

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

March 13, 1987

The meeting of the Agriculture, Livestock and Irrigation Committee was called to order by Chairman Boylan on March 13, 1987, at 1:00 p.m. in Room 413/415 of the Capitol.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL 669: Representative John Harp, House District 7, said the bill allows REA Cooperatives in Montana to dispose of a Co-op properly. There is a concern among certain REA properties in Montana that private utilities may be able to purchase some of the more lucrative electrical cooperatives and dismantle the Montana Association of Utilities. Should this happen, this bill asks that all the members of the Co-op be included in the proceedings. ✓

PROPOSERS: Jerry Broest, Flathead Electric Co-op., rose in support, saying the dollars generated by Montana rural Co-ops remain in Montana. Selling to out-of-state interests could mean dollars leaving Montana.

Rod Hanson, Montana Association of Utilities, said Wyoming has had serious problems with out-of-state utilities causing expensive court cases.

Rick Brown, Ravalli County Electric, rose in support of HB 669. His testimony is attached as Exhibit 1.

Roberta Rohrer, Sun River Electric, rose in support.

Duane Broodhert, Yellowstone Electric, rose in support, saying this bill is very important to the rural cooperatives. His cooperative had received a request from Pacific Power and Light for their retail rates.

Jay Downen, Great Falls, Montana Electric and Telephone Cooperative, said 50 years ago the REA told them how to set up and dissolve electric cooperatives for Montana farmers and ranchers. He said the laws are now outdated and the law should require a full statement of the membership should they want to sell their cooperative, and also

AGRICULTURE, LIVESTOCK & IRRIGATION

March 13, 1987

Page 2

provide a due process procedure.

Jo Brunner, representing Montana Water Development Assn., rose in support and her testimony is attached as Exhibit 2.

Wilbur Anderson, General Manager of Vigilante Electric Cooperative, Dillon, Montana, rose in support. His testimony is attached as Exhibit 3.

Bonnie Schellinger, member of the MEC, rose in support of the bill. Her testimony is attached as Exhibit 4.

As time was running short, Chairman Boylan asked representatives from the Co-ops to stand and identify themselves. Standing were Terry Carmody, Montana Farmers Union; Harold Dieson, Manager, Missoula Electric Cooperative; Ray Michaels, Yellowstone Valley Electric Coop.; Jim Hembiehar, Yellowstone Valley Electric; Ralph McKelvie, Yellowstone Valley Elec. Coop., and Wanda Demer, Missoula Electric Coop.

OPPONENTS: There were no opponents.

QUESTIONS FROM THE COMMITTEE ON HOUSE BILL 669: Senator Bengtson asked if there was a threat from out-of-state companies or Pacific Power and Light trying to buy the rural electric Co-ops in Montana.

Duane Broodhert said he wasn't sure if Pacific Power and Light's request was to compare rates, but they have a line from Yellowtail Dam to the City of Billings. He said his Co-op was the largest in the state, and they could be interested in it.

Senator Thayer asked Gene Phillips if he thought there was a threat. Mr. Phillips said he checked with the company and they have no interest at this time in acquiring any cooperatives in the state of Montana. He said he had seen a comparative study between his rates and all rates in the state of Montana, and could only assume it was a study to see how they ranked with other companies in the state. He said they do have a transmission line that comes from Wyoming to Yellowtail Dam and interconnects with the Montana Power Co. in Billings. It is used for a power interchange between his system and other systems, and not part of any distribution system other than they do serve their own coal mines in southeastern Montana from that line.

DISPOSITION OF HOUSE BILL 669: Senator Story moved House Bill 669 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY. Senator Story will carry the bill on the Senate floor.

CONSIDERATION OF HOUSE BILL 779: Rep. Ted Schye, House District 18, said this was a bill requested by the Montana Water Development Assn., and he turned the presentation over to Ron Schoefield, M.W.D.A, who presented amendments that are attached as Exhibit 5. He said the bill clarifies evidence of title for purposes of determining the holder of a title to land, and therefore noting eligibility under the irrigation district laws. It allows districts the use of records of licensed title insurance agents. Using these agencies will cut costs in the petition process.

PROPONENTS: R. A. Ellis, Chairman of the Board, Helena Valley Irrigation District, rose in support.

OPPONENTS: There were no opponents.

QUESTIONS FROM THE COMMITTEE ON HOUSE BILL 779: None.

DISPOSITION OF HOUSE BILL 779: Senator Lybeck moved the amendments presented by Mr. Schoefield. Motion CARRIED. Senator Lybeck moved House Bill 779 AS AMENDED, BE CONCURRED IN. The motion CARRIED UNANIMOUSLY. Senator Lybeck will carry the bill on the Senate floor.

CONSIDERATION OF HOUSE JOINT RESOLUTION 38: Rep. Ted Schye, House District 18, said he hadn't asked anyone to come in to testify for this bill, and he requested the committee table it in its present form. He told the committee if they wish to amend it back to its original form, he would then bring people in.

DISPOSITION OF HOUSE JOINT RESOLUTION 38: Senator Jergeson Moved to place HJ 38 on the table. The motion CARRIED UNANIMOUSLY.

CONSIDERATION OF HOUSE BILL 220: Rep. Gene Demars, House District 29, said the bill is at the request of the Seed Growers Industry of Montana, revising the agricultural seed laws. Testimony is attached as Exhibit 6.

PROPONENTS: Harry Johnson, representing the Montana Seed Trade Assn., rose in support of the bill. Testimony is attached as Exhibit 7. He also presented amendments which

are attached as Exhibit 7a.

Lee Hart, supervisor of State Seed Test Lab at M.S.U., rose in agreement stating this will clear up any problems he has had.

Keith Kelly, Montana Department of Agriculture, rose in support.

OPPONENTS: There were no opponents.

QUESTIONS FROM THE COMMITTEE ON HOUSE BILL 220: Senator Bengtson asked about the lawsuit mentioned in Rep. Demar's testimony. Ray Bjornson, Department of Agriculture, said a seedsman had taken a pencil and altered seed labels, and the current law was not strong enough to support the Department's prosecution of the case.

