

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By Chairman Gary Spaeth, on February 7, 1989, at 8:00 a.m.

ROLL CALL

Members Present: All members were present

Members Excused: None

Members Absent: None

Staff Present: Carl Schweitzer, LFA; Jane Hamman, OBPP; Donna Grace, Committee Secretary

HEARING ON DEPARTMENT OF AGRICULTURE

Agricultural Development Division 54:A (001)

Chairman Spaeth stated that there were several people at the meeting who would like to testify relative to the Agriculture Counseling and Mediation Program. A proposed budget modification recommends continuation of 1.00 FTE program manager and operating expenses. The funding of the program would be \$52,119 general fund, \$44,233 federal funds, and \$10,000 of fee income. The total biennial budget would be \$106,352.

Representative Linda Nelson, House District 19, stated that HB 273 which she is carrying would provide that the agricultural assistance program which has been in place since 1986 would be continued for another two years. Her testimony is included in total in Exhibit 1.

(024) John Ortwein, representing the Montana Catholic Conference, also urged funding of the Agricultural Assistance Program. Exhibit 2. Mr. Ortwein stated that the Montana Diocese has been particularly involved in the peer counseling portion of the program.

Mary Lou Heiken, Rural Ministries Coordinator of the Montana Association of Churches, urged support of the funding of HB 273 at the level of \$150,000 per year. She said the budget office has proposed general fund appropriations of \$25,967 in FY 90 and \$26,152 in FY 91 which would eliminate the after hours hotline and leaves minimal money for volunteer peer counselors. Mrs. Heiken's comments are contained in Exhibit 3.

(083) Kay Norenberg, representing WIFE, stated that her organization would like to go on record in support of HB 273. Her testimony is attached as Exhibit 4.

Bill Leary, representing the Montana Bankers Association, testified that he had testified in support of HB 273 and now encouraged the funding of the Agricultural Assistance Program. He said his bankers are telling him that the voluntary mediation approach has worked and will continue to work. When a bank and a farmer are at odds, it certainly helps for the person to meet for some counseling to work out a suitable arrangement. For that reason he encouraged the financial support of House Bill 273.

Dale Fosen said he was a farmer from Joplin and had been a peer counselor since 1985 with the Montana Farm Counseling Coalition. He is also a member of the governor's advisory board that advises the Montana Department of Agriculture concerning the Montana Agricultural Assistance Program. His testimony in support of funding at a higher level for HB 273 is attached as Exhibit 5.

Discussion followed. Mike Murphy, Department of Agriculture said that in 1988 and 1989 they did receive donations of funds through the churches. There has been no indication that the donations will continue. The federal Farmers Home Administration mailed 990 letters to Montana farmers with problem loans and it is anticipated that there will be foreclosure in 200 to 300 cases.

Mr. Murphy provided statistics relative to the number of telephone calls and requests for information on the Montana Farm Hotline. Exhibit 6. Mr. Murphy explained how the program worked through peer counseling, financial consulting, and debt mediation.

Chairman Spaeth asked Mr. Schweitzer, Ms. Hamman and the department to meet with Mr. Murphy of the Department of Agriculture to discuss funding and how federal dollars match the general fund dollars. Mr. Schweitzer stated that the original governor's recommendation for the budget modification was \$44,233 in federal funds. That has been changed.

There will be further consideration and executive action at a later date. Chairman Spaeth will advise Representative Nelson when the issue comes up for discussion in the subcommittee.

Noxious Weed Program 54:B (035)

Peggy Haaglund, Montana Conservation Districts Association, stated that she was opposed to the possibility of taking funds from the Noxious Weed Trust Fund to fund the position of the weed coordinator and some aides. She said they were

opposed strictly from the standpoint that the Noxious Weed Trust Fund was started for the management of weeds, and they hate to see any digging into it now for other purposes. Once a fund like this is set up, it becomes easy to dig into it for other purposes and she would encourage the committee, as long as possible, to not do that and continue to fund the positions with general funds.

Mr. Murphy stated that the Weed Advisory Committee was meeting presently to hear 77 applications for noxious weed funding.

Mr. Schweitzer stated that currently there is \$1.1 million in the Noxious Weed Trust Fund. The funds come from the herbicide surcharge tax and there will be about \$400,000 additional money collected this year. Half of that will go into the trust fund and half can be used in the program. In addition to the \$200,000 per year of revenue from the surcharge, there is \$372,000 from the vehicle registration fee for a total of \$572,000 available for the program. When the trust fund reaches \$2.5 million, the full amount of income plus the interest may be used. Currently interest goes back into the fund.

Agricultural Development Division (195)

Executive Action: LFAs analysis is attached as Exhibit 7.

Issue No. 1. Alfalfa Seed Committee FTE. Mr. Schweitzer stated that this was an error on his part and the figures provided by the executive were correct.

MOTION: Senator Devlin made a motion to accept the executive.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 2. Alfalfa Seed Research. Mr. Peck stated that \$13,042 was added to the budget because if the industry increases, the division would like the ability to contract for more research. The revenue is collected from the growers, the growers come back as a committee and use the revenue for research purposes. They would like this additional spending authority to use the revenue if received. They can only spend the money if it is received.

MOTION: Senator Jenkins made a motion to adopt the executive.

VOTE: MOTION PASSED. All committee members voted in favor.

