | ✓ | |
| <i>Curtis Haskins</i> | <i>Polson MT</i> | ✓ | |
| <i>Alfred Verschoot</i> | <i>Ronan MT</i> | ✓ | |
| <i>Susie Tilton Chiovaro</i> | <i>Richey, mt</i> | ✓ | |
| <i>Bernard Hackney</i> | <i>Dell</i> | ✓ | |
| <i>Charles D. Kuntz</i> | <i>Sheridan Mt.</i> | ✓ | |
| <i>David Bruger</i> | <i>Ryegeat Mt.</i> | ✓ | |
| <i>Richard Matney</i> | <i>Shawmut Mt.</i> | ✓ | |
| <i>Dorothy Ford</i> | <i>Sheridan</i> | ✓ | |
| <i>Mark Gughart</i> | <i>Twin Bridges</i> | ✓ | |
| <i>Carry Martin</i> | " " | ✓ | |
| <i>Nike Martin</i> | " " | ✓ | |
| <i>Sue Conley</i> | <i>Alder</i> | ✓ | |
| <i>Jack Conley</i> | <i>Alder</i> | ✓ | |

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PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Appropriations COMMITTEEBILL NO. H. B. 11DATE 7/26/86SPONSOR Hatchery

| NAME (please print) | RESIDENCE | SUPPORT | OPPOSE |
|----------------------------|----------------------------------|---------|--------|
| <i>Lepore, Joseph</i> | <i>Twin Bridges</i> | X | |
| <i>John McIlhenny</i> | <i>Sheldon</i> | X | |
| <i>Richard L. Todd</i> | " | X | |
| <i>Donnell Taffey</i> | <i>Twin Bridges</i> | X | |
| <i>Helen Morris</i> | <i>Helen Morris Twin Bridges</i> | | |
| <i>Daniel J. Johnson</i> | <i>Absecon</i> | X | |
| <i>Margaret Thompson</i> | <i>Absecon</i> | ✓ | |
| <i>Paul Thompson</i> | <i>Absecon</i> | ✓ | |
| <i>Kathy Zinder</i> | <i>Redpoint</i> | ✓ | |
| <i>Valley Zinder</i> | <i>Redpoint</i> | ✓ | |
| <i>Neil & Peterson</i> | <i>Sheldon, Mt. MPA</i> | ✓ | |
| <i>Pugan, Marcia</i> | <i>Gold Creek</i> | ✓ | |
| WALT MORRIS | TWIN BRIDGES | X | |
| <i>Ed Grinnans</i> | <i>Alder Int</i> | X | |
| <i>KEITH KELLY</i> | <i>DEPT OF AGRICULTURE</i> | X | |
| <i>Monte McElkay</i> | <i>Winnet</i> | X | |
| <i>Sue Olson</i> | <i>Roundup</i> | X | |
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Appropriations

COMMITTEE

BILL NO. HB 10DATE 3/26/86SPONSOR Schultz

| NAME (please print) | RESIDENCE | SUPPORT | OPPOSE |
|-----------------------|--------------|---------|--------|
| Wally K. Lowe | Turn Bridge | ✓ | |
| Wallace Burderson | Ryegate, | ✓ | |
| Susan Vatte | | ✓ | |
| W. R. Path | Ryegate | ✓ | |
| Joan Voise | Ryegate | ✓ | |
| Lawrence Voise | Ryegate | ✓ | |
| Curtis HASKINS | POLEON MT | ✓ | |
| Alfred Verschoot | RONAN MT | ✓ | |
| Susie Tilton Chiovaro | Riches, mt | ✓ | |
| Bernard Haskins | Dell | ✓ | |
| Charles D. Kuntz | Sheridan mt. | ✓ | |
| Douglas B. Brown | Ryegate mt | ✓ | |
| Richard M. Mery | Shawmut Mt. | ✓ | |
| Jane Laemgen | Alusarokee | ✓ | |
| Margaret Laemgen | Alusarokee | ✓ | |
| Ledy Zindler | Redpoint | ✓ | |
| Valley Zindler | Redpoint | ✓ | |
| Dorothy Todd | Sheridan | ✓ | |
| Wend Nyhart | Turn Bridge | ✓ | |

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VISITORS' REGISTER

Appropriations COMMITTEE

BILL NO. HB 10

DATE 3-26-86

SPONSOR Schultz

| NAME (please print) | RESIDENCE | SUPPORT | OPPOSE |
|-----------------------------------|----------------------------|---------|--------|
| <i>Harry Martin</i> | <i>Twin Bridges</i> | X | |
| <i>Joe Conley</i> | <i>Alder</i> | X | |
| <i>Niki Martin</i> | <i>Twin Bridges</i> | X | |
| <i>Richard L. Dodd</i> | <i>Sheridan</i> | X | |
| <i>Lyons Smith</i> | <i>Twin Bridges</i> | X | |
| <i>Jeff Conley</i> | <i>Alder</i> | X | |
| <i>John Allman</i> | <i>Sheridan</i> | X | |
| <i>Daniel H. Hodges</i> | <i>Twin Bridges</i> | X | |
| <i>Nellie Morris Helen Morris</i> | <i>Twin Bridges</i> | X | |
| <i>Jim Reener</i> | <i>Board of Investment</i> | | |
| <i>Veil O. Peterson</i> | <i>Sheridan Mt MPA</i> | X | |
| <i>Marcia Peterson</i> | <i>Cold Creek</i> | X | |
| WALT MORRIS | TWIN BRIDGES | X | |
| <i>Ed Yunnane</i> | <i>Alder Mt</i> | X | |
| <i>KEITH KELLY</i> | <i>DEPT OF AGRICULTURE</i> | X | |
| <i>Mark McLaughlin</i> | <i>Winnif, Mt</i> | X | |
| <i>Lee Olson</i> | <i>Roundup</i> | X | |
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