

MINUTES

MONTANA SENATE  
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE

Call to Order: By Chairman Beck, on February 1, 1989, at  
1:00 p.m.

ROLL CALL

Members Present: Senators: Hubert Abrams, Gary Aklestad,  
Esther Bengtson, Gerry Devlin, Jack Galt, Greg  
Jergeson, Gene Thayer, Bob Williams, Chairman Beck.

Members Excused: None

Members Absent: None

Staff Present: Doug Sternberg, Legislative Council

Announcements/Discussion: Montana State University tour.  
See exhibit 10.

HEARING ON SENATE BILL 228

Presentation and Opening Statement by Sponsor: Senator  
Hager, District 48, stated this is a bill that was put  
in at the request of our county dog warden in  
Yellowstone county. We ran into a situation out in  
Shepherd where dogs were attacking someone's poultry.  
As the law reads now owners are allowed to kill dogs  
that are killing livestock.

List of Testifying Proponents and What Group They Represent:

John Lawton representing Yellowstone County

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Proponent:

John Lawton-"I talked to the Yellowstone County Sheriff's  
office today and also the Yellowstone County  
Commissioners. They were planning to be here today,  
but they cannot because of the weather. So they asked

me to stand up and indicate to you that they are in support of this bill."

Questions From Committee Members: Senator Aklestad-"I was wondering instead of specifying stock and poultry and that would be domestic animals or what? So we don't have another bill coming in next time that somebody didn't get covered." Senator Hager-"I don't know, I guess you would have to look into that."

Senator Aklestad-"Did you research domestic animals?"  
Senator Hager-"No, I didn't."

Senator Jergeson-"Does this mean I can sic my dog on the neighbor's poultry?" Senator Hager-"Ya, then the neighbor shoots you."

Senator Williams-"Would this be considered a dog bill or kind of a foul piece of legislation?"

Senator Thayer-"What was the reason that prompted this legislation? Did the dog get in and kill the poultry or was the poultry running at large?" Senator Hager-"I didn't talk to him specific about this case. He said he needed the law because he thought the intent was already there but it didn't spell it out."

Senator Beck-"If right now the way the law is, if I shot the dog that was killing my chickens, then I could be held liable for the cost of the dog? But if this law goes through then that will reverse that liability and that the dog owner will be liable for the dead chickens?"  
Senator Hager-"I believe that's the intention."

Closing by Sponsor: Senator Hager-"There is a problem and I hope you will handle this because I think it is a dog gone good bill."

#### HEARING ON SENATE BILL 222

Presentation and Opening Statement by Sponsor: Senator Tveit, District 11, indicated this was an act to extend the provisions for passing of title to cattle released from an auction yard. "Up until this time and I didn't even realize it, the auction yards have been left out of the present law. Once the cattle leave the action yards they don't have any legal hold on those cattle. To clean up they want to be amended into this present law."

List of Testifying Proponents and What Group They Represent:

Les Graham representing the Department of Livestock  
Jerry Jack representing the Montana Stockgrowers Association

List of Testifying Opponents and What Group They Represent:

None

Testimony:  
Proponents:

Les Graham-see exhibit 1. Mr. Graham explained, "It's not in itself a cure-all, if there's a bad check for cattle. But we have found out in the past 10 or 15 years this, that when cattle get into the midwestern states by that time the check is on its course and it comes back insufficient funds.

The states attorneys or attorney generals or whatever backin those states really will cooperate with us probably 90% more if one of those conditional bill of sales have been signed and if they have not." See exhibit 2. Mr. Graham stated-"You can see now that sales in the county you're allowed at your option to sign either one of these two."

Jerry Jack-"We would ask you pass SB 222."

Questions From Committee Members: None

Closing by Sponsor: Senator Tveit closed.

DISPOSITION OF SENATE BILL 222

Discussion: None

Amendments and Votes: None

Recommendation and Vote: Senator Galt moved to DO PASS SB 222; the motion was seconded by Senator Devlin. SB 222 passed unanimously. Senator Aklestad requested to place SB 222 on the consent calendar. The vote was unanimous.

HEARING ON SENATE BILL 300

Presentation and Opening Statement by Sponsor: Senator Aklestad, District 6, stated SB 300 is an act to revise

the terms of office of the members of the Montana Wheat and Barley Committee and providing an immediate effective date. "All we are doing is changing the membership. The time they can serve on the Montana Wheat and Barley Committee from 5 years to 3 years."

List of Testifying Proponents and What Group They Represent:

Larry Barber representing the Montana Wheat and Barley Committee.  
Frank Daniels representing himself  
Larry Johnson representing Montana Grain Growers Association

List of Testifying Opponents and What Group They Represent:

None

Testimony:  
Proponents:

Larry Barber-See exhibit 3.

Frank Daniels-See exhibit 4.

Larry Johnson-See exhibit 6.

Questions From Committee Members: Senator Jergeson-"If you want to maximize the ability of the governor to make sure that you have active people on your committee who are really doing the work, why don't we make this the pleasure of the governor?" Senator Aklestad-"I would have to research that a little bit. Senator would they be appointed every year or off and on whenever they desire?...There is provision in the law now where the governor can remove someone who is not doing their job."