Senator Thayer asked how the seed becomes an official sample, as on page 19, line 18. Ray Bjornson said there are 2 methods in which a seed can be tested. The individual wholesaler may submit a sample that goes directly to Mr. Hart's lab, or the Department may officially sample the seed according to official sampling procedures and at that point, it becomes an official sample.

DISPOSITION OF HOUSE BILL 220: Senator Bengtson moved the amendments to House Bill 220. Motion carried. Senator Beck moved House Bill 220 AS AMENDED, BE CONCURRED IN. The motion CARRIED UNANIMOUSLY. Senator Beck will carry the bill on the Senate floor.

CONSIDERATION OF HOUSE BILL 628: Senator Gene Demars, House District 29, said the Montana Grain Producers were asking for an increase in coverage for the State Hail Insurance program, and presented Exhibit 8 explaining the bill.

PROPONENTS: Bob Stephens, Montana Grain Growers, rose in support of the bill. Testimony attached as Exhibit 9.

Keith Kelly, Department of Agriculture, rose in support. Testimony attached as Exhibits 10a, 10b, and 10c.

Terry Carmody, Montana Farmers Union, rose in support.

AGRICULTURE, LIVESTOCK & IRRIGATION

March 13, 1987

Page 5

OPPONENTS: Bob Lowrey, National Crop Insurance Assn. and Crop Growers Ins. Co., said from 1982 - 1986, the amount of premiums written in the private insurance industry has decreased from \$20 million dollars to \$11 million dollars, while the amount of premiums written by the state of Montana has increased from \$2 million dollars to \$3 million dollars. He said the private insurance industry is represented in every community in Montana. There is no limit to the coverage they offer, and their rates are very competitive.

Roger McGlenn, Executive Director, Independent Insurance Agents Assn. of Montana, said passage of House Bill 628 would significantly reduce the income of many small local insurance agencies in Montana. He said other states with hail insurance programs have experienced severe financial problems. He asked the committee to consider allowing local agencies to provide the coverage for the same 2% the county treasurers are provided to fill out the paper work.

Bill Harbolt, Harbolt Agency, Chinook, Montana, said it is unfair to have the state in competition with the independent agents. He said State Industrial Accident and Workmen's Comp. haven't worked out well and he perceived future problems with state hail insurance as well.

Dick Seubert, agent, Shelby, Montana, felt the bill infringes on the right of private insurance agents, because the state can rebate, but the insurance law says private insurance agents can't rebate. He said the state is taking away independent agents customers. He said the price of wheat is going down, not up, and he questioned where the extra amount of insurance would be coming from.

Mike Felt, Crop Hail Management and President of Montana State Insurance Co., Kalispell, said his company can no longer compete with the state. He said he represented one of the 3 largest crop insurance companies in the United States. They write \$68 million in crop insurance premiums. Approximately 20% of their income goes to operating expenses and approximately half of that is spent in the state of Montana. In 1985 the private insurance agencies writing multi-peril insurance in Montana paid to Montana farmers \$832,900,000. 00 in crop insurance losses. He pointed out that private companies in the last 3 years have paid over a million dollars in taxes to the State of Montana from the multi-peril business. He said with the state competing with them in the insurance business, private

agencies will not be able to continue to stay in Montana.

QUESTIONS FROM THE COMMITTEE ON HOUSE BILL 628: Senator Bengtson asked how the 90% refund that was issued back to the grain producers came about. Keith Kelly said they were actuarially sound, and that was a light hail year. The money was generated by selling crop insurance premiums, so it was returned to the insured.

Senator Bengtson asked how the state justified rebating the money to the insured and now raising the premiums. Mr. Kelly said they are not increasing the premiums in this bill. The bill allows additional coverage. The State Board of Hail Insurance, at the end of every year, measures up the losses on every policy, how much is in reserve, and makes the determination. It varies from year to year how much is paid back.

Senator Kolstad asked why other states got out of the hail insurance business. Mike Felt answered that there was no need for it. There are plenty of private insurance agents and they are competitive.

Regarding concern over the \$36 increase in premiums, Mr. Kelly told the committee this isn't happening overnight. It is spread out. Also, the state does have expenses, such as employing hail adjusters at the State salary level; they give the counties providing the insurance 2 percent, and they pay rent on the building, so there are costs incurred.

Senator Beck asked if this insurance program was administered by the Grain Growers Assn., would the same expenses be incurred by them and the premiums be the same as when the state has the program. Mr. Kelly said they would employ more people than the state does. He said it would probably be the same, and the question is who would the savings go to.

The hearing closed on House Bill 628.

CONSIDERATION OF HOUSE JOINT RESOLUTION 36: Rep. Bernie Swift, House District 64, presented this bill. Testimony is attached as Exhibit 11.


PROPOSERS: Dennis Hemmer, State Department of Lands, explained that the way the rules are written under the "Food Security Act", sodbuster provision, if one state land lessee statewide violates the sodbuster act, the state will receive none of its federal payments. Those payments amount to about \$3 million in income to the trust fund.

AGRICULTURE, LIVESTOCK & IRRIGATION
March 13, 1987
Page 7

OPPONENTS: There were no opponents.

DISPOSITION OF HOUSE JOINT RESOLUTION 36: Senator Beck moved HJ 36 BE CONCURRED IN. The motion CARRIED. Senator Story will carry the bill on the Senate floor.

ADJOURNMENT: There being no further business to come before the committee, the hearing adjourned.



SENATOR PAUL BOYLAN, Chairman

rt

ROLL CALLAGRICULTURE

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3-13-87

NAME	PRESENT	ABSENT	EXCUSED
ABRAMS, Hubert J.	✓		
BENGTSON, Esther G.	✓		
BECK, Tom	✓		
JERGESON, Greg	✓		
KOLSTAD, ALLEN C.	✓		
LYBECK, Ray	✓		
STORY, Peter R.	✓		
THAYER, Gene	✓		
GALT, Jack VICE CHAIRMAN	✓		
BOYLAN, Paul CHAIRMAN	✓		

Each day attach to minutes.

