

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE

Call to Order: By Chairman Tom Beck, on March 6, 1989, at
1:00 P.M.

ROLL CALL

Members Present: Senator Hubert Abrams, Senator Gary
Aklestad, Senator Esther Bengtson, Senator Gerry
Devlin, Senator Jack Galt, Senator Greg Jergeson,
Senator Gene Thayer, Senator Bob Williams, and Senator
Tom Beck

Members Excused: None

Members Absent: None

Staff Present: Doug Sternberg, Legislative Council

Announcements/Discussion: None

HEARING ON HOUSE BILL 69

Presentation and Opening Statement by Sponsor:

Representative Roger DeBruycker, House District 13,
stated, "This bill is an act to authorize the
Department of State Lands to cancel a lease of state
land and the preference right for further leasing of
state land of any lessee convicted of a felony offence
involving dangerous drugs and involving the use of any
portion of his property, including private land or land
leased from the state."

List of Testifying Proponents and What Group They Represent:

Henry Grossman representing himself from Shonkin,
Montana
Gordon Morris representing Association of Counties
Kim Enkerud representing Agriculture Coalition

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Henry Grossman - See exhibit 2.

Gordon Morris - "I would like to go on record today indicating the bill you have before you is a reflection of a resolution. Resolution 88-6 that was adopted by the Association of Counties dealing with state land and cancellations...This (resolution) was adopted by the entire association on June 5, 1988. The resolution calls for any person who has leased the state land and is in fact convicted for major drug felony operation etc... to forfeit the lease of state land." See exhibit 3.

Kim Enkerud indicated the Agriculture Coalition supported HB 69.

Questions From Committee Members: Senator Aklestad - "Is it your thrust to penalized these people for going to drugs or to try to put them, whoever this is out of business as far as their ranching operation?" Representative DeBruycker - "I don't think we're out to penalize or to put them out of business. The idea is the state lands belongs to the people of Montana. If I'm doing something illegal on that land, and raising drugs that are going to harm your children or your grandchildren, why should I have that lease. A state lease is one of the most lucrative leases you can have other than owning the land."

Senator Aklestad - "Preparation of or processing would not have to occur on that land as long as it was land part of that operation (growing drugs on the land). Is that right?" Representative DeBruycker - "That's correct."

Senator Aklestad - "This particular ranch (the example Henry Grossman recited) has a lot of leased land. If that lease land was taken away from them, they wouldn't have an economical unit to survive on. That's why I am asking whether you are trying to put a significant amount of state land in an operation, out of business or if you are trying to penalize them for involvement in drugs." Representative DeBruycker - "The idea is, if you have a lot state land under a state lease, it would make you think twice before you go into the illegal drug business."

Senator Williams - "If I had some land and was found guilty of a felony, how soon would I lose that land?" Representative DeBruycker - "That would be up to the

discretion of the State Department of Lands."

Senator Williams - "If I took it through the courts and was found innocent, would I have a chance to get that land back?" Representative DeBruycker - "I would say yes. This here is for conviction."

Senator Bengtson - "How are you going to say a grandson would not be held liable if he grew marijuana on that state lease? What are you going to do with a person that was associated with an illegal drug operation? Are they out of the state land lease?" Gordon Morris - "Let's look at page 1, line 20 through 22. That doesn't say the family should be considered an unit. It said the unit that is privately deed land or land leased from the state that is under the control of a manager, operator, or family is considered an unit. So the Kurths were a family. They were operating a unit and they were convicted of raising marijuana on part of their unit. They would have lost their state land lease under this bill...The state lands encouraged us to put this bill in."

Senator Beck - "What about a family corporation. Many family corporations do have state leases. If one member of that family corporation was off the ranch and was convicted of a drug charge, would this jeopardize this state lease?" Representative DeBruycker - "If you are a member of the corporation--yes." Gordon Morris - "If you engaged in growing marijuana off of the unit, would you lose this one? The answer would be no. The bill very clearly says, it has to be the unit. If you have a state land lease here in this one unit and you go off in the wilderness and grow marijuana, you are not going to jeopardize your state lease."