Closing by Sponsor: Senator Aklestad-"I think it's a good bill. I think it's a step in the right direction. I urge you to pass SB 300."

DISPOSITION OF SENATE BILL 300

Discussion: None

Amendments and Votes: None

Recommendation and Vote: Senator Devlin moved to DO PASS SB 300; the motion was seconded by Senator Thayer. The vote to pass SB 300 was unanimous.

HEARING ON SENATE BILL 13

Presentation and Opening Statement by Sponsor: Senator Weeding, District 14, stated "This is an act to adopt the interstate compact on agricultural grain marketing; providing for an interstate commission to conduct studies and investigations of agricultural grain marketing practices, procedures, and controls; establishing funding for the operation of the commission during the initial biennium of the compact; and providing an effective date.

The initial three states were Minnesota, Iowa, and Nebraska. Two years ago when we met, they needed two more states. Montana chose not to become a member at that time but Wyoming and New Mexico did, so now the compact is now a fact. My information is, during session in other states North Dakota, South Dakota, Illinois, Kansas, Missouri, Oklahoma, Indiana, and Texas, as well as Montana, will be considering membership in this same commission.

The make-up of the commission. The compact provides for three members from each state. One is appointed by the governor, one from the senate, and one from the house. And it provides also that the attorney general of each state is an associate member.

The cost of the membership is a flat \$50,000. For the first biennium, \$25,000 a year for membership and the provision for costs and salaries.

We had many witnesses; all of whom except who's right here in town failed to make it. Terry Murphy wanted to make it and said he would be available for executive action. Lyle Quick from Circle, the county commissioner over there, intended to be here. Helen Waller from Circle was due to testify here. Sue Olson from Musselshell County--a county commissioner over there. Senator Loren Schmidt; he has spent many years putting this together. Representative Chuck Brown from Minnesota is stalled down in Billings."

List of Testifying Proponents and What Group They Represent:

Brant Quick representing Northern Plains Resource Council

List of Testifying Opponents and What Group They Represent:

Lorna Frank representing Montana Farm Bureau

Testimony:  
Proponents:

Brant Quick-"I'm not only going to testify on behalf of the Resource Council but for some of the people that Senator Weeding mentioned. I'm sure you are all painfully aware of the problems that are facing Montana's economy and our state budget misconceptions. Agriculture is Montana's largest industry. It generated 1.7 billion dollars in 1987 to our economy.

I think today you are presented with a unique opportunity to contribute to Montana's economic development. The interstate grain compact has been operating for over a year now. I would like to point out some of the things that the commission has been working on.

Montana farmers produce some of the finest quality of grains in the world as you probably know. Very little premium is paid for our high protein grain. Instead much of it is blended extensively with inferior grain and other elements including dirt. The members of the Northern Plains Resource Council feel has contributed to our failure to regain export markets as many people said what happened when we lowered our support prices for grains. Of all of the states that are currently in the compact, Montana is best situated to tap the specific real markets. The compact has already participated in four clean grain shipments since they were established. They have received requests for more; however, they were unable to fill them. Currently there is now network set-up to provide this high quality grain, but there's obviously a growing market for it.

It is currently working to establish a market network that would provide clean identity-preserved grain. This is a five-part plan that calls for: (1) identifying county elevators capable of originating clean grain shipments; (2) securing export houses to load and ship identity-preserved grain; (3) to establish a foreign buyer network; (4) quality monitoring and following with these foreign buyers after the purchase; (5) recommending federal legislation concerning grain standards, grain shipping requirements, and trading practices. Establishing such a network would enable us to tap these growing new markets and command premium prices. Such a network would not only help Montana's farmers receive higher

prices but would also provide a tremendous boost to our local elevators...We feel the state ought to add value to our raw products that we produce. Montana as you know produces some of the finest feeder cattle.

Finally, transportation is a vital part of our market, especially in the states like Montana that are so vast and remote. The Montana Department of Revenue calculates that the Burlington Northern Railroad has overcharged Montana customers a minimum of \$34 million from 1978 to the year of 1988. This is just to haul our grain out of the state. By joining the compact, we feel Montana can strengthen its position and work to secure more competitive rates."

Testimony:

Opponents:

Lorna Frank-Read the testimony of David McClure who could not testify-See exhibit 7.

Larry Johnson-See exhibit 8 and 9.

Questions From Committee Members: Senator Williams-"Will this be self-supportive within a couple of years?" Senator Weeding-"No, I don't think that was the intent."

Senator Aklestad-"What really would this group be doing that is not being done by existing grain growers and the Wheat Research and Marketing Committee?" Senator Weeding-"I can speak on this generally. I certainly expected other people to be here to testify on the bill. To me the focus would be a little more on the marketing end."

Senator Devlin-"There was two states, Wyoming and New Mexico, that passed this but they didn't fund it...My understanding they didn't fund it?" Lorna Frank-"No."

Senator Devlin-"Reading the purposes in here and I see that-How are you going to stop them from closing rail lines with a compact like this?" Brant Quick-"The transportation is part in marketing grain. I don't know if there is anything they can necessarily do. They certainly have no law making authority to stop the closing of railroads...If they can increase the demand for those goods or provide new markets such as they've done from shipments that originated out of an elevator in Nebraska."

