

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON AGRICULTURE, LIVESTOCK AND IRRIGATION

Call to Order: By Vice-Chair Francis Koehnke, on February 6th  
1989, at 3:30 p.m.

#### ROLL CALL

Members Present: All present with exception:

Members Excused: Rep. Bob Bachini, Rep. Duane Compton

Members Absent: none

Staff Present: Connie Erickson, Legislative Council and Maureen  
Cleary, Committee Secretary

Announcements/Discussion: none

#### HEARING ON HOUSE BILL 398

#### Presentation and Opening Statement by Sponsor:

REP. WESTLAKE: House District #76. This bill is at the request of the Certified Potato Seed Growers Assoc. They are asking for a grant of \$160,000.00 to provide additional facilities at the Montana State University, Bozeman. The grant money would be used to accelerate the production capacity of certified virus free seed potatoes. This is a great opportunity for this legislature to support a project that will bring many new dollars into the Montana economy. This is because the demand for virus free potato seed is unlimited. However, growers are limited by the process of producing the seed they need. The solution to this limiting factor is Dr. Sun and the greenhouse facility at MSU. After seeing the greenhouse firsthand, I am convinced this project will take full advantage of the tech capacities at Bozeman. It will increase economic growth in the private sector in all of Montana. (See Exhibit #1)

#### Testifying Proponents and Who They Represent:

Dr. Sun/ University of Montana, Bozeman

Dr. Welsh/ Dean, Plant Growth Center, University of Montana,  
Bozeman

Mr. John Venhnizen / MT. Potato Improvement Assoc., Manhattan

Mr. Leo Nichols/ Deer Lodge

Ms. Lorna Frank/ MT. Farm Bureau, Helena

Mr. David Lake/ farmer, Ronan

Mr. Nick Scutter/ farmer, Manhattan

Mr. Brian Harlan/ Associated Students, Bozeman

Mr. Art Mangels/ farmer, Polson

Mr. Her Koenig/ Kalispell

Rep. Francis Koehnke/ former grower, Townsend

Proponent Testimony:

Dr. Sun: Presented the Committee with a slide show explaining the Seed Potato Project at the MSU, Bozeman (See Exhibit #2)

Mr. Welsh: What we have seen is a basic example of the utilization of science transmitted directly into economic activity. This will put the growers at an additional advantage to obtain additional income. The request is compatible with the Plant Growth Center. The certification program is housed in the facility at the present time.

Mr. Venhnizen: The seed potato industry brings in between 15 and 20 million dollars into the state of Montana. Most of this money is spent locally. Montana cannot afford to lose a 20 million dollar industry. To keep this we must stay on the leading edge. (See Exhibit #3)

Mr. Nichols: I am a seed potato grower. I represent all of the growers in the Deer Lodge area. Montana is number one in seed potato quality. There is a number of reasons why we are number one climate, integrity of growers, expertise of staff at the MSU. We need to adapt to the newest technology. We ask your help today to remain number one.

Ms. Frank: (See Exhibit #4)

Mr. Lake: I am a grower in the Ronan area. I think that it is essential to produce clean seed. There are other states that are competing with us. We need to keep our state number one.

Mr. Scutter: I farm with my four brothers and parents. I would like to reiterate what has come before you today. We see competition from Canada and other states increasing. Our margins are shrinking. We feel that we need these funds to maintain the competitive edge. (See Exhibit #5)

Mr. Harlan: Many students benefit from this program.

Mr. Mendels: I am a grower. I support this bill for all the same reasons that have come before you today.

Rep. Koenhke: I want to go on record as a former seed potato grower in favor of this bill.

Mr. Cane: I can see the merit of this bill. Other states will spend millions to compete with this Montana industry.