Senator Beck - "It has to be the primary lease-holder that has to be involved in a drug growing operation. We don't want to have one of the grand kids growing marijuana on a state lease. Is there any way to make an amendment to this bill? It's not a bad idea. I don't think we should have a major marijuana operation growing off of state lands." Gordon Morris - "If you were to seek and try to find a loop hole--a family member was in fact, unknowingly to anyone else in the family, engaging in an illegal growing drug operation out behind a barn. That would make this area so gray you might as well not consider it."

Closing by Sponsor: Representative DeBruycker closed.

Senator Jergeson was assigned to carry HB 69.

Executive action on HB 69 will be taken at a later date.

HEARING ON HOUSE BILL 360

Presentation and Opening Statement by Sponsor:

Representative Mary Ellen Connelly, House District 8, stated, "As act establishing the Montana Mint Committee under the administration of the Department of Agriculture; providing for the makeup and compensation of the mint committee; providing for an integrated pest management program for the control and monitoring of mint diseases and pests; assessing Montana Mint Growers on the amount of mint oil sold; establishing the mint account in the special revenue fund; establishing licensure for mint oil purchasers; providing penalties; exempting this act from the provisions of the sunrise law and providing an effective date."

List of Testifying Proponents and What Group They Represent:

Les Toews representing Western Montana Mint Growers Association

Dale Sonstelie representing Western Montana Mint Growers Association

Henry Ficken representing the Flathead Mint Growers

Ron de Yong representing the Montana Farmers Union, the Montana Grange, and WIFE

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Les Toews - See exhibit 5.

Dale Sonstelie - "At the present time, we have an IBM program which we are paying for as growers. We would continue to pay for this as growers. It would be handled on the basis and handled through this committee...At the present time, we have a research program of mint growers in the Flathead county. We have \$5,500 in this program; \$1,500 is planned to be funded from our Western Montana Mint Growers Association and it will be plugged in the research center. \$2,000 we plan on using in terms of water quality research." See exhibit 6 for further testimony.

Henry Ficken passed around a sample of peppermint oil that was grown in the Flathead area. Mr. Ficken stated that a sample, similar to the one he passed around, has been sent to several markets around the world. This type of oil, grown in the Flathead area, has been found to be very desirable. This oil is found in products such as candies, medicines, deorderants etc..."I would like to encourage you to vote in favor of the bill in its current form." See exhibit 7 for further testimony.

Ron de Yong - "This bill allows the mint growers to maintains a viable industry for Montana. I urge you to support HB 360."

Questions From Committee Members: Senator Jergeson - "Do you see a problem with this with respect to the sunrise?" Representative Connelly - "No."

Senator Galt - "How many pounds of oil per acre do you get?" Les Toews - "On a good year around 90 pounds."

Senator Galt - "The producers sell this to a distiller or do you distill your own?" Les Toews - "We distill it on our farms. It is sold in 55 gallon galvanized drums of pure oil and then that is sold to a broker and then on to the major industries."

Senator Galt - "How big does the plant get?" Les Toews - "It goes different every year. Sometimes it grows very much like alfalfa and other really good years; it goes real tall and then it falls over and whenever it falls over a second crop grows up."

Senator Galt - "Is it a perennial planting?" Les Toews - "Yes."

Senator Galt - "How long of life does a plant have?" Les Toews - "Depending on weeds and diseases, it stands up for about ten years. You subject yourself to winter kill."

Senator Beck - "Does it take a lot of moisture?" Les Toews - "It take a lot of moisture. At least 30 inches or more that we water every four or five days."

Closing by Sponsor: Representative Connelly closed.

DISPOSITION OF HOUSE BILL 360

Discussion: None

Amendments and Votes: None

Recommendation and Vote: Senator Aklestad moved HB 360 TO BE CONCURRED IN; the motion was seconded by Senator Devlin. The motion carried unanimously.

Senator Bengtson was assigned to carry HB 360.