Senator Jergeson-"At the end of your testimony, the bill

contained some hidden dangers or some hidden philosophies that were behind this thing. Would you describe those again?" Larry Johnson-"Basically as we see it, one of the states that is a real strong proponent of this has been Nebraska. A man by the name of Dan McGuire heads the wheat commission down there. I receive anywhere from \$2 to \$3 per week of postage generated by his office that sends material to me trying me to convince me of Nebraska wheat commission's philosophy. The problem we see in there...The people that supported this have tried to get this thing passed and passed. The same people that proposed this interstate grain compact from the word "go" are the same ones that are involved now. Nebraska has disassociated themselves with the rest of the country, in terms of marketing grains products."

Senator Jergeson-"Now that the grain is being exported overseas. Has this always been the case or has the grain trade have something in their background might question the quality of grain they have exported overseas?" Larry Johnson-"We raise a basically a blending grade wheat. Our wheat is bought because of its high quality and blended with another wheat to meet a specific requirement for a specific market. That has been done for a number of years."

Senator Thayer-"Do you think some of the criticisms about the quality of U.S. has come from Japan they use that as a tool to knock the prices down?" Larry Johnson-"The Japanese are much better buyers than sellers."

Senator Williams-"Will there be any written testimony from the people that couldn't make it?" Senator Weeding-"I think so. I do believe we'll have some; I don't know how much."

Closing by Sponsor: (See February 6 minutes for additional testimony at the request of the Chairman.) Senator Weeding-"I would like to remind this committee that 1985 Security Act expires this year. The Congress will in fact be writing a new farm bill. We are a little weaker every time they do that and it may not be a bad idea have some input into the farm bill...I think if there is blending (of grain) that it's done at a much higher level than the Montana elevators." Senator Weeding reinstated previous testimony.

The hearing on SB 13 was closed. Additional testimony will be heard February 6, 1989. Executive action will be taken at a later date.



DISPOSITION OF SENATE BILL 254

Discussion: Senator Devlin-"I've got it marked down that it needs a little amending up on line 10 there. 'A person or entity that sells or represent real property'."

Senator Aklestad-"You might not need the additional or. You can leave the first 'or' in?"

Senator Beck-"I think it ought to be the other way around. If you think you got a weed-free piece of property then certify it as so, and it probably will enhance the value of your property."

Senator Williams-"I think the problem should be approached through the appraisers. When a piece of ground is appraised they can work it that way."

Amendments and Votes: None

Recommendation and Vote: Senator Thayer moved that SB 254 be tabled. Eight members were in favor of the motion; Senator Jergeson voted against the motion.

ADJOURNMENT

Adjournment At: 2:44 p.m.



TOM BECK, Chairman

TB/jj

ROLL CALL

AGRICULTURE COMMITTEE

DATE 2/1/89

51st LEGISLATIVE SESSION 1989

NAME	PRESENT	ABSENT	EXCUSED
SENATOR HUBERT ABRAMS	✓		
SENATOR GARY AKLESTAD	✓		
SENATOR ESTHER BENGTSO	✓		
SENATOR GERRY DEVLIN	✓		
SENATOR JACK GALT	✓		
SENATOR GREG JERGESON	✓		
SENATOR GENE THAYER	✓		
SENATOR BOB WILLIAMS	✓		
SENATOR TOM BECK	✓		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

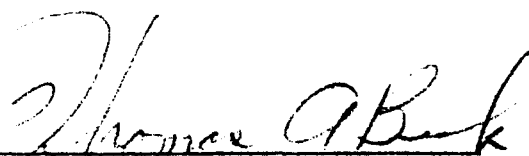
February 1, 1989

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation, having had under consideration SB 222 (first reading copy -- white), respectfully report that SB 222 do pass.

DO PASS

Signed: \_\_\_\_\_



Thomas A. Beck, Chairman

SENATE STANDING COMMITTEE REPORT


February 1, 1989

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation, having had under consideration SB 300 (first reading copy -- white), respectfully report that SB 300 do pass.

DO PASS

Signed: \_\_\_\_\_

  
Thomas A. Beck, Chairman

S.B. 222

Summary.

The language included in S.B. 222 simply allows the law to include auction market cattle to be released to the buyer just as we now do with cattle inspected in non-market situations. It is one of many tools that may be used to protect our livestock producers, livestock buyers, and auction markets.

*Les Graham*  

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*Dept of Livestock*

## BILL OF SALE

SENATE AGRICULTURE

EXHIBIT NO. 2

2/1/89

DATE \_\_\_\_\_

I hereby certify that I have presented the Livestock described, here on, for inspection on this date \_\_\_\_\_ and sell said livestock this date to \_\_\_\_\_

BILL NO. SB222

HEAD COUNT	HEAD COUNT	HEAD COUNT	TOTAL	BRAND & LOCATION	DESCRIPTION
GELD	STUD	MULE			
MARE	COLT	OTHER			
HEAD COUNT	HEAD COUNT	HEAD COUNT	TOTAL	BRAND & LOCATION	DESCRIPTION
STR	HFR	STR CALF			
COW	BULL	HFR CALF			

For the sum of one and no/100 \_\_\_\_\_ dollars as part or full payment of the livestock of which I guarantee title and free from encumbrance.

