

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

April 13, 1987

The Agriculture, Livestock and Irrigation Committee meeting was called to order by Vice-Chairman Jack Galt at 1 p.m. in Room 325 of the State Capitol.

ROLL CALL: All members were present except for Senators Beck and Story.

CONSIDERATION OF HOUSE JOINT RESOLUTION 46: Representative Ray Brandewie, House District 49, Bigfork, was sponsor for the resolution which was by request of the House Committee on Business and Labor. He stated the interim committee had done a lot of work on lien laws but due to lack of time they had not studied the agricultural lien laws and this was the purpose of the resolution.

PROPOSERS: Representative Brandewie stated that John Cadby of the Montana Bankers' Association was in support of the resolution. He also noted that there were other agricultural groups in support of the measure also who were unable to attend the hearing at this time.

Pam Langley, representing the Montana Agri-Business Association which represents suppliers to the agricultural industry, noted they have been gradually moving into an era of supplier financing and they need to have some assurances they will be paid. She stated the fertilizer industry is particularly concerned.

Ken Kelly, representing the Montana Grain Elevator's Association, spoke in favor of the resolution on behalf of some suppliers who have no lien rights at the present time. He noted there were two bills in this session earlier, HB 497 and HB 719, which proposed to grant lien rights to these suppliers and both of these bills had failed. They were in support of the resolution to grant some protection to the people who supply the chemicals and fertilizer to the croplands of Montana. He said this is usually the first expense to the farmer. He urged passage of the resolution. (EXHIBIT 1)

Doug Alexander, with the Montana Petroleum Marketer's Association, spoke for suppliers who sell fuel to the ag community. He noted they have tried to get bills through to take care of credit and lien problems without success. He stated their problems were not addressed by the interim study. One of the main problems is taxation. He noted nearly one-third of the cost of fuel is because of taxes which the supplier pays, and for which the agricultural user may apply for refund. Many times the crops are harvested before their bill is paid. When their product

is purchased it is usually consumed and the distributor has no recourse if he tries to take his merchandise back for non-payment of his bill. He noted this along with the new Chapter 12 laws are starting to severely limit the fuel distributor's ability to extend credit to the agricultural producer. They are asking for a study to help protect suppliers from producers who are in financial difficulties so they can maintain their current accounts before the problem is unrecoverable. He urged passage.

OPPONENTS: There were none.

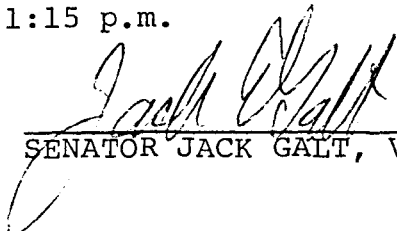
QUESTIONS FROM THE COMMITTEE: Senator Lybeck asked Rep. Brandewie about the limited amounts of funding for appropriations of such studies in the next interim. He asked Rep. Brandewie how he would finance such a study. Rep. Brandewie said he felt those who would like to have the study done should be willing to pay for the study. Senator Lybeck asked if Rep. Brandewie would consider an amendment stating this be done in this manner. He said he had no objections to such an amendment. He also stated that he felt the proponents should realize the funding problems and be willing to help finance such a study.

Senator Thayer asked Rep. Brandewie if anyone had explained the amount of work that had been done by the interim committee. Rep. Brandewie stated he had seen nothing come out of the lien law committee on this issue regarding agriculture. Senator Thayer asked if anything had been brought out on the House floor about what had been done and Rep. Brandewie stated that nothing had been said. He just felt that a further study needed to be done.

Senator Jergeson stated he felt most of these types of studies were just a substitution for the exercise of political will. He wondered just what might be accomplished by such a study. Rep. Brandewie felt the studies done on the lien laws had been successful and he felt interim studies do have some value.

Rep. Brandewie closed on House Joint Resolution 46.

The meeting was adjourned at 1:15 p.m.



SENATOR JACK GALT, VICE-CHAIRMAN

ROLL CALL

AGRICULTURE

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 4/13/87

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

Each day attach to minutes.

NAME: K.M. Kelly DATE: 4/12/87

ADDRESS: Helena

PHONE: 458-5861

REPRESENTING WHOM? Mont. Grain Elevator Assn.

APPEARING ON WHICH PROPOSAL: HJ46

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENTS: We support such a study

HB 497 & HB 719 which granted lien status to suppliers of ag chems and fertilizers.

At ~~present~~ present we have no lien protection status in the lineup of lien holders

K.M. Kelly

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SENATE AGRICULTURE
EXHIBIT NO. 1
DATE 4-13-87
BILL NO. H546