Issue No. 3. Noxious Weed Contracted Services Increase. This is for an increase in a number of categories (printing and graphics, photocopying, SBAS on-line, etc.) over 1988 expenditures. Ms. Hamman stated that they put this in as a result of an increasing amount of grant money available and this would be to manage the grant activity. The increase is for \$2,674 general funds for the biennium. Mr. Schweitzer

suggested that this issue be discussed in connection with Issue No. 8, Funding for the Noxious Weed Program. Senator Devlin said he thought this should not be general fund money but from the vehicle license fee.

Issue No. 4. Wheat and Barley. Mr. Schweitzer said the Wheat and Barley Research Committee has adopted an increase in fees and the executive has reflected the expenditure of those additional funds. The LFA went basically with the current level. There is also an increase under Issue No. 7 for Wheat Research Grants. Discussion followed and action on this issue will be postponed until Monday at 8:00 a.m. when the Wheat and Barley Committee will be present.

Issue No. 5. Travel increase because of vacant positions in base year. Mr. Schweitzer said the increases were in Ag Finance and the Weed programs. Because they had vacant positions in 1988, the travel was low. The executive felt the funding should be increased \$3,700. \$1,400 in the weed program is general fund and the \$2,300 for Ag Finance would be from the Federal Expendable Trust. Mr. Peck advised that the Ag Finance program is a program administered by the State for the USDA.

MOTION: Senator Jenkins made a motion to adopt \$1,400 of Noxious Weed Trust Fund money and \$2,300 federal funds to finance Issue No. 5.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 6. Equipment. 55:A (001) Mr. Schweitzer stated that he had put \$9,500 more for equipment in the budget than the executive had. \$4,600 was for hail insurance, \$2,600 marketing service and \$2,200 noxious weeds. Mr. Peck said that they could get along with the executive recommendation.

MOTION: Senator Devlin made a motion to accept the executive recommendation.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 7. Noxious Weed Grant. Mr. Schweitzer stated that more money would be available for grants if money from the Trust Fund is not used for administration costs. This will be discussed later.

Issue No. 8. Noxious Weed Program funding. Mr. Schweitzer said that Issue No. 3 would also be discussed at this time. The executive budget has funded administration of the noxious weed program with funds from the Trust Fund rather than general fund. The LFA has used general fund. Therefore the executive has \$74,000 less available for grants. On Issue No. 6 on page 10 under Centralized Services, the LFA has used Noxious Weed Trust to finance part of the cost of administrative centralized services and the executive has

used general funds. Discussion followed. Mr. Peck stated that the statutes limit the use of license fee funds for administrative purposes, Exhibit 8. Ms. Hamman said the executive takes a different view. She stated that the law, 80-7-814 (2) indicates the funds may be expended for grants and contracts. Section (3) says that funds deposited may be expended without restrictions for development and implementation of projects, cost sharing, special grants, costs of collecting the surcharge not to exceed 3% of the total surcharge proceeds, administrative expenses incurred by the advisory council and any project recommended by the Noxious Weed Management Advisory Committee if the department determines the project will significantly contribute to the management of noxious weeds within the state. She said she felt the weed coordinator's time would be spent in doing all of those things. Chairman Spaeth stated that he would agree; however, he reminded the committee of the opinions of the people who had appeared before the committee who do not want the trust fund money spent on anything but projects.

MOTION: Senator Jenkins made a motion to accept the LFA on Issue No. 8 which is the weed coordinator's position and to go with the executive for Issue No. 6 on page 10 under the Centralized Services Division which would use funds from the Noxious Weed Trust Fund. Discussion followed. Senator Jenkins amended his motion to include action only on Issue No. 8.

VOTE: Chairman called for a roll call vote. Spaeth and Kimberley voted no; all others voted yes. MOTION PASSED.

Issue No. 9. Agricultural Bulletin Funding. The issue is whether to keep this item at current level or no level. The executive would eliminate the project. Mr. Peck said that this is the agricultural statistical report on production which is published each year. They sell the report over a period of two years to get enough revenue to publish it for one year and it is funded with general funds the second year. Ms. Hamman said it was not the executive office's intention to not fund the bulletin.

MOTION: Senator Jergeson made a motion to approve the LFA recommendation.

VOTE: MOTION PASSED. All present voted yes.

Issue No. 10. The House Appropriations Committee eliminated two part-time positions which resulted in a .50 FTE reduction. The positions were a .25 administrative clerk in the Noxious Weed Program and a .25 FTE hail maintenance adjustor. Mr. Peck stated that the administrative clerk works from late December through March to collect the 1% surcharge for the noxious weed trust fund. That is why the position was vacant at the time of the House Committee's action. The hail adjustor was approved last session contingent on the

fact that they would use it only if they needed it and since there was not a big hail season, they did not use the position. However, if there should be a big hail season this year they would use it.

MOTION: Representative Swift made a motion to accept the executive recommendation.

VOTE: MOTION PASSED. All present voted in favor of the motion.

Mr. Schweitzer stated that there was one more item to be considered by the committee and that was whether or not to move the Growth Through Agriculture program from the Division of Commerce to the Department of Agriculture. Ms. Hamman said the costs would be \$217,436 for 1990 and \$217,074 for 1991. The program would include two FTE, operating costs, and the contribution to the Pacific Rim which was reviewed when that budget was discussed. The grants portion of the Coal Production Tax is statutorily appropriated which would be in addition to the program costs. The bill approving this transfer has been signed by the Governor.