I hereby covenant with the said guarantee that I am the lawful owner of said livestock, that I have a good right to sell the same, that I will warrant and defend the same against lawful claim and demands of all persons.

### Conditional Bill of Sale

As permitted by Sec. 30-2-401-(4) MCA. I hereby elect to make passage of title to within described livestock going into interstate commerce conditioned upon notification to me by buyers bank, that the instrument of payment has cleared.

Seller \_\_\_\_\_

Address \_\_\_\_\_

Town \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

### Full Title Bill of Sale

Seller \_\_\_\_\_

Address \_\_\_\_\_

Town \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

My name is Larry Barber, Denton-area farmer, District V director of the Montana Wheat and Barley Committee, and Committee chairman.

I support Senate Bill 300 as a means of limiting the terms a director can serve on the Committee. For the past seven years, the Committee, through their own policy, has limited themselves to two, five-year terms. Any director who has come on the Board during this time understands that he or she will serve a maximum of ten years. But, this "understanding" is not law. It is possible for directors to serve as long as they can be reappointed. The thirteen directors that have served over the past seven years have lived by their self-imposed limit because they believe that room should be made for others to serve.

There is one word of caution, however. By passing a law that limits the Montana Wheat and Barley Committee directors to three terms of three years, I hope the Committee doesn't become an organization of farmers that serve for only three years. This Committee needs continuity.

New directors need some time on the board to acquaint themselves with a vast amount of issues and information, before they can become assets to the board.

Ex. #3  
2/1/89  
SB 300

Testimony on Proposed Term Changes  
Page 2

There is a great deal to learn for someone new. The directors have responsibilities that include director seats on two international, market development associations, and three other national boards. These responsibilities only account for 37% of our current Montana budget. The Board must also understand and deal with issues in research, transportation, information services, and Committee staff supervision.

To do this well, the Board must have some consistency. I would hope that good directors would be reappointed because, as has been proven in the past, their value to the Montana wheat and barley producer improves with each year of experience and continued service.

Thank you for your consideration.



My name is Frank Daniels, Sidney-area farmer and District VII director on the Montana Wheat and Barley Committee.

I support the proposed change in terms for directors on the Wheat and Barley Committee.

It costs a director money to serve on this Committee. It is a privilege I and my fellow directors pay for each time we set aside our own work to serve in this capacity. Over the past five years, the average director has spent 36 days per year away from home on wheat and barley business. To give this organization more than a month out of every year means that the responsibilities must be shared, more or less equally, among the Board members. When one member spends 79 days gone from home to serve the industry, as has happened, and another member spends 13 days a year, as has also happened, the system is not equitable.

Shortening the length of term to three years will do two things: first, it will allow an appointed director to gracefully "bow-out" sooner if he or she discovers that this Committee is a greater taskmaster than the director has bargained for or if it's the type of program he or she is interested in; and second, it will allow the Governor to more quickly remove a director that does not illustrate a sufficient degree of interest in serving.

Ex #4  
2/1/89  
SB 300

Testimony on Proposed Term Changes  
Page 2

I agree with the previous testimony of Mr. Larry Barber. The Committee cannot become a revolving door for directors. But, it should provide for an opportunity to get the best director possible to serve the wheat and Barley producers of Montana.

I ask your support for Senate Bill 300.



Mr. Chairman, members of the committee, my name is Larry Johnson. I am a wheat and barley producer from Kremlin and the President of the Montana Grain Growers Association. I rise in support of Senate Bill 300. SB 300

The change in the length of terms on the Wheat Commission from the present 5 years to 3 years as requested by this bill meets with our approval. The Montana Grain Growers Association feels that the Wheat and Barley Committee has done an excellent job in the past of promoting our wheat and barley industry in Montana, and that this bill will help to keep the Commission successful in the future.

Presently, each member is limited to a total of two 5 year terms. This bill would change the term length to 3 years and make each member eligible for a total of three terms.

The positive effect that will have will be twofold. First, it will keep pressure on the major farm organizations in the state to provide high quality names of producers to the Governor from which he appoints members to the Wheat and Barley Commission. Second, once a producer has been appointed from those lists it will provide more pressure on the committee member to stay active in the Commission. An inactive member would probably not be renominated for appointment. The active member could go on and serve a total of 3 terms, which provides stability to the Commission.

Mr. Chairman, we urge your support for Senate Bill 300. Thank you for listening and I would be happy to answer any questions at the appropriate time.

I am David McClure, President of Montana Farm Bureau, a voluntary general farm organization with a membership of over 3600 member families.

I live near Lewistown and raise grain, hay, and cattle.

Farm Bureau urges this committee to vote NO on SB-13. We cannot support the Interstate Compact on Agricultural Grain Marketing. Our members, after much discussion, approved the following policy statements as well as others:

We favor expanding foreign markets to full potential.

We support unrestricted export of farm commodities except in times of national emergency and then only if similar restrictions are made on the export of manufactured goods and technology.