DATE 3-13-87

COMMITTEE ON AGRICULTURE

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Mike Zeit	crop hail ins. - Mtn States	HB628		X
Richard H. Leubert	agent Shelby, MT	"		X
Tom Wilbertson	SELF Great Falls mt	HB628		X
Denny Branst	Flathead Electric Co-op	HB669	X	
Wayne E. Muhle	Yellowstone Valley Elec. Co-op	"	X	
Ric Brown	RAVALLI County Elec	669	X	
Lisa Henderson	Mont. Associated Ut.	669	X	
Gary McBelue	y & e coop	669	X	
Roberta Palmer	Sun River Elec	669	X	
Bonnie Schelling	Missoula Elec Co-op	669	X	
Harold R. Dorn	Missoula Elec Co-op	669	X	
Rpd Hanson	Mont. Assoc. utilities	669	X	
Larry Johnson	Mont. Seed Trade Assn	HB 220	X	
Dane Howard	Montana Seed Trade Assn	HB 220	X	
Roger McGlen	INDEPENDENT INSURANCE AGENTS ASSOC. OF MT	HB 628		X
Alvin LaBar	INDEPENDENT AGENTS INSURANCE AGENTS ASSOC	B/S 628	X	
Donald J. Beattie	CONTINENTAL INS. CO			X
Deanna Zeit	Worden, mt. 57088		X	
Eugene Zeit	" " "		X	

(Please leave prepared statement with)

COMMITTEE ON

DATE

3-13-87

AGRICULTURE

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Bob Jones	NCA / Crop Growers	HB 628		X
Bill Zach	Blackley Crop Harv	HB 628		X
Jeff BRANT	Flora Ins. Agency (Great Falls)	HB 628		X
William C. Harburt	Harburt - Chiswick, Mont agency	HB 628		X
Ray Dadds	American Ag Insurance	HB 628		X
Bob Stephens	Int. Grain Growers Assn	HB 628	X	
JO Becker	Becker Ins Agency	HB 628		X
Maryl - Brodick	Stroud Crop Inc.	HB 628		X
R. A. Ellis	MWDA Helena Valley Irrig Dist	HB 229 HB 669	X	220 X
Ron Schofield	MWDA	HB 229 HB 669	X	
Kelly Blake	Dept. of State Lands	HJR 36 HB 224	X	
Dennis Hammer	Dept of State Lands	HJR 36	X	
Alpe Decker	Insurance Agent	HB-628		X
Jay Carlson	Rain & Paildms	HB 628	X	X
Lee Hart	St. Seed Lab	HB 220	X	
Harold Bowman	Montana Seed Union Assn	HB 220	X	
George Thompson	Yellow Valley Elec.	H 669	X	
Elaine Brookhart	Yellowstone Valley Elec	H 669	X	
Wilbur Anderson	Vigilante Elec. Co-op	HB 669	X	
Debbie Stennis	Mont Assoc. Utilit. Co.	HB 669	X	
Bob Kelly	MT. DEPT. of Agr	HB 678	X	
Bob L. Wilson	Crops & Land Mgt	HB 628		X

H.B. 669

MR. CHAIRMAN AND COMMITTEE MEMBERS. I AM RIC BROWN
A CONSUMER AND EMPLOYEE OF RAVALLI COUNTY ELECTRIC
IN CORVALLIS.

HISTORICALLY MONTANA HAS ALLOWED OUTSIDE INTERESTS
TO COME INTO MONTANA TAKE THE CREAM OF OUR RESOURCES
AND MOVE OUT. THIS CAN BE TRACED FROM THE FUR TRADE
DAY TO THE MINING ERA AND INTO TODAY'S TIMBER
INDUSTRY.

RAILROADS, MINING AND TIMBER COMPANIES HAVE ALL DONE
THIS IN THE RECENT PAST. USUALLY WITH VERY LITTLE OR
NO INPUT FROM MONTANA PEOPLE.

H.B. 669 IN ITS UNAMENDED FORM SIMPLY PUTS
A DAMPER ON THIS TREND. BY ALLOWING THE OWNER
CONSUMER THE RIGHT TO VOTE FOR THE DESTINY OF
THEIR COOPERATIVE. WE APPRECIATE YOUR VOTE FOR H.B.
669 IN THE UNAMENDED FORM.

THANK YOU

Ric Brown

3-13-87

P.O. BOX 109

RAVALLI COUNTY ELECTRIC

CORVALLIS MONTANA 59828

SENATE ADDENDUM

EXHIBIT NO. 1

DATE 2-1-87

BILL NO. H.B. 669

#1.

NAME Jo Brunner Date march 13, 1987

Address 2015½ 9th Avenue, Helena

Telephone 442-2654

Representing Montana Water development Association

Appearing on Which Proposal HB669

Support X Amend Oppose

Comments:



Mr. Chairman, At the last Board of Directors meeting of the Montana Water Development Association, the board voted to continue our support of HB669.

The Board is of the opinion that is a needed change in the laws of the Rural Cooperatives, that is is necessary to not only consult with the stockholders of a cooperative, but to take direction from them in such instances as this bill covers.

We ask this committee concur in HB669

SENATE AGRICULTURE

EXHIBIT NO. 2

DATE 3-13-87

BILL NO. HB 669

Agriculture
Senate Committee
Business and Industry
Hearings
H.B. 669

3-13-87

SENATE AGRICULTURE

SENATE NO. 3

DATE 3-13-87

BILL NO. HB 669

Mr. Chairman and members of the Committee, my name is Walter Anderson I am General Manager of Vigilante Electric Cooperative with headquarters at Dillon, Montana.

I very strongly support House Bill #669 and feel that it is good legislation for the Consumer - Owners of Cooperatives in Montana. Many of our systems have provided service here in the rural areas and small towns for over 50 years. Our systems provide electric and telephone service in areas where no other company would extend their lines. We plan to continue to serve in these areas we have developed.