MOTION: Senator Jenkins made a motion to add the two FTE and associated costs to the Department of Agriculture and delete them from the Department of Commerce, using the figures in the fiscal note attached to the bill.

VOTE: MOTION PASSED. All present voted in favor of the motion.

Budget Modification - Administrative Assistant. (448) This modification would add an administrative assistant who would work two-thirds of the time in the Noxious Weed Control Program and one-third in the Rural Development Program. The position would be financed with noxious weed vehicle assessment funds and rural development funds and would cost be \$59,535 for the biennium. Mr. Peck stated that they needed this position because the workload has increased in the Rural Development Program and now they need help in servicing the many small loans they have. The weed coordinator's time is highly demanded and that person is out in the counties working with the counties and weed program. *the concern is that there is no one in the office to make sure the funds are being properly managed and to follow through on the grants and contracts.

MOTION: Senator Jenkins made a motion to not approve this modification. Discussion followed. Ms. Hamman stated that the two-thirds of the funding would be from the vehicle assessment fee and there is currently a bill that would increase the assessment from \$.50 to \$1.50.

SUBSTITUTE MOTION: Senator Iverson made a substitute motion to approve the modification.

VOTE: SUBSTITUTE MOTION PASSED. Devlin and Jenkins voted no.
All others voted yes.

Budget Modification - Agricultural Development Division Administrator. This modification would finance the Agricultural Development Division administrator and a .33 FTE secretary. In the 1989 biennium the positions were financed with funds from the Agriculture Counseling and Mediation Program. Mr. Peck said that since this division's formation about 6 years ago the division administrator and the secretary have continually been a modified budget. What this modification would do is put this into the base and provide an administrator for this division which is required by law.

MOTION: Senator Jergeson made a motion to approve the modification. He said he felt that the funds in the Agriculture Counseling and Mediation Program, if approved, should be used only for that purpose and no other.

VOTE: MOTION PASSED. All present voted yes.

The other budget modifications will be discussed on Monday, February 13.

Centralized Services 56:A (001)

LFA Analysis - Exhibit 9.

Issue No. 2. Novel System. Mr. Peck stated that this is an operating system. The Department of Administration supports the Novel Operating System that operates the local area computer network. Presently the division is using the O/S system and their concern is that they do not have uniformity with the rest of state government. Therefore, they are requesting this upgrade to the Novel System.

MOTION: Representative Kimberley made a motion to accept the executive recommendation.

VOTE: MOTION PASSED. All present voted in favor of the motion.

Issue No. 3. USDA access charges for daily briefings of the U. S. Secretary of Agriculture. Mr. Peck stated that this would allow for computer hookup with the USDA and make it possible to know what the Department of Agriculture and the Secretary were doing on a daily basis. This issue was requested by the former Director of the Department of Agriculture.

MOTION: Senator Jenkins made a motion to accept the LFA which would not allow for this program.

VOTE: MOTION PASSED. All present voted in favor of the motion.

Issue No. 4. The National Association of State Departments of Agriculture dues. The dues are increasing for the first time in fifteen years from \$1,392 per year to \$3,192 and this request would meet the obligation as the Montana Department is a member of the organization. The organization is used to coordinate the individual states' actions at the Director level.

MOTION: Representative Swift made a motion to accept the executive recommendation.

VOTE: MOTION PASSED. All committee members voted in favor.

Issue No. 5. Equipment. The executive has \$1,020 less in its budget than the LFA.

MOTION: Senator Devlin made a motion to accept the executive recommendation.

VOTE: MOTION PASSED. All members in favor.

Issue No. 6. Funding Shift. The LFA has apportioned part of the administrative costs to the Noxious Weed Program and the executive budget does not. Representative Iverson asked why it cost \$28,000 in centralized services to support this program. Mr. Peck stated that this figure came from the LFA's office. It is indirect allocation fees, grants and personal services in the program. The department's concern is whether it is right to pull this money out of the trust fund because Mr. Peck felt the existing statute did not allow, from the Department of Agriculture attorney's viewpoint, that this money could be used for administrative costs.

MOTION: Senator Jenkins made a motion to accept the executive recommendation (general fund).

SUBSTITUTE MOTION: Representative Swift made a substitute motion to accept the LFA (noxious weed trust fund).

VOTE: The chairman asked for a roll call vote. SUBSTITUTE MOTION PASSED. Spaeth, Devlin, Kimberley and Swift voted yes. Iverson, Jenkins and Jergeson voted no.

Mr. Peck again questioned whether they could legally use noxious weed trust funds for this purpose. Ms. Hamman stated that she was not an attorney and that she was not sure. Chairman Spaeth stated that the decision would stand until the committee heard further from the executive.

Issue No. 8. Funding Shift - Alfalfa Seed. Mr. Schweitzer stated that the LFA had given them \$3,666 more than the executive. Mr. Schweitzer stated that he had used some of the fund's money to support centralized services and the department does not think they have the authority to do

HOUSE SUBCOMMITTEE ON NATURAL RESOURCES

February 7, 1989

Page 9 of 9

this. In addition, the account is very small and it would be a hardship to take the money from the fund.

MOTION: Senator Jenkins made a motion to adopt the executive (general fund).

VOTE: MOTION PASSED. All present voted in favor.