We believe that the marketing of grain and other farm products should remain in the hands of private individuals and organizations. We are strongly opposed to the formation of any type of governmental board, such as interstate grain compacts, either national or regional, that would control marketing in any way.

The purpose listed as article I in SB-13 is very fine sounding and should be supported by us all. In fact I believe we have a Governor, a Legislature, State Government agencies and a University System who all work to protect, preserve, and enhance the economic and general welfare of citizens of our state engaged in the production and sale of agricultural grains. Therefore, a regional compact is unneeded and certainly not worth the cost.

Article V states that \$50,000 will be required for the first biennium of the compact. If this money is available in our state budget, it would be better spent for agricultural research here in Montana where the Legislature could control how the money is spent rather than sending it away to a regional compact commission and lose control.

## FARM BUREAU POLICY STATES:

We recommend that the legislature fund the Agricultural Research and Extension Service to ensure improved future performance to allow us to keep up in our race for economic survival.

Article IV states that the commission will conduct various studies etc. of grain marketing practices, procedures and controls. I submit that these studies have been done or will be done without the compact and extra expense.

Section b of Article IV states that the commission will make recommendations, develop, and draft proposed state or federal legislation. This looks like a blueprint for a lobbying effort, financed by taxpayer money, governed by a group of political appointees, and operating like a quasi-official regional governmental body. The very fact that the policies of the compact might conflict with our national farm policy should show us that this bill should be defeated. Our system of representative government is the best in the world and the best way to develop national policy and programs. A regional, governmental, pressure group could only weaken chances of success for national priorities of our farm programs. Farm Bureau must object to this plan to use taxpayer money to expand government and subvert the political process. We continue to support the rights of voluntary grower organizations and general farm organizations to promote their philosophies through the congress and within the various states.

One issue which has received considerable discussion has been the quality of our export grain and whether the interstate compact could solve this problem. The grain quality improvement act of 1986 became fully effective on May 1, 1988 and should have a positive impact for our exports. This law prevents adding or recombining foreign material to grain shipments for export. The Federal Grain Inspection Service has successfully prosecuted one case and presently has at least twelve more in progress. The bureaucracy moves slowly at times but the problem of low quality grain exports is being addressed. At present there are over 30 organizations and grain companies working with government

and the Federal Grain Inspection Service to improve grain quality and increase our volume and value of grain exports. We should encourage this progress and remember that the 1986 grain quality act has not yet been in effect for a full year.

I have attached some additional information on this issue for your review.

In closing let me restate our opposition to SB-13. Montana Farm Bureau requests that you vote NO on this unwise and unneeded legislation. Thank you for this opportunity to give testimony and provide information.



Dave McClure  
Pres. Montana Farm Bureau

# NEWS

United States  
Department of  
Agriculture

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Office of  
Information

Allen Atwood (202) 475-3367  
Arthur Whitmore (202) 447-4026

## USDA TO PROHIBIT ADDING DOCKAGE AND FOREIGN MATERIAL TO GRAIN

WASHINGTON, June 30—The U.S. Department of Agriculture today announced new regulations that will prohibit recombining or adding dockage, foreign material, dust from bins or sweepings to grain.

W. Kirk Miller, administrator of USDA's Federal Grain Inspection Service, said the dockage and foreign material restrictions will become effective July 30 for elevators in locations other than at ports, and on Jan. 1, 1988, for export elevators at port locations. The dust and sweepings restrictions will become effective July 30, 1987, for export elevators at export port locations.

The new regulations also separately define foreign material and broken corn for corn, and broken kernels, foreign material and other grains for sorghum in the U.S. standards for grain.

The current grading factors "broken corn and foreign material" (BCFM) for corn and "broken kernels, foreign material and other grain" (BNFM) for sorghum will remain unchanged pending further study to determine appropriate factor limits, Miller said.

These changes are scheduled for publication June 30 in the Federal Register.

For more information, contact Lewis Lebakken Jr., Information Resources Staff, FGIS, U.S. Department of Agriculture, Room 1661-S, Washington, D.C. 20250; telephone (202) 382-1738.

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November 19, 1986

Preliminary Review of Grain Quality Improvement Act, 1986

Section 301. Short Title: P.L. 99-641, Grain Quality Improvement Act of 1986.  
Effective November 10, 1986

Section 302. Declaration of Policy

Promote marketing of grain of high quality; the primary objective of standards is to certify quality of grain as accurately as practicable; and official standards shall -

- (A) define uniform and accepted descriptive terms to facilitate trade in grain;
- (B) provide information to aid in determining grain storability;
- (C) offer users of standards the best possible information to determine end-product yield and quality; and
- (D) provide the framework necessary for markets to establish grain quality improvement incentives.

Explanation

Market factors (competition, technology, buyer's market) require continued move to objective testing, e.g., protein, aflatoxin, free fatty acid in oil, etc.

Action Required

No regulations are needed.

Section 303. Foreign Material Recombination

- (1) To ensure the quality of grain marketed in or exported from U.S.:

No dockage or foreign material once removed from grain can be recombined with any grain; and no dockage or foreign material from any origin can be added to grain. During the period from May 1, 1987, and ending December 31, 1987, the recombination of dockage or foreign material, except dust, removed at an export loading facility from grain destined for export is



permitted if (1) recombination occurs during loading of the cargo; (2) the purpose is to ensure uniformity of dockage or foreign material throughout cargo; and (3) the separation and recombination comply with regulations.