House Bill #669 provides that:

1. Two thirds ($\frac{2}{3}$) of the membership would have to approve the sale of their systems before a large out-of-state Corporation could buy out one of these service areas.
2. A realistic appraisal would have to be made of a system would be required before a sell-out could be made.

3. Three such appraisals would have to be made before the assets of the Cooperative could be sold.
4. Alternative proposals for the disposition of the Cooperative assets could be proposed by the members on each system including merger or consolidation of Cooperatives rather than just a sell-out by a small minority of members.

Mr. Chairman and members of the Committee, this is good legislation to protect the assets of our consumer owners of our systems and we ask for your support of H.B. 669.

Our rural areas have had very difficult times these past few years, and the loss of additional assets in Montana as has taken place in other states, to large out-of-state Corporations, can only further hurt our Montana economy. Thank you for your consideration.

SENATE AGRICULTURE

EXHIBIT NO. 3

DATE 3-13-87

BILL NO. HB 669

Mr. Chairman Committee Members

I am Bonnie Schilling, a member of the MEC & also a 4 year member of the Board of Directors.

A cooperative, being member owned is a democratic organization whose future should be decided by its general membership.

The cooperatives were built over the years by their members not by their original incorporators nor by their directors.

The incorporators got the ball rolling ^{the directors have} maintained the momentum.

What we are asking is that the membership as a whole be given the opportunity to decide the fate of their business,

which they have helped build and which they own and support.

By giving this bill a ⁶⁶⁹yes vote you are allowing cooperative members to continue to exercise their responsibility.

SENATE AGRICULTURE

EXHIBIT NO. 4

DATE 3-13-87

BILL NO. HB 669

SENATE AGRICULTURE

EXHIBIT NO. 5

DATE 3-13-81

BILL NO. HB 779

Amendments to HB 779 (3rd reading bill)

1. Page 1, lines 18 through 21.

Following: "(c)"

Strike: remainder of line 18 through line 21

Insert: "records of ownership prepared by licensed title insurance agents."

DeMars

SENATE AGRICULTURE

EXHIBIT NO. 6

DATE 3-13-87

BILL NO. HB 220

BILL EXPLANATION
(HB 220)

Prepared by Tom Gomez, Staff Researcher
Montana Legislative Council

(House Bill 220 is a bill to generally revise the agricultural seed laws. The bill, as amended by the House Agriculture Committee, represents a rewrite of the original draft of the bill, which was done at the request of the agricultural seed industry. A rewrite was necessary because the original draft of the bill did not address problems arising from a lawsuit in which the agricultural seed laws were found unenforceable.)

As rewritten, HB 220 contains the following main provisions:

- Defines "prohibited noxious weed seeds" to include the seeds of leafy spurge and Russian knapweed;
- Defines "restricted noxious weed seeds" to include the seeds of spotted knapweed and dyers woad;
- Allows the Department of Agriculture to adopt rules to place other weed seeds in the "prohibited noxious weed seeds" and "restricted noxious weed seeds" categories;
- Adds club wheat to the list of seed that must be labeled to show the variety name, as required under 80-5-102, MCA;
- Provides that agricultural seed must contain a label specifying the results of a purity analysis;
- Prohibits a person, firm, or corporation from selling or transporting, for use in planting in this state, any seed that contains prohibited noxious weed seeds or that contains restricted noxious weed seeds in excess of the amount allowed per pound of seed;
- Establishes statutory limits for the maximum numbers of weed seed that may be present in seed to prevent the spread of dyers woad, wild oats, and spotted knapweed; and
- Requires licensing of seed conditioning plants, seed labelers, and seed dealers.

Senate Livestock and Irrigation Committee

Senator Paul Boylan: Chairman

Mr. Chairman and Committee Members:

My name is Harry Johnson. I'm from Townsend and I am a member of and represent the Montana Seed Trade Association.

The Department of Agriculture's office asked industry to work with them on this bill since parts of it were unenforceable and parts needed clarification. We have worked with the department on this bill and support it with the attached changes. We ask the committee to consider the amendments.

Harry Johnson

SENATE AGRICULTURE
EXHIBIT NO. 7
DATE 3-13-87
BILL NO. HB 220

Amendments to HB 220 (3rd reading bill)

SENATE AGRICULTURE

EXHIBIT NO. 7a

DATE 3-13-87

BILL NO. HB 220

1. Page 1, line 18.
Strike: "annual and"

2. Page 4, line 19.
Strike: "(a)"

3. Page 4, line 20.
Strike: "and other noxious weeds:
Insert: "plants"

4. Page 5, line 1.
Strike: "(i)"
Insert: "(a)"
Strike: "and"

5. Page 5, line 2.
Strike: "(ii)"
Insert: "(b)"
Strike: "."
Insert: "; and"

6. Page 5, lines 3 through 5.
Strike: subsection (b) in its entirety
Insert: "(c) plants which are designated by rule of the
department as prohibited noxious weeds."

7. Page 10, line 25.
Strike: "under 80-5-105"
Insert: "by rule"

8. Page 23, line 18.
Strike: "person"
Insert: "grain producer"

9. Page 28.
Following: line 5
Insert: "NEW SECTION. Section 21. Codification instruction.
Sections 1, 17, and 18 are intended to be codified as an
integral part of Title 80, chapter 5, and the provisions of
Title 80, chapter 5 apply to sections 1, 17, and 18."
Renumber: subsequent section

SUMMARIZED
HAIL HISTORY
for
Rep. Gene DeMars

The State Hail Insurance Program was set up by Legislature in 1917 by Senator Dan O'Shea from Carbon county because private insurance companies refused to write hail insurance in Big Horn and Powder River Counties. In many other counties the rates were as high as 18% which producers simply could not afford. This still exists today with counties that have a commerical rate of 15% and the state highest rate is at 10%. The State Hail Insurance Program was agricultures response to the same situation cities and towns are facing in obtaining insurance. In our case, producers were unable to obtain hail insurance and were forced into starting there own self insurance pool. The Hail Board has to esimate as close as possible the actual cost to the producers on a yearly base. In 1984 the precipitation was below normal for the state and the dollar amount payed in the form of losses was minimal. The Hail Board then authorized a 90% refund for the premiums collected in 1984 to reflect the actual cost. After the 90% refund was issued the grain producers payed a 1% rate for there coverage in 1984.