Private Agriculture Donations. The executive has allowed an additional \$5,000 to host international or national contingencies. Expenditures in 1988 were \$392. Mr. Peck stated that in the last session they had asked to be able to receive donations for a trade team and this authority would continue that. To date they have received \$2,000 and this would give them the authority to spend that money.

MOTION: Senator Jenkins made a motion to approve the executive recommendation.

VOTE: Motion passed. All present voted yes.

Announcements/Discussion: Mr. Spaeth said the committee would take executive action on supplemental budgets on February 8 and would begin working on the Livestock Department's budget on February 9. The balance of the Agriculture Department will be heard on Monday, February 13.

ADJOURNMENT

Adjournment At: 11:00 a.m.


REP. GARY SPAETH, Chairman

GS/dg

3226.mina

ROLL CALL VOTE

NATURAL RESOURCES

SUBCOMMITTEE

DATE _____ AGENCY _____ NUMBER _____

[illegible]

TALLY

4 3

TALLY

Donna Grace
Secretary

Gay Robert
Chairman

Motion:

Mar. 6

Representative Swift made a substitute motion to accept the LFA recommendation on funding shift- Noxious Weed Trust Funds

ROLL CALL VOTE

NATURAL RESOURCES

SUBCOMMITTEE

DATE 1-7-89 AGENCY _____ NUMBER _____

[illegible]

TALLY

5 2

Donna Grace
Secretary

Chairman

Motion:

Secretary Chairman

Motion: Issue 8 LFA - Noxious Weed Funding. Senator Jenkins made a motion to adopt the LFA.

EXHIBIT 1
DATE 2-7-89
HB 100

Rep Linda Nelson
HD 19

HB 273 is a bill I'm carrying for the Dept/Ag. It allows the agricultural assistance program that has been in place since 1986 to continue for another 2 years.

This program provides peer counseling, voluntary mediation and financial advice to financially distressed farmers/ranchers, plus a toll-free hotline to request assistance.

The cost of the program is not born totally by the state as producers are asked to pay, according to their ability for the mediation and financial consultation.

There are grants, donations and federal matching dollars available which help make the program viable.

As a peer counselor and hotline operator who helps answer the telephone after hours and on week-ends, I can tell you first hand that the program is working. The success stories are many.

The adversities facing agriculture have not disappeared and indeed, may continue to impact our rural communities and the overall economy of our state for some time to come.

This program helps to keep families on their farms, prevents mental and physical abuse - it has even saved lives.

You will notice that I have rejected the first fiscal note.

The budget office has cut the appropriation for this program drastically, allowing approximately \$26,000 for each of two years. That's a cut of nearly \$100,000 per year and it's debatable how much of the program can be maintained at this level.

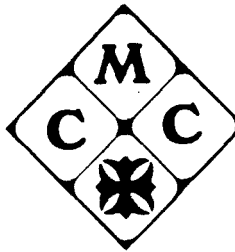
However, it is imperative that the Dept/Ag maintain budget authority of \$150,000 per year to utilize matching federal dollars that are available.

Page two
February 4, 1989

This bill has the support of the farm organizations as well as the lending institutions and it passed out of committee unanimously.

This is a program of people helping people and on behalf of the many people it has helped, I urge your support.

LN/dw



Montana Catholic Conference

EXHIBIT 2
DATE 2-7-89
HB 100

February 7, 1989

CHAIRMAN SPAETH AND MEMBERS OF THE COMMITTEE

I am John Ortwein, representing the Montana Catholic Conference.

Both Bishop Curtiss of the Diocese of Helena and Bishop Milone of the Diocese of Great Falls-Billings have indicated to me that the greatest stress to be found among the people in their respective Dioceses are the people to be found in the agricultural community.

The two Dioceses are members of the Montana Association of Churches and as such have helped in the sponsorship of the Agricultural Assistance Program. We have particularly been involved in the peer counseling portion of the Program.

The Montana Catholic Conference supports HB 273 and the continuation of the Agriculture Assistance Program.



Montana Association Churches

EXHIBIT 3

DATE 2-7-89

HB 100

ROCKY MOUNTAIN COLLEGE
TYLER HALL - 1511 POLY DRIVE
BILLINGS, MONTANA 59102

CHAIRMAN SPAETH AND MEMBERS OF THE COMMITTEE:

I urge you to support HB273 with program Budget Authority level at the \$150,000 per year.

WORKING TOGETHER:

American Baptist Churches
of the Northwest

Christian Churches
of Montana
(Disciples of Christ)

Episcopal Church
Diocese of Montana

Evangelical Lutheran
Church in America
Montana Synod

Presbyterian Church (U.S.A.)
Glacier Presbytery

Presbyterian Church (U.S.A.)
Yellowstone Presbytery

Roman Catholic Diocese
of Great Falls - Billings

Roman Catholic Diocese
of Helena

United Church
of Christ
Mt.-N. Wyo. Conf.

United Methodist Church
Yellowstone Conference

Drought, decreasing land values, high interest rates, low farm prices and grasshoppers have placed many Montana farmers in jeopardy in recent years. The effect of these conditions has also impacted rural communities as a whole, including mainstreet businesses and farm lenders.

The Agricultural Assistance Program goal is to aid and assist farmers and ranchers so they can continue to be productive and self-sufficient. But equally important, for those who are unable to continue in agriculture, the program does provide information and assistance regarding various programs that can help in the transition from farming to another occupation.