#### Explanation

It is recognized that dockage and foreign material contain dust which may be recombined with grain at an export loading facility, under certain conditions, for the period May 1, 1987, through December 31, 1987. All other dust from any source including, but not limited to, fugitive dust, dust on the floors of the facility, and dust collected into bins, may not be recombined with, or added to, grain in domestic or export markets. Dust is prohibited from being reintroduced to the grain stream at any location. According to the 1985 FGIS survey, 32 of 79 or 41 percent of export elevators returned dust, either all or in part, to the stream.

#### Action Required

The Secretary is required to define dockage and foreign material. These terms for most grains, except for corn, flaxseed, sorghum, and mixed grain, are defined in the current standards. A definition of broken corn and foreign material (BCFM) is needed. Regulations are required to implement the recombination prohibition and the conditions under which recombining dockage and foreign material, except dust, is permitted. A detailed definition of dust under these conditions which deals with particle size, etc., is impractical. Moreover, separating dust from dockage and foreign material is authorized for only a limited time period (through December 31, 1987). Then, the exception is no longer applicable, and the prohibition against recombining and adding dockage and foreign material, including dust, to any grain will be effective at the export markets as it had been in the domestic markets on May 1, 1987.

#### (2) Other Exceptions

Nothing in recombination prohibition is to be construed to prohibit -

- (A) treating grain to suppress or destroy insects or fungi injurious to stored grain;
- (B) marketing of dockage or foreign material removed from grain when marketed separately, pelletized, or as processed ration for livestock, etc.;

- (C) blending of grain with similar grains of different quality;
- (D) recombining broken corn or broken kernels with grain of the type from which broken corn or broken kernel derived; and
- (E) adding dust suppressant to grain, or confetti, or other similar material to identify ownership.

Explanation

These exceptions generally are consistent with traditional marketing and handling practices.

Action Required

The recombination of broken corn or broken kernels with grain of the type from which it is derived requires regulations defining broken corn and broken kernels.

(3) Domestic User Exemption

The last handling of grain in the final sale and shipment to a domestic user or processor may be exempted if the grain or its products are not blended with other grain and resold into commercial channels. Also, neither products nor byproducts derived from such grain (except vegetable oil used as a dust suppressant) can be blended with or added to grain in commercial channels.

Explanation

The provision provides an exception to the recombination prohibition for the exclusive domestic use of such grain by processors, feedlots, millers, and other domestic users. That is, the Secretary may exempt grain shipped from producers, country elevators, subterminal elevators, or terminal elevators to the domestic users. The exempted grain that is consumed or processed into one or more products cannot be resold into commercial channels for such grain or blended with other grain for resale. The products or byproducts of such grain cannot be blended with or added to grain in commercial channels, except for vegetable oil used as a dust suppressant.

Action Required

The Secretary must first make a determination that such an exemption is in the economic interest of producers, grain merchants, the industry involved, and the public. Then, regulations are required establishing the rationale, procedures, and criteria that domestic users must meet to be eligible for such a waiver. Consideration will be given to implementing regulations of general applicability to cover a

blanket waiver for types of transactions to minimize recordkeeping requirements, etc., because of the large number of domestic users that may be involved. The Secretary is also required to define vegetable oil that is permitted to be used as dust suppressant. It is necessary that the definition be consistent with how vegetable oil is defined by FDA.

The provisions under this section become effective May 1, 1987.

Section 304. Insect Infestation

The Administrator must issue a final rule within 6 months to make grain inspection standards more accurately reflect levels of insect infestation.

Explanation

Insect infestation presents serious problems in grain quality and is a factor in foreign and domestic complaints. We are reviewing the results from a request for public comments on suggested changes to tolerances and grading factors relating to infestation of grain. We are also reviewing suggestions and other proposals from the FGIS Advisory Committee, "The Commitment to Quality Report", and other sources on the full range of issues involved in insect infestation.

Action Required

The Administrator must publish a final rule not later than 6 months after enactment revising standards and procedures to accurately reflect levels of insect infestation. This will entail an economic impact study to determine the impact of the change. Under current rulemaking procedures, changes in the standards become effective one year after publication, unless public health, interest or safety dictate otherwise.

Section 305. Study of Premiums for High-Quality Grain

The Secretary is required to conduct a study of the appropriateness and feasibility of adjusting CCC-grain premium and discount schedules (1) to encourage delivery, storage, and export of high quality, clean grain; and (2) to offer incentives to minimize moisture, foreign material, dockage, shrunken and broken kernels, etc., in CCC-owned grain and CCC-collateralized grain.

Explanation

The purpose is to see if there is public support for, and determine the feasibility of, providing economic incentives for high quality grain. This is within the jurisdiction of ASCS.

Action Required

The Secretary, before conducting the study, must obtain public comments from and consult with grain producers, processors, merchants, and exporters. Within six months after enactment, the Secretary must submit the results with recommendations of the study to Congress.