This program pays a 1.5% administrative charge to the state general fund on the total premiums collected and 2% to the counties for issuing the policies. The Hail program is totally self supporting at no cost to the state general fund.

This totally voluntary program shows that coverage can be offered at reasonable rates with the total bill being paid by the

participating producers. The Montana grain producers are asking for this increase in coverage to try and keep this supplemental insurance current with the high cost of production. The State Hail Insurance program is rolling into its 70th year of operation, serving many generations of Montana grain growers. Legislative support of this program will keep this vital program in place for generations to come.

SENATE AGENDATURE

EXHIBIT NO. 8

DATE 3-13-87

BILL NO. H 13628



STATE AGRICULTURE

EXHIBIT NO. 9

DATE 3-13-87

BILL NO. HB 628

P.O. Box 1165 • 750 6th Street S.W. • Great Falls, Montana 59403 • 406/761-4596

**Testimony of the Montana Grain Growers Association
on
HB628 TO AUTHORIZE THE STATE HAIL BOARD TO INCREASE
COVERAGE**

Mr. Chairman, ladies and gentlemen of the committee, on behalf of the Montana Grain Growers Association, I rise in support of HB628.

At the annual convention of the MGGA, our members voted to ask this body to allow the State Hail Board to increase the level of coverage that it offers to Montana grain producers. Our members felt that one of the best ways to allow producers to help themselves through these rough times would be to improve a very successful program and increase the level of coverage of the State Hail Insurance program.

The State Hail Board was created in 1918 and for 69 years it has been providing farmers in Montana low-cost reliable hail insurance. When private insurance companies would not insure some counties or at rates that were prohibitive, the State Hail Board offered insurance to all producers in all counties. Over the years, the State Hail Board has written 136,156 policies and on the average, refunded over 21% of the premiums collected.

The program is very successful. It pays its' own way and it provides a valuable service to growers. We ask you to allow this program to be even more valuable to producers. The current level of coverage has not kept up with increases in costs of production for small grain producers.

The business of growing small grains in a world market has become a very competitive business. Commodity groups and farm organizations can work on a national level to develop policies that allow us to get rid of excess stocks and create demand so that we can begin to see prices for our commodities get to a reasonable level. But on the state level, we need to work on the other side of the equation. We need to do everything we can to reduce the cost of production. If we do everything we can to get prices back up and at the same time do everything we can to reduce production costs we can again make agriculture a profitable business.

Providing a higher level of coverage at a reasonable cost to producers will help producers keep their production costs down.

Private insurance companies will no doubt oppose this bill, saying that it cuts into their business and that this program represents unfair competition for premium dollars. To a certain extent, they are correct. But it only takes business from them because the program is highly successful and provides coverage to producers at a very competitive price. But one must keep in mind that they are more than making up for these lost premium dollars through the multi-peril crop insurance business. That business has been handed to them by the Federal Crop Insurance Corporation.

Please support Montana agriculture and give HB628 a "do-pass" recommendation.



TED SCHWINDEN
GOVERNOR

STATE OF MONTANA DEPARTMENT OF AGRICULTURE

HAIL INSURANCE UNIT
AGRICULTURE/LIVESTOCK BLDG.
SIXTH AND ROBERTS
HELENA, MONTANA 59620

TELEPHONE:
AREA CODE 408
444-4782

KEITH KELLY
DIRECTOR

	<u>Year</u>	<u>Policies</u>	<u>Acres Insured</u>
1975 -- HB 530 increased coverage to maximum \$24 dry land & \$48 irrigated land	1975	3,313	1,461,941
	1976	2,882	1,333,668
1977 -- Board Action increased coverage from \$12 to \$18 dry land	1977	2,146	970,757
from \$24 to \$36 irrigated land	1978	2,625	1,039,998
	1979	1,846	821,521
1979 -- Board Action increased coverage from \$18 to \$24 dry land	1980	1,326	662,326
from \$36 to \$48 irrigated land	1981	2,002	1,043,662
	1982	2,138	1,120,740
	1983	2,251	1,112,673
	1984	2,273	1,206,834
	1985	2,229	1,092,158
	1986	2,861	1,563,961

SENATE AGRICULTURE

EXHIBIT NO. 10a

DATE 3-13-87

BILL NO. HB 628



TED SCHWINDEN
GOVERNOR

STATE OF MONTANA
DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR
AGRICULTURE/LIVESTOCK BLDG.

CAPITOL STATION

HELENA, MONTANA 59620-0201

SENATE AGRICULTURE
EXHIBIT NO. 106
DATE 3-13-87
BILL NO. HB628 TELEPHONE: AREA CODE 408
444-3144

KEITH KELLY
DIRECTOR

TESTIMONY OF THE MONTANA DEPARTMENT OF AGRICULTURE
FOR THE SENATE AGRICULTURE, LIVESTOCK, AND IRRIGATION COMMITTEE
ON HOUSE BILL 628
FRIDAY, MARCH 13, 1987
HELENA, MONTANA

Chairman Boylan, members of the committee, the Department of Agriculture is in full support of the coverage increase for the State Hail Insurance program. Insurance is a necessity that in case of a risk may be hard to get. This was demonstrated, last year when 78 out of 127 incorporated cities and towns had to set up their own group insurance pool. The State Hail Board has been offering supplemental self insurance to Montana grain growers for 7 decades at affordable rates. Initiated in 1917 the State Hail Insurance Program was agriculture response to the same situation cities and towns are facing in obtaining insurance. In our case, producers were unable to obtain hail insurance and were forced into starting their own self insurance pool. This program is totally voluntary, and has run for 70 years with low overhead, refunding excess premium to the policy holders in good years. Its totally self supporting with no cost to the states general fund.