Requests for assistance from the program are as high as they have ever been during the 2 1/2 years of the program. We anticipate that acceleration of delinquent loans by the FmHA and Farm Credit System will cause increased demand for assistance during FY90-91. Also, the financial effects of the 1988 drought are starting to surface and will become more evident into the spring which will create additional assistance requests.

Farmers need the assistance of peer counselors to be prepared for meetings with financial consultants and lenders. They need someone who is knowledgeable to sit down with them before mediation and take an objective look at their options which helps to speed up the process. This will facilitate a win-win situation when the borrower and the lender finally reach mediation, a requirement under the new Farm Credit Bill regulations. A peer counselor can help the farmers cope mentally with the situation and get on with their lives, be it on or off the farm.

OUR cooperative efforts yield mega benefits! We have access to informational resources, credibility, and contacts that otherwise are not available. This program is much more than just public dollars!

The Agriculture Assistance Program received a general fund appropriation of \$124,175 and budget authority for \$149,000 in FY88 and a general fund appropriation of \$123,814 with budget authority for \$148,000 in FY89, with the difference derived from grants, fees and federal matching funds for

page two
February 3, 1989

mediation. Although the Department of Agriculture staff has asked for nearly the same budget authority as last session and their general fund appropriation request has dropped dramatically. They originally asked for \$75,848 in FY90 and \$76,100 in FY91 because of the availability of increased federal funding for matching grants and a decision to increase fees for financial and mediation services.

The budget office has proposed general fund appropriations of \$25,967 in FY90 and \$26,152 in FY91 (which eliminates the after hours hotline and leaves minimal monies for volunteer peer counselor out-of-pocket expenditures). Whether the program is funded at the \$25,000 or at the \$75,000 level that the Agriculture Department originally requested, it will be a considerable saving over the level of general fund appropriation provided last session.

However, it is essential that the programs BUDGET AUTHORITY remain at the \$150,000 per year level so that the Department of Agriculture can utilize federal match monies and can generate and spend fees for services to operate the program.

There is no question that the program is needed and is assisting farmers as they work through their financial problems.

Thank you for your consideration.

Mary Lou Heiken, Rural Ministries Coordinator

2:14

HB273

Kay Norenberg
WIFE (Women Involved In Farm Economics)
Support X

EXHIBIT 4
DATE 2-7-89
HB 100

Mr. Chairman and members of the committee. My name is Kay Norenberg. I represent WIFE (Women Involved In Farm Economics) We would like to go on record in support of HB273.

We had hoped that agriculture would begin to get on it's feet in the two years when we asked you to fund this program in 1987. Due to the drought and other conditions this has not been the case. We are still experiencing many farms and ranches reaching the bankruptcy stage.

We are concerned that this bill does not cover all the help we would like to have available and would like to recommend a twenty-four hour hot line in place of eight hours. The numbers do not always warrent the expenditure of another eight thousand dollars for the two years period but who is to say it will not save a life or a farmer from bankruptcy. We don't want to come out with a definite ammendment on a twenty-four hour hot line but would appreciate your consideration of such.

We are also concerned with number three on the fiscal note on peer counseling as it limits the number to one hundred. If there are more than one hundred cases what do we do? Do you turn these people away who may desperately need help or charge a fee as done for financial consulting and mediation assistance?

We thank you for this opportunity to speak on this issue and hope you will give consideration to our concerns. We would like to recommend a do pass to HB273.

Thank you!

Testimony presented to Chairman Gary Spaeth and the members of the ~~HB 100~~
Joint Subcommittee on Natural Resources:

My name is Dale Fossen. I'm a farmer from Joplin. I've been a peer counselor since 1985 with the Montana Farm Counseling Coalition. I am also a member of the governor's advisory board that advises the Montana Department of Agriculture concerning the Montana Agricultural Assistance Program. I am here today to testify in support of funding for HB. 273.

I believe we must continue to fund HB. 273 at the \$75,000 level from the general fund and at the \$150,000 budget authority level. The need for the \$150,000 budgetary level authority is desperately needed to insure matching funds availability and generate spent fees to operate the program. The use of \$75,000 from the general fund is needed to pay for very necessary services such as peer counselor expenses and other services provided by the Ag. Assistance Bill.

How important is the Ag. Assistance Program in our state? The program provides an important tool for cooperation between the private and public sector of our state. This cooperation at first was shakey and racked with pessimism and jealousy but now has overcome many of those early problems to provide a solid means of providing a valuable service to farmers and ranchers in our state. The financial institutions in our state have benefited from the opening of communication lines and the building of bridges of trust between lenders and borrowers. Local communities have kept many of its farm families who otherwise may have left communities due to the loss of their farms. I would like to think that this counseling group has been instrumental in helping to do all of these things and more.

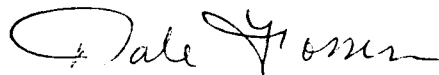
This cooperation between the private and the public sectors of our state has saved countless farmers and ranchers valuable money and time. These same farmers and ranchers have become very productive members of the ag. economy again, people who pay their taxes, people who have their confidence and dignity back.

You as legislators face in this session some of the same financial decisions that many of the farmers and ranchers that I work with face. How do you pay bills and provide adequate services with such limited funds? I counsel them not to look back at past mistakes but to look forward and use the strength of knowledge to make good decisions. I try to give them as many options as possible so they can decide the best path to take. It would be real easy for me to tell them the best path but then I don't have to follow it. If you were my client, it would be easy for me to tell you the best way to fund each program. I can't do that, but I can tell you that there are hundreds of farmers and ranchers out there, in our state, who were confused and desperate and not always in deep financial trouble.