Testifying Opponents and Who They Represent:

none

Opponent Testimony:

none

Questions From Committee Members:

REP. KASTEN: Would you tell me as much as you can about the Renewable Resource Bond Fund? REP. WESTLAKE: In researching this project, the resource department determined that in this fund there is approximately \$429,000.00 for this biennium. Out of that sum, they are obligated for debt retirement \$229,000.00. This is a bonded indebtedness, which will come from the ear-marked funds from the coal severance. At this time, they estimated, that there will be about \$200,000.00 available through this particular grant. We are not asking for all of it. Just enough to cover this project. It will not require an appropriation. REP. KASTEN: You are saying that this fund is for government research and is not being totally used? REP. WESTLAKE: It can be used for this particular development and research request. Basically, it was established to cover the debt retirement for a particular bonding. At this time there is more money in the bond than required to pay off the fund. REP. KASTEN: What would happen to those funds if they were not used for this program? REP. WESTLAKE: It would remain in a reserve. I am not certain how the excess would be used.

Closing by Sponsor:

REP. WESTLAKE: I feel that we have an excellent opportunity to provide for economic growth in the State of Montana. We have the facilities in place and the research is in progress. We have the market. All that we need to do is get this program moving faster.

DISPOSITION OF HOUSE BILL 398

Motion: Rep. Driscoll: made the motion to "do pass"

Discussion: REP. KASTEN: Are there any others that will be

requesting funding from these monies? REP. REAM: Some of the renewable resource funds will be available, but that is a different fund. REP. KELLER: Is this part of the science and technology bill passed last session? REP. BACHINI: I do not think it is. REP. REAM: I would assume that this has to go to Appropriations. REP. BACHINI: Yes, I would assume that they would make the determinations.

Amendments, Discussion, and Votes: none

Recommendation and Vote: THEREFORE THE COMMITTEE RECOMMENDS A "DO PASS" FOR THIS BILL.

#### DISPOSITION OF HOUSE BILL 423

Motion: Rep. DeMars: made the motion for a "do pass"

Discussion: REP. WESTLAKE: I spoke with some of my constituents this week-end and they would like to see included in this bill, is some type of "marketing permit". Those people are willing to do the bookwork and pay a fee. MR. BOB GILBERT: (Dept. of Livestock) I don't think that giving a book out would work. REP. ELLIOTT: Would there be any objection to an amendment stating exceptions? MR. GILBERT: We would object, because you would be leaving room for error, or abuse. REP. KELLER: What about the possibility of a seasonal permit? MR. GILBERT: That may be a possibility. REP. REAM: We would have to give rule making authority to the Dept. of Livestock. It seems that they could work out something that could cover those types of situations. REP. KASTEN: There are two different kinds of legal documents. One is a brand inspection, the other is the transportation sheet. The transportation sheet doesn't have as strict requirements as the other. Perhaps it could be worked in. REP. BACHINI: I recall that all of the groups involved stated that they would work closely to adopt the specifics. REP. ELLISON: Under a system that Rep. Westlake is proposing, anyone could steal sheep. REP. KASTEN: Shouldn't we have something from Mr. Graham in writing that states he will address these concerns? REP. REAM: If rule making authority were granted, these concerns could be addressed within the department.

Amendments, Discussion, and Votes: none

Recommendation and Vote: THEREFORE THE COMMITTEE RECOMMENDS A "DO PASS" FOR THIS BILL.

ADJOURNMENT

Adjournment At: 4:45

  
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REP. BOB BACHINI, Chairman

BB/mc

3101.min

DAILY ROLL CALL  
AGRICULTURE COMMITTEE

50th LEGISLATIVE SESSION -- 1989

Date Feb. 6 1989

NAME	PRESENT	ABSENT	EXCUSED
Rep. Bob Bachini, Chairman			✓
Rep. Francis Koehnke, Vice Ch.	✓		
Rep. Gene DeMars	✓		
Rep. Jerry Driscoll	✓		
Rep. Jim Elliot	✓		
Rep. Linda Nelson	✓		
Rep. Bob Ream	✓		
Rep. Don Steppler	✓		
Rep. Vernon Westlake	✓		
Rep. Duane Compton			✓
Rep. Orval Ellison	✓		
Rep. Bert Guthrie	✓		
Rep. Marian Hanson	✓		
Rep. Harriet Hayne	✓		
Rep. Betty Lou Kasten	✓		
Rep. Vernon Keller	✓		
Rep. John Patterson	✓		

5:30pm  
2/06/89  
ja

STANDING COMMITTEE REPORT

February 6, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Agriculture, Livestock, and Irrigation report that HOUSE BILL 398 (first reading copy -- white) do pass .