Section 306. Review of Optimal Grade Proposal

The optimal grade proposal was introduced as H.R. 5354, August 7, 1986, in the House Agriculture Committee. It proposes to replace the current numerical grading with the optimal grain grading system consisting of an optimal grade, a deviation from optimal, and a sample grade.

Explanation

This is an effort to determine whether there is public support for an optimal grade proposal and providing economic incentives for producing and selling high quality grain.

Action Required

To evaluate the effects of adopting an optimal grain grading system, the Administrator is required to publish in the Federal Register and solicit comments for not less than 60 days (1) a detailed description of the proposals included in H.R. 5354, the Optimal Grain Grading Act of 1986; and (2) the general objective of improving grain quality by revising the standards to provide economic incentives for production and sale of high quality grain. The Administrator is required to submit a report to Congress by May 1, 1987, on the comments with recommendations.

Section 307. Study of End Uniform End-Use Value Tests

FGIS has been moving in the direction of end-use tests by conducting more objective tests that will provide users with more information about grain. Such tests are being considered or are available as protein content, aflatoxin, free fatty acid in oil, scab damage (vomitoxin), sprout damage (falling number), hardness, breakage, and sedimentation.

Explanation

Technology has brought certain measurements of end-use properties on stream, and the prospects for further developments of such tests to meet market demands are encouraging.

Action Required

FGIS and ARS are required to collaborate on a study on the need for and availability of end-use value tests. The study will include (1) a survey of domestic and foreign buyers to identify information about grain they find useful, (2) a review of the development, availability, and costs of such tests identified in the survey.

FGIS and ARS are required to maintain an ongoing review to determine which tests are of economic value to buyers and the availability and costs of such tests. FGIS is required to adopt, to the extent practicable, such tests which are economically feasible.

The FGIS Administrator is required to submit (1) an annual report to Congress on the ongoing review, and (2) a report to Congress on the results of the study and actions taken not later than one year after enactment.

E. Ned Sloan  
November 19, 1986

EXHIBIT NO. 8

DATE 2/1/89

DATE NO. SB 13

NAME: Larry Johnson

ADDRESS: Box 13 Kremlin, MT

PHONE: \_\_\_\_\_

REPRESENTING WHOM? Montana Grain Growers Ass

APPEARING ON WHICH PROPOSAL: Senate Bill 13

DO YOU: SUPPORT? \_\_\_\_\_ AMEND? \_\_\_\_\_ OPPOSE?

COMMENTS: see Exhibit #9

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PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SEN. AGRICULTURE  
EXHIBIT NO. 9  
DATE 2/11/89  
BILL NO. SB13 PSI

Testimony of the  
Montana Grain Growers Association

before the  
Senate Ag Committee  
January 6, 1988

Senate Bill 13  
The Interstate Compact on Agricultural Grain Marketing



Ex. # 9  
2/11/89  
SB 13

PS 2

Mr. Chairman, members of the committee, my name is Larry Johnson. I am a farmer from Kremlin and the President of the Montana Grain Growers Association. On behalf of the MGGA and its 2500 wheat and barley growing members I rise in opposition to Senate Bill 13.

We oppose this bill because it is unnecessary and redundant. The stated purpose of the Interstate Compact on Grain Marketing is to set up a commission made up of representatives of member states that will:

- 1) Conduct comprehensive and continuing studies and investigations of agricultural grain marketing practices, procedures, and controls and their relationship to and effect upon the citizens and economies of the member states.
- 2) Make recommendations for the correction of weaknesses and solutions to problems in the present system of grain marketing.

While our organization is supportive of many of the efforts the Compact proposes to address, it is totally unnecessary to set up a special commission or compact. To set up another bureaucracy, another organization to monitor and improve the U.S. grain trading system would be a waste. There are several professional market development groups such as U.S. Wheat Associates, U.S. Feed Grains Council and the Foreign Agriculture Service that are working full time to assure that the U.S. delivers the best possible commodities. These organizations have offices around the world and are in daily contact with our customers. They are in the business of making sure that our grains and the standards that govern them fit the needs of our customers. In addition, the National Association of Wheat Growers, The National Barley Growers Association, the National Corn Growers Association, National Grain and Feed, the National Farm Bureau, the National Farmers Union, WIFE and countless other national and state farm and commodity organizations are spending a great deal of their resources and time to overhaul our system of marketing grain -- from procedure to grain standards. In addition, the Congress, the Federal Grain Inspection Service and several coalitions and advisory groups have been working diligently on U.S. grain standards. I believe they're doing a good job.

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2/1/89  
SB 13 PS 3

Over the past few years, Congress has passed legislation covering many areas of grain quality and is looking at many more. FGIS in the last two years has instituted major changes in both protein and dockage standards. Currently, FGIS is accepting comments on proposals concerning the combining of dockage and foreign material as a grading factor and also on the proposed changes in the "Cu-Sum" ship loading plan. FGIS and a Wheat Classification Working Group is also working on several wheat classification problems. The fact is that many professional groups of producers, grain trade personnel, and government employees are spending a great deal of time on grain quality and marketing problems.