HEARING ON HOUSE BILL 405

Presentation and Opening Statement by Sponsor:

Representative Schye, House District 18, "This bill is to provide that a warehouseman or commodity dealer may establish licensing eligibility by providing the Department of Agriculture with additional bonding or its equivalent if current assets do not equal or exceed current liabilities."

"There are quite a few elevators in the state that can't meet the current assets to the current liabilities. We did by juggling the books around and meeting with the GTA people and moving some accounts from one place to the other. Some of it is a county problem and some of it is not. I also want to be very careful that anything in the past does not make it--so when an elevator goes down with my wheat in it and I lose the money. We researched all of the laws dealing with grain elevators. Some laws are very lax and some of them are like this and some are tighter."

"What this bill does, on the bottom of page 2, lines 19 through 25. If the elevator doesn't have adequate current assets equal to or greater than current liabilities, they provide the department with additional bonding. Those elevators would have to bond and they would have to double the bond. For every \$1,000 deficit, they would have to buy a \$2,000 bond to cover the wheat that was in there."

"I think this bill doesn't weaken the law. It gives the elevators two more options to use to get that license. Last year, there were 12 elevators that had a hard time getting this license and this year there is going to be a lot more...On the bottom of page four there is language that is crossed out. We move that section to another part of the bill."

List of Testifying Proponents and What Group They Represent:

None

List of Testifying Opponents and What Group They Represent:

None

Testimony:

None

Questions From Committee Members: Senator Galt - "What does the department feel about this thing?" Ralph Peck, from the Department of Agriculture - "In actuality by allowing these alternatives, it will help us administer the statutes because it gives us a one to one ratio we now have to look at. If someone does not meet the one to one ratio, they can look at an irrevocable letter of credit or an additional fine. When they do bond...it puts the department in a stronger position of covering, if they're right in that gray area...We do have a lot of facilities that are going to have some difficult times in the next few years."

Senator Bengtson - "Are all of these elevators facing financial difficulties?" Ralph Peck - "Elevators are like any other business. The individual area, that they serve, is impacted differently by the economic conditions."

Closing by Sponsor: Representative Schye - "I think this is a very important bill. It's a real problem and we have been struggling with it up in our area...I urge this committee to support this bill."

DISPOSITION OF HOUSE BILL 405

Discussion: Senator Thayer - "The reason, there are so many elevators, is when the railroads made the announcement there was going to be some difference in the rate structure. Immediately, the elevator was basically worthless or they had a chance of being worth something with some updating. Originally, the railroad said you had to build the state of the art type of building. Originally, those of us in business thought there would only be 15 to 20 elevators in Montana. Because of political pressure from a lot of companies, they backed down on that requirement. Then people started upgrading their elevators...These companies have urged investments in these elevators because of this. This

will keep some elevators from going out of business."

Senator Aklestad - "When you are establishing the net worth, are you using the sales price of the fiscal plant?"

Ralph Peck - "We can use both. We can use the market. We look at their books. If we think their value is too high, then we can request a market appraisal approach."

Discussion: None

Amendments and Votes: None

Recommendation and Vote: Senator Jergeson moved HB 405 TO BE CONCURRED; the motion was seconded by Senator Galt. The motion carried unanimously.

Senator Thayer was assigned to carry HB 405.

HEARING ON HOUSE BILL 675

Presentation and Opening Statement by Sponsor:

Representative Spaeth, House District 84, "This bill generally revises the law relating to management of alfalfa leaf-cutting bees. There are three major areas in the state that have leaf-cutter bees. My area happens to be one of them...It's a growing industry, about \$4 million in gross receipts. They figure it can grow up to \$15 to \$20 million in gross receipts. This is an important growth industry...We have people from the department here, that can go into a little more detail. In this bill, we are basically switching a department regulated operation with an advisory committee, to a committee regulated industry assisted by the Department of Agriculture...Page 3, we are adding some new definitions." Representative Spaeth explained the new definitions on page 3 and on page 5.