Signed: Bob Bachini  
Bob Bachini, Chairman

5:30 pm  
2/06/89  
ja

# STANDING COMMITTEE REPORT

February 6, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Agriculture, Livestock, and Irrigation report that HOUSE BILL 423 (first reading copy -- white), as amended to include a statement of intent, do pass, as amended.

Signed: Bob Bachini  
Bob Bachini, Chairman

And, that such amendments read:

1. Page 1, line 8.

Following: Page 1, line 7

Insert: "STATEMENT OF INTENT"

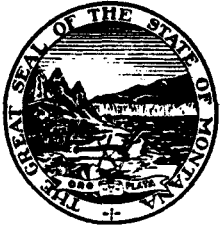
A statement of intent for this bill is necessary because it requires the department of livestock to adopt rules implementing a permit system for the transportation of sheep within or out of the state. The legislature intends that the rules be designed to provide the owner with protection against the theft of his sheep by requiring a permit for the removal of sheep:

- (a) from one county to another county within the state; and
- (b) out of the state.

Provision must be made for the form of the permit and for issuance of the permit by state livestock inspectors. The department shall also determine a fee for the issuance of the permit, commensurate with the cost of operating the permit system.

It is the intent of the legislature that the department of livestock monitor this permit system to determine the system's effectiveness prior to the termination date of this legislation."





## *The Big Sky Country*

# MONTANA HOUSE OF REPRESENTATIVES

January 30, 1989

House Agriculture Committee:

Rep. Bob Bachini - Chairman  
Rep. Francis Koehnke - Vice Chairman

EXHIBIT #01  
DATE 2/06/89  
HB 398

Mr. Chairman and members of the Committee; I am Vernon Westlake, Representative House District #76, in the Gallatin Valley.

I am here this afternoon for consideration of HB 398. This bill is a request by the Certified Potato Seed Growers Assn. for a grant of \$160,000.00 to provide additional facilities at Montana State University to accelerate the capability to produce certified virus-free potato seed.

I believe this is a great opportunity for the Legislature to support a project that will bring many new dollars into Montana economy. The demand for Montana certified virus free potato seed is practically unlimited. The problem is, growers are limited by the process of producing the foundation seed they need to raise the certified virus free seed.

The answer to this limiting factor is Dr. Sun and the greenhouse facility at Montana State University. I had the privilege of seeing first hand the greenhouse with Dr. Sun and members of the Growers Assn. I am convinced this is a project that will take full advantage of the existing technical capabilities of our University at Bozeman to definitely increase economic growth in the private sector in Montana.

I have asked Dr. Sun and several members of the Certified Seed Growers Assn. to testify today, they are much better qualified than I, to provide the facts regarding the research project and how it has been supported financially in the future.

Mr. Chairman, I will try to answer any questions and may I reserve the right to close. Thank you.

**MONTANA  
STATE  
UNIVERSITY**

**Extension Service**

**Seed Potato Certification Program**

**Potato Laboratory I Plant Growth Center**

Department of Plant Pathology  
Montana State University  
Bozeman, MT 59717  
406-994-3150

EXHIBIT #02  
DATE 2/06/89  
HB HB 398

January 30, 1989

Rep. Vernon Westlake  
Box 122  
Capitol Station  
Helena, MT 59620

Re: Source of funding for the seed Potato Program at Montana State University

Dear Representative Westlake:

First of all, I would like to take this opportunity to express our sincere thanks for your great effort in introducing HB389 to the State Legislature this year. The research fund, once appropriated, will be put to good use and, I am sure, will produce a good return to Montana in the future.