Agriculture history is just as unpredictable as mother nature dropping a beautiful soaking rain or watching a bumper crop being destroyed by a hail cloud. This essential program has given the Montana producers a safe guard against mother nature. This supplemental insurance is offered at low rates when the crops are drought stricken or when there is a bumper crop. The important

thing to remember is that mother nature can take a 60 bushel crop
an turn it into nothing in a matter of minutes, with all prehar-
vest cost being lost.

All the Montana grain producers our asking is that they can
cover there preharvest expenses at a reasonably cost. This prog-
ram has been supplemental coverage for 70 years now, and the
number of Montana grain producers that this program has serviced
speaks for its self.

STATE OF MONTANA
EXAMINER NO. 106
DATE 3-13-87
BILL NO. HB 628

OPERATION BUDGET

Services.....	\$120,676.00
Materials.....	5,056.00
.....	2,343.00
.....	7,938.00
.....	26,831.00
.....	4,826.00
.....	1,206.00
.....	69.00
.....	3,000.00
OGCT FY '87	\$171,945.00
.....	59,363.97
.....	44,522.97
.....	21,030.00
.....	\$296,861.94

1986

on was started with great moisture in most parts of the early hot periods and heavy grasshopper and aphids in have a great impact on yields in some areas. The amount the state was reflected by an increase of 41% in the num- is issued from 85 to 86 with a record premium collection \$.25.

l mother nature dropped some moisture, but it was in the stones. Heaviest reported losses were in the McConne and with 200 losses of 453 reported. The other losses were er the state.

s that were reported were average for number but the pay- mal. We paid out \$1,134,975.44 from the \$2,968,198.25 action in premium. The map on the back page gives a bet- action of the areas that had hail in the state. Hail losses 1 on 52 days.

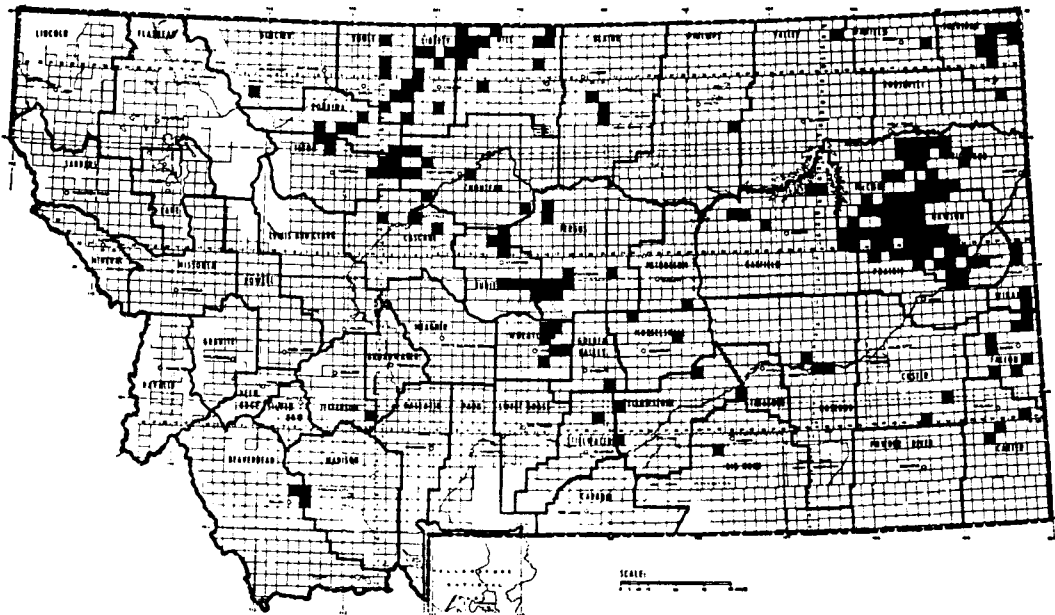
ome for the Hail Board was \$2,968,198.25. Interest on aid in reserve for bad years earned \$214,543.35. From the 5 income the Board paid the counties \$39,363.97 and the fund \$44,522.97 and \$21,030.00 to the department as re- v. There was also \$1,134,795.44 paid for the 453 losses Board voted to refund \$1,780,918.85 of the producers

il Board will be moving into its 70th year of business in in producers in Montana should be very proud in having ice pool for 7 decades. The reasonable rates and refunds by your consistent participation in this outstanding

69 YEAR SUMMARY

Written.....	\$498,858,030.40
.....	44,293,666.39
.....	29,755,350.46
.....	139,017
.....	38,259,083
.....	275.2
.....	69.5%
.....	29,259
.....	8,543,358.76

1986



It is the duty of county assessors to furnish producers with full infor- mation on State Hail Insurance. This pamphlet is issued for the pur- pose of helping them do so. It furnishes information on the operations of the State Hail Insurance Division.

HAIL INSURANCE IS A NECESSARY COST OF RAISING GRAIN

As soon as your crops show a prospect of a fair yield, you should see your assessor and apply for State Hail Insurance. This pamphlet was issued by the

STATE BOARD OF HAIL INSURANCE

Agriculture/Livestock Building
Sixth & Roberts, Capitol Station
Helena, MT 59620
Telephone: 444-4762



Governor Ted Schwinden

STATE OF MONTANA

DEPARTMENT OF AGRICULTURE

BOARD OF HAIL INSURANCE

Keith Kelly

Director of Agriculture

Bruce W. Meyer
Administrative Officer

Adrien R. Long (Chairman)
Wolf Point, Montana 59201

Gary L. Dyer
Brady, Montana 59416

Troy Martin
Winifred, Montana 59489

Andrea "Andy" Bennett
State Auditor
Helena, Montana 59620

SENATE AGRICULTURE

EXHIBIT NO. 10C

DATE 3-13-87

FILE NO. HB 628

BUSINESS SUMMARY FOR 1986

Total Risk Written.....	\$34,180,835.20
Premium Charge.....	2,968,198.25
Losses Paid.....	1,134,795.44
.....	2,861
.....	1,563,961
.....	547
.....	124,838
.....	433
.....	52
.....	38.2%
.....	8.6%

INVESTMENTS

AMOUNT INVESTED	INT. RATE	MATURITY DATE	INTEREST RECEIVED
\$ 200,000.00	7.60%	04/20/87	\$ 15,200.00
350,000.00	7.30%	10/15/01	25,500.00
2,945,365.05	5.85%	Optional	172,289.21
\$3,495,365.05	TOTAL	TOTAL	\$212,989.21

*Average Interest Rate for Amount Invested in Short Term 1 Percent Pool (STIP)

REPORT OF THE 1986 OPERATION OF THE STATE BOARD OF HAIL INSURANCE TO OUR GRAIN GROWERS

Section 80-2-201 M.C.A. 1983, and as a matter of information
1986 season is hereby submitted.