These people have used this program to help themselves. We can't measure that help in dollars and cents today or even tomorrow, for the help they have received takes years of calculations. Restructuring of farms and lives requires years of dedication and work. Many of these people are making this commitment.

I hope this committee will see that the money being requested by HB. 273 is not a budget breaker but an investment in the future of Montana agriculture. I believe this committee and this legislature should make this same commitment to the future.

Thank You,

A handwritten signature in cursive script, appearing to read "Dale Fossen".

Dale Fossen

Box 102

Joplin, Montana 59531

292-3230

EXHIBIT 6
DATE 2-7-89
HB 100

MONTANA FARM HOTLINE

Week of	1/30 - 2/05	Total
Total Calls	13	2121
Program People(PC-MED)	3	407
Information	1	610
Assistance Request	6	519
Follow-up	0	303
Legal Information	0	115
Miscellaneous	3	167

Current peer counselor assignments ----- 173
Total peer counselor requests ----- 400

Mediation cases in process ----- 0
Mediation cases pending ----- 7
Mediation cases completed ----- 9
Mediation declined by borrower ----- 6
Mediation declined by lender ----- 6
Mediation declined by bankruptcy ----- 2
Mediation discontinued by requestor ----- 16
Total Mediation cases ----- 46

Financial consultant cases assigned ----- 15
Financial consultant cases completed ----- 91
Total financial consultant cases ----- 106

Department of Agriculture
February 1989

Tragedy puts ag director firmly behind debt mediation service

A program which might have prolonged his father's life will not be axed in any Montana Department of Agriculture budget-cutting moves, the department's director said Thursday.

Everett M. Snortland said the department-administered voluntary debt mediation service is going to be important for another two years or so.

"I know this is necessary," he said.

In an interview following an address to the Great Falls Pachyderm Club, Snortland said: "My father had a drinking problem and a gambling problem. When it looked like he was going to lose the farm, he committed suicide."

The ag director suggested that the department's counseling and mediation service — established only last year and set to expire under a "sunset clause" July 1 — may help some families avoid similar tragedies.

"I want that sunset extended for two more years," he said. That would allow the resolution of most loans which have become problems, he said.

Snortland, a successful Pondera County farmer and state director of the federal Agricultural



Everett Snortland

Stabilization and Conservation Service for eight years before assuming the state post Jan. 16, said it might be worthwhile to start charging for the mediation.

Currently, the department administers the program and gets troubled borrowers and their creditors together, with volunteers from the Service Corps of Retired

Executives (SCORE) and other groups handling the actual negotiations.

Still, the program has costs. Snortland said the lenders have expressed a willingness to pay their share and it might not be a bad idea to have borrowers put \$250 to \$300 up front to begin mediation.

Putting forth some money would "show a commitment to come to grips with the problem, get off dead center," he said.

"I think we have to do what we started out to do," he said, and keep a process in place as years of built-up financial problems are settled in negotiations which may include write-downs, partial liquidations, deeds-in-lieu of payment and other creative financing.

Snortland also said he believes there will be increased demand for mediation this year, citing the federal Farmers Home Administration's December mailing of letters to about 1,000 Montana farmers telling them to start trying to work out problem loans.

The voluntary program, he said, also is "a more viable alternative than mandatory mediation" or litigation, both of which are more costly ways of dealing with troubled ag loans.

Great Falls Tribune

1/29/89

EXHIBIT 7
DATE 2-7-89
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AGENCY, Department of Agriculture		LEGISLATIVE ACTION				PROGRAM, Agricultural Development Division			
BUDGET ITEM		Executive	Fiscal 1990 LFA Curr Lvl	Difference	Executive	Fiscal 1991 LFA Curr Lvl	Difference		
FTE		17.67	18.34	0.67	17.67	18.34	0.67		
Personal Services		\$412,723	\$401,859	(\$10,864)	\$413,454	\$402,573	(\$10,881)		
Operating Expenses		540,153	450,525	(89,628)	543,619	452,406	(91,213)		
Equipment		7,548	12,098	4,550	3,740	8,698	4,958		
Non-Operating		1,539,719	1,116,316	(423,403)	1,543,041	1,116,316	(426,725)		
TOTAL EXPENSES		\$2,500,143	\$1,980,798	(\$519,345)	\$2,503,854	\$1,979,993	(\$523,861)		
FUNDING									
General Fund		\$111,258	\$148,990	\$37,732	\$106,214	\$144,340	\$38,126		
State Special Rev		603,272	596,221	(7,051)	604,823	597,767	(7,056)		
Federal Revenue		1,553,105	1,005,416	(547,689)	1,560,500	1,009,533	(550,967)		
Other Revenue		232,508	230,171	(2,337)	232,317	228,353	(3,964)		
TOTAL FUNDING		\$2,500,143	\$1,980,798	(\$519,345)	\$2,503,854	\$1,979,993	(\$523,861)		

Agricultural Development Division		General Fund		Gross	
		FTE			
1. Alfalfa Seed Committee FTE		(0.67)	\$ -0-	\$ -0-	
2. Alfalfa seed research		0.00	-0-	13,042	
3. Noxious weed contracted services increase.		0.00	2,674	2,674	