List of Testifying Proponents and What Group They Represent:

None

List of Testifying Opponents and What Group They Represent:

None

Testimony:

None

Questions From Committee Members: Senator Galt - "I would

like to ask the department to comment on this bill. Instead of having an advisory committee, now they are having a committee consisting of five members with rule making authority. How does the department feel about that?" Roy Bjornson - "The department concurs with the bill. I think this is a good move for the industry. It is also going to put a lot more responsibility back on the committee which I'm not sure they're willing to accept."

Senator Beck - "What is the industry disagreeing on right at the present time?" Representative Spaeth - "My understanding is that it is more of a barnyard operation. I guess, for sanitary reasons and some of those sorts of things. It's just a matter of getting the bees out there. Other areas are much more particular about the operation. I don't know if this will bring those areas together. In my area where this is done the operation is very sanitized."

Senator Devlin - "Are most of the growers satisfied with this bill?" Representative Spaeth - "We haven't found a grower yet that hasn't been satisfied with this bill. This is a bill that everyone agrees with."

Closing by Sponsor: Representative Spaeth - "This bill is strongly supported by the industry in all segments of it. A lot of work has gone into it by a lot of people. I urge you to support HB 675."

DISPOSITION OF HOUSE BILL 675

Discussion: None

Amendments and Votes: None

Recommendation and Vote: Senator Williams moved HB 675 TO BE CONCURRED IN AS AMENDED; the motion was seconded by Senator Aklestad. The motion carried unanimously.

Senator Jergeson was assigned to carry HB 675.

ADJOURNMENT

Adjournment At: 2:53 P.M.



SENATOR TOM BECK, Chairman

SENATE STANDING COMMITTEE REPORT

March 6, 1989

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation, having had under consideration HB 360 (third reading copy -- blue), respectfully report that HB 360 be concurred in.

Sponsor: Connelly (Bengtson)

BE CONCURRED IN

Signed: Thomas A. Beck

Thomas A. Beck, Chairman

3-6-89
4:10
28

SENATE STANDING COMMITTEE REPORT

March 6, 1989

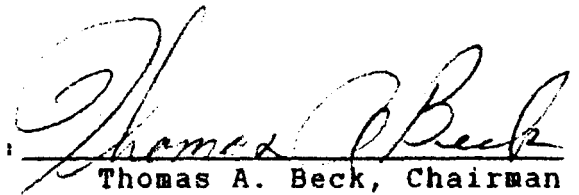
MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation, having had under consideration HB 405 (third reading copy -- blue), respectfully report that HB 405 be concurred in.

Sponsor: Schye (Thayer)

BE CONCURRED IN

Signed:


Thomas A. Beck, Chairman

SENATE STANDING COMMITTEE REPORT

March 6, 1989

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation, having had under consideration HB 675 (third reading copy, -- blue), respectfully report that HB 675 be concurred in.

Sponsor: Spaeth (Jergenson)