The source of funding for the seed potato program at MSU comes 100% from the Montana seed potato growers. For the last ten years, they have been contributing approximately \$200,000.00 a year. Following is the detail of the incomes and expenses:

**I. Income**

- a). Acreage fee: \$5.00 per acre per year
- b). Bulk weight fee: 9 cents per hundred weight of potatoes sold.
- c). Disease Indexing Work: 30 cents per test.

**II. Expenses**

- a). Field and cellar inspections: \$35,000
- b). Disease testing: \$43,000
- c). Salaries and wages: \$85,000
- d). Space, utilities : \$6000
- e). Research: \$20,000
- f). Administration fee: \$11,000

EXHIBIT 3  
DATE 2/06/89  
HB 398

Mr. Chairman and Members of the Committee

The seed potato industry in Montana is a very important part of our state economy. The sale of seed potatoes brings between 15 and 20 million dollars into the state of Montana - money from other areas. Most of this money is spent locally - to hire workers, buy food and clothing, pay power bills, buy fertilizer and machinery to name just a few. Montana cannot afford to lose a \$20 million industry. To keep our industry strong we have to stay on the leading edge, as with most other products we are a long distance from our markets. We have a major freight disadvantage for seed potatoes going into Washington, Oregon, and Idaho as compared with seed growers in these states and Canada. This means that we need a better product than our competition. Up to this point Montana growers have met this competition. We provide a superior product because of dedicated growers, dedicated staff at Montana State University and lots of hard work and personal tender loving care. I would like to point out that we as growers fund our entire program - from university staff and lab rental to laboratory costs and purchase of equipment.

Thanks to a previous far-sighted legislature for the Plant Growth Center of where we are now located and with  
With competent and dedicated personnel we have been able to stay at the forefront in the seed potato business in the northwest and Montana seed potatoes are the backbone of the potato industry in the northwest but there are others striving to beat us out.

Genetic engineering is here and if Montana doesn't take the lead, there are others who will - other states and some large corporations. We as citizens of this state want to keep this money in Montana - not pay large royalties or seed costs to other organizations. I feel that House Bill 398 will help give us the resources and manpower to continue to be the leader in the seed potato business. There may be other benefits from this research as well. Some of this research may be applicable to other crops or animals.

Breeding disease resistance into crops should also decrease the dependence upon chemicals that farmers have today. This should also result in a cleaner healthier environment.

For these reasons I urge that you support House Bill 394

John Venhuizen  
Chairman, Montana Potato Commission



**MONTANA FARM BUREAU FEDERATION**

502 South 19th • Bozeman, Montana 59715  
Phone: (406) 587-3153

EXHIBIT 4

DATE 2/06/89

HB 398

BILL # HB 398; TESTIMONY BY: Lorna Frank

DATE Feb. 6, 1989; SUPPORT Yes; OPPOSE

Mr. Chairman, members of the committee, for the record my name is Lorna Frank, representing the Montana Farm Bureau and the following members of the Agriculture Coalition, Montana Stockgrowers, Wife, Montana Cattlewomen and the Montana Association of State Grazing Districts. *and Farmers Union.*

We support HB 398 to do genetic research and development at Montana State University to ensure future performance to allow farmers to keep up in the race for economic survival.

SIGNED: Lorna Frank

HB-398 Support.

EXHIBIT 5  
DATE 2/06/89  
HB 398

MT Seed Potatoes go to the following  
States: ID., WA., OR., CA., CO., SD., ND.,  
WI., MI., MN.

Currently MT is recognized as a leader in  
producing disease free, quality seed potatoes,  
thanks in part to your funding of the  
Meristem Tissue Culture Program in 1981.