TOTAL RISK BY KINDS OF GRAIN - 1986

.....	\$12,579,993.60
.....	10,531,696.60
.....	241,044.00
.....	10,041,163.00
.....	141,760.00
.....	324,704.00
.....	41,148.00
.....	77,864.00
.....	53,568.00
.....	28,056.00
.....	11,298.00
.....	8,016.00
.....	22,608.00
.....	16,056.00
.....	11,016.00
.....	22,288.00
.....	288.00
.....	7,200.00
.....	1,272.00
.....	14,300.00
.....	5,496.00
.....	\$34,180,835.20

TOTAL ACRES INSURED - 1986

.....	590,452
.....	485,345
.....	10,276
.....	444,014
.....	6,244
.....	15,702
.....	1,114
.....	3,680
.....	2,233
.....	1,191
.....	479
.....	334
.....	942
.....	669
.....	269
.....	497
.....	12
.....	150
.....	53
.....	143
.....	162
.....	1,563,961

MENTS TO COUNTIES AND STATE

1-2-232 M.C.A. 1983, provides a payment of 2%
annual levies collected by individual counties to
the County Treasurers and 1.5% to the State Treas-
urers. Payments of \$59,363.97 will be pro rated
to counties participating in the State Hail Insurance
to the State General Fund is anticipated to be
\$44,522.97.

COUNTY

1986 Risk

1986 Levy

1986 Losses

Risk Vs. Loss Ratio

Levy Vs. Loss Ratio

Beaverhead	\$ 173,520.00	\$ 8,676.00	\$ 26,919.36	15.5%	310.3%
Big Horn	312,404.00	31,240.80	847.01	.3%	2.7%
Blaine	1,097,568.00	87,009.45	17,129.47	1.6%	19.7%
Broadwater	9,360.00	561.60	—	—	—
Carbon	24,024.00	1,441.44	—	—	—
Carter	329,354.00	32,906.98	4,037.66	1.2%	12.3%
Cascade	616,170.40	42,425.97	20,523.78	3.3%	48.4%
Chouteau	4,480,465.60	400,229.03	22,642.24	.5%	5.7%
Custer	378,791.40	38,304.97	405.12	1.1%	1.1%
Daniels	241,378.00	16,779.44	991.20	.4%	5.9%
Dawson	1,156,386.00	102,820.73	152,348.42	13.2%	148.2%
Fallon	675,547.00	60,446.05	9,252.84	1.4%	15.3%
Fergus	2,886,012.00	286,001.36	62,901.60	2.2%	22.0%
Flathead	11,952.00	604.57	—	—	—
Gallatin	38,486.00	2,665.42	270.76	.7%	10.2%
Garfield	868,980.20	78,017.78	23,836.93	2.7%	30.6%
Glacier	138,480.00	8,878.73	17,604.00	12.7%	198.3%
Golden Valley	229,248.00	22,644.35	395.04	.2%	1.7%
Hill	1,774,619.00	140,387.21	37,170.18	2.1%	26.5%
Jefferson	20,184.00	1,211.04	3,748.80	18.6%	309.6%
Judith Basin	1,686,875.20	166,697.36	21,736.35	1.3%	13.0%
Lewis & Clark	2,752.00	2,047.68	—	—	—
Liberty	2,568,751.20	204,743.56	15,622.55	.6%	7.6%
McCone	3,308,759.00	296,056.76	506,007.03	15.3%	170.9%
Meagher	31,080.00	3,108.00	—	—	—
Musselshell	130,008.00	13,173.89	15,079.92	11.6%	114.5%
Petroleum	105,240.00	10,524.00	1,675.20	1.6%	15.9%
Phillips	477,316.80	38,086.39	4,009.44	.8%	10.5%
Pondera	1,393,472.00	110,394.87	7,789.60	.6%	7.1%
Powder River	361,792.00	35,806.89	—	—	—
Prairie	331,129.20	30,063.78	19,291.17	5.8%	64.2%
Richland	1,377,034.00	123,046.08	2,226.48	.2%	1.8%
Roosevelt	154,524.00	10,630.24	928.56	.6%	8.7%
Rosebud	431,928.00	43,099.21	6,671.95	1.5%	15.5%
Sheridan	15,702.00	51,826.09	12,119.28	1.6%	23.4%
Stillwater	344,464.00	33,965.43	855.60	.3%	2.5%
Teton	2,079,843.00	163,485.50	25,923.49	1.3%	15.9%
Toole	1,584,016.00	125,493.70	52,798.28	3.3%	42.1%
Treasure	55,992.00	5,562.98	—	—	—
Valley	374,764.00	26,054.06	930.24	.3%	3.6%
Wheatland	520,945.20	52,420.03	22,460.18	4.3%	42.9%
Wibaux	379,792.00	34,138.51	13,508.95	3.6%	39.6%
Yellowstone	244,602.00	24,520.32	4,136.76	1.7%	16.9%
	\$34,180,835.20	\$2,968,198.25	\$1,134,795.44	3.3%	38.2%

ACRES DAMAGED - 1986

Winter Wheat.....	61,112
Spring Wheat.....	28,822
Oats.....	771
Barley.....	30,950
Safflower.....	435
Durum.....	352
Hay.....	200
Tricale.....	47
Speltz.....	599
Wheat Grass.....	570
Sainfoin.....	270
Mustard.....	597
Lentils.....	79
Alfalfa Seed.....	12
Rape.....	22
	124,838

ADJUSTMENT OF LOSSES

453 loss claims were filed with a number of policy holders suffering more than
one loss. Appreciation is expressed to our adjusters, County Assessors and
Treasurers for their cooperation.