BE CONCURRED IN

Signed: _____

Thomas A. Beck
Thomas A. Beck, Chairman

3-6-89
4:10
20

BILL SUMMARY--SENATE AGRICULTURE COMMITTEE
MARCH 6, 1989
PREPARED BY DOUG STERNBERG, COMMITTEE STAFF

- HB 69 Section 1: defines "unit" for purposes of the state leasing procedure
Section 2: provides for cancellation of state lease upon conviction of lessee of felony dangerous drug offense involving privately deeded or leased state land, or a combination of the two, under control of one operator, manager, or family
Section 3: provides for loss of state land lease preference under conditions as in section 2
Section 3: codifies sec. 1 in leasing procedure law
Section 4: applies HB 69 to leases entered after October 1, 1989
- HB 360 Section 1: establishes Montana mint committee composition and terms of members; allocates the committee to the dept. of agriculture for administrative purposes
Section 2: explains purpose of HB 360
Section 3: defines HB 360 terms
Section 4: outlines mint committee powers, including rulemaking
Section 5: provides for compensation of committee members
Section 6: establishes election procedure for committee chairman and time of committee meetings
Section 7: provides for pest management program and mandatory field inspections
Section 8: levies an assessment on mint oil of 10 to 15 cents a pound, the amount to be set annually by committee rule
Section 9: provides invoice system for mint oil transactions
Section 10: provides procedure for payment of assessment and requires sworn statement of amount purchased
Section 11: establishes mint account and allows fund investments
Section 12: clarifies recordkeeping required of mint purchasers
Section 13: requires licensure of mint oil purchasers and sets license fee
Section 14: provides a penalty for failure of grower or purchaser to pay assessment
Section 15: provides general penalty for violation of HB 360
Section 16: exempts HB 360 from sunrise audit
Section 17: extends present agency rulemaking authority
Section 18: codifies sec. 1 in executive agency law; codifies remainder of HB 360 in agriculture law
Section 19: standard severability section
Section 20: provides July 1, 1989, effective date

Ex #1
3/6/89
HB 69, HB 360
HB 405
HB 675

HB 405 Section 1: allows a warehouseman to establish licensing eligibility by providing additional bonding or equivalent in lieu of proof that current assets are equal to or greater than current liabilities

Section 2: extends same licensing eligibility option to commodity dealers; moves present "assets" language from (3)(g) to (4)

Section 3: extends present agency rulemaking authority

Section 4: provides immediate effective date

HB 675 Section 1: changes name of bee committee; requires staggered 3-year terms for alfalfa seed association committee members

Section 2: adds four terms to definition section; revises definitions of six terms

Section 3: revises committee responsibility; clarifies disposition of abandoned bees or nesting material

Section 4: clarifies advisory duty of committee to department regarding rulemaking

Section 5: revises bee certification procedure

Section 6: clarifies committee responsibility with regard to the bee laboratory

Section 7: revises procedure with regard to importation of bees; deletes restrictions on importation of used bee equipment

Section 8: deletes bee rearing requirements in unrestricted areas; clarifies committee responsibilities; removes certification requirement on distribution of bees; requires notification of purchase of used nesting material

Section 9: clarifies committee responsibility in establishing fees

Section 10: substitutes committee for department in penalty section

Section 11: revises bee sampling procedure; clarifies committee rulemaking authority

Section 12: clarifies committee funding limitations; allows the committee to contract lab services; sets fees on nesting materials

Section 13: provides establishment of unrestricted areas; provides penalty

Section 14: regulates custom pollinators

Section 15: extends present agency rulemaking authority

Section 16: provides immediate effective date

I am here to day to offer my support to HB 69. My name is Henry Grossman and I live at Shonkin Mont. which is near Fort Benton. BILL NO. 3/6/89 HB 69

I am sure that everyone is well aware of the problems facing our country in regards to the growing, manufacturing and sale and use of drugs. It is costing the taxpayers hundreds of thousand of dollars to track down, prosecute and punish these people who deal in illegal drugs.

We are aware, I'm sure, of the enormous amount of money spent in the rehabilitation of drug users and addicts and other drug related expense. I firmly believe that HB 69 would have an effect on the production of drugs in our State. It may not make a drastic cut in the production or use of drugs, but if it were to prevent just one individual from getting involved in the production, sale, or use of drugs, I believe it would be well worth having such a law in place.

I have a farm south of Fort Benton and live very close to large family that was engaged in a major marijuana growing operation a couple years ago. When they were caught, prosecuted, and sentenced for their illegal operation, and after seeing how it effected our community and the lives of people directly connected with the family whether it be relatives or social contacts. I became convinced that if anything could be done to prevent something of this nature from happening it would well be worth the effort.

They had a small sized farm cattle and feed lot operation, with a large percent of the ranch being State land. I'm sure that if a law such a HB 69 calls for, had been in effect 2 years ago these people would not have gotten involved in this drug operation.

I believe that being able to lease State land is a privilege and if that privilege is abused by person being involved with drugs, the privilege of being able to continue to lease State land should be canceled.