- However, the MT Seed Potato growers  
themselves have made great efforts to  
develop the markets.
- These markets were developed by maintaining  
clean quality operations, and by promoting  
Montana as a leader in the technology  
and technique of seed potato production.
- Right now we see our competition from  
Canada and other States increasing, and  
our margins shrinking.
- We as an industry need this funding  
to ~~maintain~~ maintain the competitive edge  
we have developed.
- I urge you to support HB 398

Nick J. Schutter  
Manhattan MT

## VISITORS' REGISTER

Agriculture

COMMITTEE

BILL NO. HB 398DATE Feb. 06<sup>th</sup> 1989SPONSOR Vernon L. Wartlake

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
MARVIN BARBER	A. P. H	X	
Art Mangels	Polson MT	✓	
Herb Koenig	Kalispell, Mt.	✓	
M. Joene Jackson	Bozeman, MT	X	
Tom Van Aken	Whitefish MT	X	
Mike Sun	Montana State Univ	✓	
Anna SUN	Montana State Univ	✓	
Kay Norenberg	WIFE	✓	
Mike White	Manhattan	✓	
Ron White	"	X	
Carl Schuster	"	✓	
Wayne Maugkan	Ronan	✓	
David Lake	Ronan	✓	
Martin H. Kinn	Manhattan	✓	
Bill Linn	Manhattan	✓	
John L. Verkuizen	Manhattan	✓	
Lorna Frank	Farm Bureau	✓	
Galerie Larson	Farm Bureau	✓	
David M. Clune	Farm Bureau	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Sid Schutter	Manhattan	Support
Dave Fatas	Ronan	Support
John Tobol	Ronan	✓ Support
Nick Schutter	Manhattan	Support
Dan Callahan	St. Ignatius Mt.	Support
Brian Harlin	ASSOC. STUDENTS OF MSU	SUPPORT
Betty J. Keehake	Townsend	Support
Jim Welch	Bozeman	Support.



# ROLL CALL VOTE

AGRICULTURE, LIVESTOCK & IRRIGATION

COMMITTEE

DATE 2/04/89 BILL NO. 398 NUMBER \_\_\_\_\_

NAME	AYE	NAY
BOB BACHINI, CHAIRMAN	/	
FRANCIS KOENIKE, VICE CHAIRMAN	/	
GENE DE MARS	/	
JERRY DRISCOLL	/	
JIM ELLIOT	/	
LINDA NELSON	/	
BOB REAM	/	
DON STEPPLER	/	
VERNON WESTLAKE	/	
DUANE COMPTON	/	
ORVAL ELLISON	/	
BERT GUTHRIE	/	
MARIAN HANSON	/	
HARRIET HAYNE	/	
BETTY LOU KASTEN	/	
VERNON KELLER	/	
JOHN PATTERSON	/	

TALLY

Margaret Cleary  
~~Mary Lou Schmitz~~  
Secretary

BOB BACHINI, Chairman  
Chairman

MOTION: Rep. Driscoll "DO PASS"

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# ROLL CALL VOTE

AGRICULTURE, LIVESTOCK & IRRIGATION

COMMITTEE

DATE 2/06/89 BILL NO. 423 NUMBER \_\_\_\_\_

NAME	AYE	NAY
BOB BACHINI, CHAIRMAN	✓	
FRANCIS KOEHNKE, VICE CHAIRMAN	✓	
GENE DE MARS	✓	
JERRY DRISCOLL	✓	
JIM ELLIOT		✓
LINDA NELSON	✓	
BOB REAM	✓	
DON STEPPLER	✓	
VERNON WESTLAKE		✓
DUANE COMPTON	✓	
ORVAL ELLISON	✓	
BERT GUTHRIE	✓	
MARIAN HANSON	✓	
HARRIET HAYNE	✓	
BETTY LOU KASTEN	✓	
VERNON KELLER	✓	
JOHN PATTERSON	✓	

TALLY

(15) (2)

Mary Lou Schmitz  
Secretary

BOB BACHINI, Chairman  
Chairman

MOTION: Rep. De Mars - "DO PASS"  
Start of intet - "DO PASS"  
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