DOUBLE HAIL INSURANCE

When insured with the State and any other indemnifying insurance company,
ALWAYS SEND A LOSS CLAIM TO EACH.

LATE REPORTED LOSSES

Claims received after October 1 are no longer accepted by the State. This policy
was made due to difficulty in adjusting after this date. RETURN YOUR LOSS
PROPERLY. REMEMBER — IF A CLAIM IS NOT FILED, IT CANNOT BE PAID IT CANNOT
NOT BE ADJUSTED OR PAID.

SECRETARY'S SIGNATURE

EXHIBIT NO. 11

DATE 3-13-87

BILL NO. HS 36

DEPARTMENT OF STATE LANDS
TESTIMONY ON HOUSE JOINT RESOLUTION 36
(March 13, 1987, Room 413/415, 1:00 p.m.)

This resolution urges the Secretary of the United States Department of Agriculture to amend the administrative rules implementing the Highly Erodible Land and Wetland Conservation provisions of Subtitles B and C of Title XII of the Food Security Act of 1985 (P.L. 99-198). I'll refer to this legislation simply as the "sodbuster" Act.

This "sodbuster" Act was designed to stop agricultural production on fragile, minimally-productive agricultural ground. The sanction imposed by Congress upon illegal sodbusting was the revocation of all Federal crop benefits. However, 28 U.S.C. Section 3843(b) of the "sodbuster" Act provides that the ineligibility of a tenant shall not cause a landlord to be ineligible for Federal crop benefits. Thus, Congress has provided protection to landlords.

Unfortunately, the Secretary of Agriculture has adopted rules that are contrary to the express provisions of the "sodbuster" Act. The Secretary has provided by rule that a landlord (such as the State of Montana) who leases land on a share-crop basis is a "producer" under the "sodbuster" Act and is ineligible for all Federal crop benefits on all his land if one tenant should illegally sodbust.

Obviously, this interpretation by the Secretary of the "sodbuster" Act poses a serious, illegal threat to the right of the State of Montana to collect Federal benefits upon its School Trust Lands. In recent years, these Federal crop benefits have ranged from one to two-and-one-half million dollars.

Because these Federal crop benefits are a vital source of funding for our public schools, I strongly urge you to support this resolution.

STANDING COMMITTEE REPORT

MARCH 13

19 87

MR. PRESIDENT

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

having had under consideration **HOUSE BILL** No. **669**

third reading copy (**blue**)
color

Harp (Story)

REVISE LAWS ON SALE AND DISSOLUTION OF PROPERTY BY RURAL COOPERTIVES

Respectfully report as follows: That **HOUSE BILL** No. **669**

BE CONCURRED IN
DO PASS

DO NOT PASS

PAUL F. BOYLAN,

Chairman.

STANDING COMMITTEE REPORT

March 13

1937

MR. PRESIDENT

We, your committee on.....AGRICULTURE, LIVESTOCK AND IRRIGATION.....

having had under consideration.....House Bill..... No. 779.....

third reading copy (blue)
color

CLARIFIES EVIDENCE OF TITLE FOR PURPOSES OF THE IRRIGATION DISTRICT LAW

SCHYE (Lybeck)

Respectfully report as follows: That.....House Bill..... No. 779,.....
be amended as follows:

1. Page 1, lines 18 through 21.

Following: "(c)"

Strike: remainder of line 18 through "property" line 21

Insert: "records of ownership prepared by licensed title insurance
agents"

AND AS AMENDED
BE CONCURRED IN
~~DO PASS~~

~~DO NOT PASS~~

.....Senator Boylan.....

Chairman.

STANDING COMMITTEE REPORT

March 13

19.27

MR. PRESIDENT

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

having had under consideration.....HOUSE BILL..... No 220.....

Third reading copy (blue)
color

GENERALLY REVISE THE AGRICULTURAL SEED LAWS

DEMARS (BECK)

Respectfully report as follows: That.....HOUSE BILL..... No 220.....

be amended as follows:

1. Statement of Intent:

Page 1, line 18.

Strike: "annual and"

2. Page 4, line 19.

Strike: "(a)"

3. Page 4, line 20.

Strike: "and other noxious weeds"

Insert: "plants"

4. Page 5, line 1.

Strike: "(i)"

Insert: "(a)"

Strike: "and"

5. Page 5, line 2.

Strike: "(ii)"

Insert: "(b)"

Strike: "."

Insert: "; and"

6. Page 5, lines 3 through 5.

Strike: subsection (b) in its entirety

Insert: "(c) plants that are designated by rule of the department as prohibited noxious weeds."

END

END

CONTINUED

Chairman.

March 13 1997

7. Page 10, line 25.

Strike: "under 80-5-105"

Insert: "by rule"

8. Page 23, line 18.

Strike: "person"

Insert: "grain producer"

9. Page 28.

Following: line 5

Insert: "NEW SECTION. Section 21. Codification instruction.

Sections 1, 17, and 18 are intended to be codified as an
integral part of Title 80, chapter 5, and the provisions of
Title 80, chapter 5, apply to sections 1, 17, and 18."

Renumber: subsequent section

AND AS AMENDED,
BE CONCURRED IN

PAUL R. BOYLAN, Chairman

STANDING COMMITTEE REPORT

MARCH 13 1987

MR. PRESIDENT

We, your committee on AGRICULTURE, LIVESTOCK & IRRIGATION

having had under consideration HOUSE JOINT RESOLUTION No. 36

third reading copy (blue)
color

Swift (Story)

URGE RECEIPT OF FEDERAL CROP BENEFITS

Respectfully report as follows: That HOUSE JOINT RESOLUTION No. 36

BE CONCURRED IN

XDOXPASS

XDOINGXPASS

PAUL F. BOYLAN,

Chairman.