I have talked to great number of people in Chouteau County and else where about this bill and what it would do if it were to passed into law, and I haven't found a single person that was opposed to it. In fact I would say that it was a unanimous opinion that it should be made into law. It would be one more step in helping to curb our drug problem. We need all the help that we can get in fighting the drug menace. Thank you.

STATE LAND LEASE CANCELLATION

WHEREAS, the drug problem in the State of Montana is getting worse and every effort should be made to curb the drug traffic in the state; and

WHEREAS, the rural areas within the State are prime areas for the cultivation, and processing of marijuana and products related to marijuana such as hashish, oils, tars etc.; and

WHEREAS, many farmers and ranchers have deeded land as well as the leasing of state lands in their operations and all deeded and leased land, as well as privately held land under the control of one manager or operator or a family operation should be considered as a unit, and an illegal operation on one part of the unit would be considered as an illegal operation on the entire unit; and

NOW THEREFORE BE IT RESOLVED, that a person or persons who lease state land and are convicted of a major drug operation, cattle rustling or any other major felony conviction involving the illegal use of any portion of the entire unit, including private as well as state land leased, would have their leases cancelled immediately and would lose their preference rights for any further leasing of state lands.

SPONSORED BY: District 5

PRIORITY: MEDIUM

APPROVED: JUNE 15, 1988

(This sheet to be used by those testifying on _____)

EXHIBIT (NO.)

4

DATE

3/6/89

DATE

3/6

HB 360

NAME:

LES TOEWS

ADDRESS:

1020 MIDDLE RD COLUMBIA FALLS, MT 59912

PHONE:

755-0584

REPRESENTING WHOM?

WEST MT. MINT GROWERS

APPEARING ON WHICH PROPOSAL:

HB 360

DO YOU:

SUPPORT?

AMEND?

OPPOSE?

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

HB 360

MONTANA MINT COMMISSION PROPOSAL

Peppermint acreage in the Flathead Valley has grown dramatically in the last 12 years. Growth has continued each year to the approximately 1200 acres harvested in 1988. Excellent soils, climate, and farming skills have produced some of the most desirable oil in the United States.

There are 18 growers and 4 distillation plants in the county. The 108,000 pounds of oil produced this year should bring receipts of over \$1,700,000 into the state. If this same acreage would have been planted to barley, it would generate only about \$200,000. Favorable prices and good yields have spurred growth to 1720 acres planted for 1989 harvest. Grower intentions indicate an acreage of 2500 acres within 2 years is probable.

In an attempt to protect the state and county from Verticillium Wilt a quarantine was placed on Flathead and Lake counties. Now as a further effort to protect our thriving crop, we would like your help in establishing a mint commission that would aid all of us in pest monitoring and research. Maintaining a disease free environment will go a long way toward keeping the mint industry profitable. Our intent with the establishment of this commission is to authorize the collection of an assessment from each of the growers within the state. These monies will be used for 3 purposes, 1) Conducting a research program, 2) Funding an integrated pest management program complete with field scouting services, and 3) Provide for the expenses of the commission.

It is of utmost importance to move quickly in the establishment of this commission while the industry is still young and vibrant. This act has the support of 90% of the growers and 94% of the acreage involved. We as representatives of the mint growers desire to establish this commission with the least amount of overhead possible and limit its functions to those described above, including the states enforcement abilities.

(This sheet to be used by those testifying on a

EXHIBIT NO. #7
DATE 3/6/89
BILL NO. HB 360
DATE: 3-6-89

NAME: Henry L. Ficken DATE: 3-6-89

ADDRESS: 710 N. Somers Rd Kalispell, MT.

PHONE: 406 752-3185

REPRESENTING WHOM? Flathead Mint Growers

APPEARING ON WHICH PROPOSAL: "Bill 360 Mint Committee"

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENT: This is a self help Bill for Montana
Mint Farmers. The cost will be absorbed
by the Mint Growers. IT is consistent
with "committees or commissions" in
other Mint Growing States. The Flathead Mint
Growers Passed This Proposal with an overwhelming
majority

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