Agricultural Development Division

		<u>FTE</u>	<u>General Fund</u>	<u>Gross</u>
4.	Wheat and barley a. postage b. travel c. dues d. training	0.00 0.00 0.00 0.00	-0- -0- -0- -0-	2,000 / 500 5,100 158,600 (2,100)
5.	Travel increase because of vacant positions in base year.	0.00	-0-	3,700
6.	Equipment	0.00	-0-	(9,500)
7.	Grants: Noxious Weed Wheat Research	0.00 0.00	-0- -0-	(74,300) 924,400
8.	Noxious Weed Program funding	0.00	(68,400)	-0-
9.	Agricultural Bulletin Funding	0.00	(5,000)	-0-
10.	House eliminated two part-time positions which resulted in a 0.50 FTE reduction. The positions were a 0.25 administrative clerk in the Noxious Weed Program and a 0.25 hail maintenance adjutor.	0.50	-0-	16,300

Budget Modifications

The executive budget proposes four budget modifications for the Agricultural Development Division. Table B details the four budget modifications.

Table B
Agricultural Development Division
Budget Modifications

<u>Budget Modification</u>	<u>FTE</u>	<u>Fiscal 1990 General Fund</u>	<u>Total</u>	<u>FTE</u>	<u>Fiscal 1991 General Fund</u>	<u>Total</u>
Administrative Assistant	1.00	\$ -0-	\$ 29,725	1.00	\$ -0-	\$ 29,810
Agricultural Development						
Division Administrator	1.33	49,500	49,500	1.33	49,600	49,600
Wheat and Barley Position	1.00	-0-	28,000	1.00	-0-	23,330
Agricultural Counseling						
and Mediation Program	1.00	25,967	53,076	1.00	26,152	53,276
Total Budget Modifications	4.33	\$75,467	\$160,301	4.33	\$75,752	\$156,016

The administrative assistant budget modification adds an administrative assistant who would work two-thirds-time in the Noxious Weed Control Program and one-third time in the Rural Development Program. The position would be financed with noxious weed vehicle assessment funds and rural development funds and would cost \$59,535 for the biennium.

The Agricultural Development Division Administrator budget modification would finance the Agricultural Development Division administrator and a 0.33 FTE secretary. In the 1989 biennium, the positions were financed with funds from the Agriculture Counseling and Mediation Program.

The Wheat and Barley Position budget modification would add 1.00 FTE to work on barley related issues and grant activity. The position would be financed with revenue from the wheat and barley assessment.

The Agriculture Counseling and Mediation Program budget modification would continue a modified Agriculture Counseling and Mediation program. The recommendation would continue 1.00 FTE program manager and operating expenses. The funding of the program would be \$52,119 general fund, \$44,233 federal funds, and \$10,000 of fee income. The total biennial budget would be \$106,352.



STAN STEPHENS
GOVERNOR

STATE OF MONTANA
DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR
AGRICULTURE/LIVESTOCK BLDG.

CAPITOL STATION
HELENA, MONTANA 59620-0201

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444-3144

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EVERETT M. SNORTLAND
DIRECTOR

February 10, 1989

MEMORANDUM

TO: Everett M. Snortland
Director

FR: Timothy J. Meloy
Attorney

A handwritten signature in dark ink, appearing to be "TJ Meloy", written over the "FR:" line.

RE: Noxious Weed Management Funding; Interpretation of Section
80-7-814 MCA. Administration and Expenditure of Funds.

Question presented:

Under Section 80-7-814 MCA - can Montana Department of
Agriculture expend funds for costs of administering the
Noxious Weed Management program from monies deposited
in the special revenue fund created under Section 80-7-
810, 811, and 812?

The question presented involves an interpretation of the
section as to whether the legislature addressed the subject of
whether the cost of administering the program can be taken out of
the revenue generated and if so, does it specifically prescribe
in what manner and under what conditions such money may be spent.

A close examination of the section indicates that in sub-
section (1) the intent is clearly stated that no monies in the
fund shall be spent until such time as the fund reaches

\$2,500,000 at which point any interest or revenue further generated must be deposited in the special revenue fund and may be expended for Noxious Weed projects, "in accordance with this section" (emphasis supplied).

Thus the first sub-section indicates that this section was intended to describe how the money may be spent. Sub-section (2) in the first sentence, indicates that the fund money may be expended for those objectives enumerated. The next sentence appears to place a restriction on that authorization by stating that a recipient of fund money is eligible only if the county in which the project occurs has funded its own Weed Management program as further specified in that sentence. Thus, the department may award grants only where a County has responded with an appropriate levy.

However, sub-section (3) appears to qualify that restriction by stating that the department may expend funds without the restrictions specified in sub-section (2) for certain things listed. In pertinent part, sub-section (d) lists cost of collecting the surcharge imposed by 80-7-812 and (e) lists administrative expenses occurred by the Noxious Weed Management Council. While these sub-sections address the subject of administrative expenses, they do so only as exceptions to the restriction in sub-section (2) which restriction is that grant money may not be given out unless the county responds with a levy. Thus, a careful construction of these exceptions would mean that even though a county in which a recipient is located

does not respond with the mill levy, because of the exceptions listed, department may use the special revenue account monies for these specified purposes.