One of the issues that proponents of the compact often point to is that of clean grain. They believe that if we go to the great expense of cleaning our grain while it is being loaded on the ship, our problems would be solved. They also believe that exporters are in the habit of adding dirt, gravel, and whatever else they can get their hands on, to our grain and that we should do something to stop this practice. The fact is, this does not happen. It cannot happen. It is now illegal to add anything to our grain and the Federal Grain Inspection Service makes sure it does not happen. In most cases, grain export employees are out-numbered two-to-one by FGIS inspectors that are on site whenever grain is moved. Yes, we do have some problems with grain that has a higher level of dockage and foreign material than it should, but most of that originates on the farm and the dockage must be cleaned up by the producer. You do that by providing incentives that encourage the producer and country elevator to deliver cleaner grain. We and others are working to help make that happen.

Supporters of the compact also indicate that it would help states join together to develop additional markets and/or joint transportation discounts. Montana has some unique commodities and transportation problems. We raise high quality Dark Northern Spring and Hard Red Winter Wheats that mainly move into the Pacific Northwest Export markets. We find it hard to believe that any benefits could be found by working with the current states involved in the Compact. Wyoming and New Mexico raise very little wheat. In fact, we have counties that raise more than twice the 7 or 8 million bushels that Wyoming and New Mexico

Ex. #9  
2/11/8  
SB 13  
Pg 4

normally raise. Minnesota raises a lower quality hard red spring wheat that is shipped either through the Great Lakes or the Gulf. Nebraska raises winter wheat that is mostly shipped through the Gulf. Iowa raises very little wheat. In terms of quality, types of wheat, and direction of movement, we have absolutely nothing in common with the states currently in the compact.

It seems to us a bit foolish for the State of Montana, at a time of critical budget problems, to be duplicating the efforts of highly capable individuals and groups. There are many opportunities for anyone interested in improving the quality or marketing system of U.S. grown commodities to get involved in the process. We don't need to throw money and another "task force" at the problem. It just takes time and hard work.

We are also concerned about the underlying philosophy of the Compact. The idea of an Interstate Grain Compact has been around for many years. Originally, the compact was an attempt to provide states with a minimum pricing tool. It also attempted to give states the power to subpoena grain companies to disclose their working margins. Over the years, advocates of the Compact have publicly disassociated themselves from these concepts and assure us that these goals are no longer on the Compact's agenda. However, we know that these dangerous philosophies are prevalent in those states and individuals currently involved.

Mr. Chairman, committee members, the MGGA believes it is in the best interest of grain producers and the State of Montana to defeat this piece of legislation. Thank you.

RESOLUTION  
 RESOLUTION NO. 10  
 DATE 2/1/89  
 BILL NO. MSU Ag. Experimental Station

**TENTATIVE AGENDA**  
**TOUR OF MSU COLLEGE OF AGRICULTURE,**  
**AGRICULTURAL EXPERIMENT STATION, AND**  
**EXTENSION SERVICE FACILITIES AND PROGRAMS**  
**for the**  
**HOUSE AND SENATE AGRICULTURAL COMMITTEES**  
**OF THE 51ST LEGISLATIVE SESSION**

Saturday, February 4, 1989  
 MSU Plant Growth Center

1:30 p.m. Introductory remarks by Dr. James R. Welsh, Dean, MSU College of Agriculture; Director, Montana Agricultural Experiment Station and Extension Service.

Tour of Plant Growth Center, including program visits with MSU personnel:

- Tom Blake and Don Baldrige - small grains improvement and alternative crops;
- Jim Bauder - water quality;
- Tom Carroll - plant diseases;
- Greg Johnson - research and education on the Russian wheat aphid;
- Dave Sands - biotechnology applications in agriculture;
- Bob Nowierski - biological control of weeds;

2:40 p.m. Depart for Oscar Thomas Nutrition Center, Department of Animal and Range Science.

2:50 p.m. Tour of Nutrition Center with Mark Petersen, including program visits with MSU personnel:

- Petrea Hofer - barley and human nutrition;
- Andrea Pagcnkopf - red meat, diet and human health issues.

3:30 p.m. Depart for Hadleigh Marsh Veterinary Research Lab.

- Tour of VRL with C. A. Speer.

4:20 p.m. Depart for Linfield Hall.

4:30 p.m. Wrap up, Room 110 Linfield Hall, program visit with Myles Watts, ag economist.

5:30 p.m. No-host dinner at Overland Express.

7:30 p.m. Cats vs Griz basketball game, Brick Brecken Fieldhouse.

DATE

2/1/52

COMMITTEE ON

Regulation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppo
Larry Johnson	Prodo. Contn. Comm. H.R.	13		✓
" "	" " " "	300	✓	
LPS Gresham	Dept. of Labor	2122	✓	
HARRY BREDER	Mount. Wheat & Edy. Comm.	300	✓	
Frank Edwards	Mount. Wheat Edy. Comm.	300	✓	
Tom Hoyer	Senate Dist 48	228	✓	
John Larson	Y/S. Ind. Bus. Party	227	✓	
Brant Quick	Northern Plains Resource Council	13	✓	
John Jack	Mississippi	222	✓	
Edward Brock	W. m. Bureau	13		X
Maurice Barber	H. P. H.	222	X	

(Please leave prepared statement with Secretary)