However, the remainder of 80-7-814 does not address one way or the other whether administrative expenses may be spent out of the special revenue account. Thus, the exceptions for administrative costs in sub-section (3) (d) and (e) do not appear to be exceptions stating in what instances expenses may be taken out of special revenue funds, but rather, in what instances funds may be spent where the counties do not have a mill levy. In those instances where the county does not have a mill levy, then any administrative expenses other than those specially mentioned in sub-section (3) (d) and (e) may not be paid out of the special revenue accounts. Conversely, if the county does have a mill levy then sub-section (3) does not appear to apply.

Since the section does not specify one way or the other whether funds generated may be used to pay administrative costs, we must resort to general rules of construction of the language available in order to answer this question. While the section is not eminently clear on this issue and could stand some amendment to make this clear, I do believe that the most reasonable construction is that since the language in sub-section (1) and (2) clearly authorize the department to expend funds from the revenue collected that such expenditure does in fact include not only the grant money itself, but any associated administrative cost of providing that money. Where a program is created through

special funding sources as in this case, and where the statutory authorization and directives clearly authorize the spending of those funds it is my opinion that unless the section clearly stated that those expenditure of those funds were not to include administrative cost to the department, that is a reasonable implication that the legislature intended the cost of providing those costs to come out of the revenue collected.

The legislative history is for the most part silent on the issue raised. There are however, indications in some testimony which at least show that the issue was raised. However, they do not tend to resolve to any certainty the legislative intent. In the Executive Session when the bill was heard before the Senate Agricultural Committee, Senator Aklestad appeared to ask whether money collected would be used primarily for killing weeds or for administrative costs. The response given by the Department of Agriculture appeared to be that the administrative costs for which the funds can be expended are those set out in sub-section (3), (d) and (e). However, assuming that the record of the discussion is accurate, a more complete answer would have been that the administrative costs specified in sub-section 3 (d) and (e) are those which may be spent even though a mill levy is not raised. I do not think that the answer given, answers whether or not administrative costs may otherwise be taken out of the special revenue funds. The only other indications I can find as to intent on this issue was the statement of the Department of Agriculture which requested the bill. That statement indicated

that it was the department's intent that indirect costs would be paid out of the trust funds generated, and that those indirect costs were administrative expenses of the department in administering the trust fund act. If there was an overriding concern on the part of witnesses or legislators as to the availability of the fund for administrative costs, I do not believe those concerns were addressed in the legislation for the reasons I have already stated above.

As my time allotted for preparation for this memo has been limited, I offer these comments without any in depth research. If you would choose to have me research this and document the law more carefully, I would be more than happy to do at your direction.

TMJ/jt/Noxweed

EXHIBIT 9
 DATE 2-7-89
 NO 100

AGENCY: DEPARTMENT OF AGRICULTURE
 LEGISLATIVE ACTION
 PROGRAM: Centralized Services Division

BUDGET ITEM	Fiscal 1990		Fiscal 1991		Difference
	Executive	LFA Curr Lvl	Executive	LFA Curr Lvl	
FTE	10.00	10.00	10.00	10.00	0.00
Personal Services	\$308,066	\$306,231	\$308,946	\$307,106	(\$1,840)
Operating Expenses	89,673	80,640	69,838	57,204	(12,634)
Equipment	2,860	4,490	5,100	4,490	(610)
TOTAL EXPENSES	\$400,599	\$391,361	\$383,884	\$368,800	(\$15,084)
=====					
FUNDING	\$211,683	\$189,715	\$192,385	\$178,385	(\$14,000)
General Fund	92,462	111,214	94,162	103,602	9,440
State Special Rev	64,725	58,160	65,055	56,506	(8,549)
Federal Revenue	31,729	32,272	32,282	30,307	(1,975)
Other Revenue					
TOTAL FUNDING	\$400,599	\$391,361	\$383,884	\$368,800	(\$15,084)
=====					

Centralized Services	General		Gross
	FTE	Fund	
1. Computer maintenance and support from Department of Administration (\$1,920) and computer training (\$300).	0.00	\$2,220	\$4,440
2. Novel system	0.00	1,800	3,600
3. U.S.D.A. access charges for daily briefings of the U.S. Secretary of Agriculture.	0.00	989	1,978

H/B 273

VISITOR'S REGISTER

AGENCY (S) _____ SUBCOMMITTEE 7
 DATE Feb 8, 1989

DEPARTMENT _____

NAME	REPRESENTING	SUP- PORT	OP- POSE
Dale Gorn	Montana Farm Country Coalition	✓	
Margaret Jensen	" " "	✓	
Margaret Steuben	Mont. Assoc. of Churches	✓	
Kay Norenburg	WIFE	✓	
John Brown	Montana Catholic Cong.	✓	
Bill Jensen	Mont. BAPTIST Assn	✓	

Centralized Services

	<u>FTE</u>	<u>General Fund</u>	<u>Gross</u>
4. National Association of State Department of Agriculture dues. First increase in 15 years dues are increasing from \$1,392 per year to \$3,192.	0.00	3,600	3,600
5. Equipment	0.00	\$ (510)	\$(1,020)
6. Funding shift. LFA has apportioned part of SCP costs to the Noxious Weed Program. The executive budget does not.	0.00	(28,000)	
7. Because this program is funded by indirect charges, after the subcommittee has made their decision, the staff will need to allocate funding sources which reflect those decisions.			
8. Funding shift alfalfa feed.	0.00	(3,666)	-0-
Private agriculture donations to host international or national contingencies. LFA current level includes fiscal 1988 expenditures of \$392. Executive is \$5,000/year.	0.00	-0-	9,216