

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE

Call to Order: By Chairman Tom Beck, on March 8, 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 Chairman
Tom Beck

Members Excused: None

Members Absent: None

Staff Present: Doug Sternberg, Legislative Council

Announcements/Discussion: None

HEARING ON HOUSE BILL 352

Presentation and Opening Statement by Sponsor:

Representative Elliott, House District 51, stated,
"This is a bill to amend the laws that pertain to
conservation districts to allow a local conservation
district board to remove a supervisor for having more
than three unexcused absents. Everybody is happy with
it over in the House."

List of Testifying Proponents and What Group They Represent:

Ray Beck representing the Conservation Districts
Division for the Department of Natural Resources
John Dagon representing the Resource Council
Bob Lane representing the Montana Association of
Conservation Districts

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Ray Beck - "I rise in support of HB 352. This came about in the form of a resolution at their annual meeting. This is a problem several districts were facing. In the law, at the present time, an absentee supervisor position collective duty. Collect duty was not explained by law. This bill will help explain what the contribution is. The districts have added much to this bill. We have worked with them to try and get it into the proper format."

John Daggon - "I am a member of the Resource Conservation Advisory Council. I would like to go on record as in favor of this bill."

Bob Lane - "We also speak in support of this bill."

Questions From Committee Members: Senator Thayer - "The language on line 16, 17, and 18 on page 1 it says 'An elected supervisor shall hold office until his successor has been elected and has qualified.' Do we have to write something in the statutes that says if a person dies that he wouldn't be reappointed?" Ray Beck - "The reason these other items were put in here is to make it consistent with the county law. I agree with you. If a person is dead, it is obvious he's not going to remain in the position."

Closing by Sponsor: Representative Elliott hoped the committee would give HB 352 a do pass.

DISPOSITION OF HOUSE BILL 352

Discussion: None

Amendments and Votes: None

Recommendation and Vote: Senator Bengtson moved HB 352 TO BE CONCURRED IN. The motion carried unanimously.

Senator Beck was assigned to carry HB 352.

HEARING ON HOUSE BILL 273

Presentation and Opening Statement by Sponsor: Linda Nelson, House District 19, "It allows the agricultural

assistance program that was developed in 1986 to continue for another two years. This program provides peer counseling, voluntary mediation and financial advise to financially distressed farmers. The cost is not born totally by the state as producers are asked to pay according to their ability. There are also grants, donations, and federal matching dollars that help to make this program viable. I am a peer counselor with this program...The department also contracts the association of churches under this program. I also help in the hot line in the after hours as part of WIFE. This program is working. It keeps families on the farms and paying taxes in their local communities. It prevents mental and physical abuse. It saves families lives...This has been through the appropriations sub-committee on agriculture, so it is detained in the agriculture's budget."

List of Testifying Proponents and What Group They Represent:

Ralph Peck representing the Department of Agriculture
John Ortwein representing the Montana Catholic
Conference
Kay Norenberg representing the Agriculture Preservation
Coalition, the Montana Wool Growers, the Montana
Stockgrowers Association, and WIFE
Joan Forcella representing herself
Mary Lou Hieren representing the Montana Association of
Churches
Frank Loch representing Dutton Farmers
Bill Leary representing the Montana Bankers Association

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Ralph Peck - "We do support this bill. Here's a brief update. When this was before the House of Representatives in the mediation area we had five cases pending with 44 total requesting to get in the program. When we appeared before the appropriations committee in February we had 13 case pending and 52 requests. As of Friday, we have had 153 cases pending and 194 requests. Since that time, we have received an additional 40 cases of mediation. Most of these are coming from the Farm/Home Administration." See exhibit 9 for further testimony.

John Ortwein - See exhibit 2 for testimony.

Kay Norenberg - See exhibit 3 for testimony.

Joan Forcella - See exhibits 4 and 5 for testimony.

Mary Lou Hieren - See exhibit 6 for testimony. Ms. Hieren handed in testimony for the Montana Wool Growers Association. See exhibit 7 for testimony.

Frank Loch - "I see we are not out of the woods by a long shot. Prices may be up for cattle and all commodities straight across the board. Prices are no good if you don't have production. Our future with disaster payments and cheap money loans for disaster purposes are anybody's guess. That is what some of us are surviving on this year is disaster payments. I have no idea how many of my neighbors have sought assistance through the Ag assistance program. I have worked as an advocate for maintaining and keeping this program on stream ever since its conception...I know the statistics are there and the request and the need is there. If we are going to protect and nurture the family farm; we have to provide this type of helping hand. I urge you support of HB 273." See exhibit 8 for further testimony.

Bill Leary - "The voluntary mediation program has worked and it will continue to work. We do hope you will concur in HB 273."

Questions From Committee Members: Senator Beck - "Has the program worked pretty well?" Ralph Peck - "In our opinion yes."

Senator Beck - "Many of the foreclosures right now with the FHA are just beginning to take place. Is that correct?" Ralph Peck - "That's correct."

Senator Devlin - "Linda (Representative Nelson) do you ever see this ending?" Representing Nelson - "I certainly hope so. I feel like times started to turn around for agriculture perhaps a couple of years ago. Then we went into this drought and grasshopper problem and that has certainly depressed agriculture."

Senator Aklestad - "We have a lot of amended portions of the bill. How can it be portrayed as a continuation with all the amended portions in the bill? Representative Nelson - "I believe that because clarification of terms."

Senator Aklestad - "On page 4, lines 22 and 23. Is it possibly an expansion to the existing statute. Maybe

there is a clarification. You feel all the amended portions is just for clarification. Ralph Peck - "The information here was information present in the 87 legislation. This is simply pulling that information to find the pure counseling efforts, the financially unsecured creditors and other definitions. This bill will bring those definitions to the main part of the bill."

Senator Aklestad - "How have you been able to operate up to this point? Ralph Peck - "We operated the program with the terms specified in the special session in 1986."

Closing by Sponsor: Representative Linda Nelson - "I do feel this is a program with people helping people. I urge your support."

DISPOSITION OF HOUSE BILL 273

Discussion: None

Amendments and Votes: None

Recommendation and Vote: Senator Jergeson moved HB 273 TO BE CONCURRED IN; Senator Devlin seconded the motion. The motion carried unanimously.

Senator Jergeson was assigned to carry HB 273.

HEARING ON HOUSE BILL 701

Presentation and Opening Statement by Sponsor:

Representative Swysgood, House District 73, stated, "This is an act to provide for central filing in the office of the Secretary of State of certain statutory agricultural liens." See exhibit 10 for further testimony. Representative Swysgood submitted a sheet of amendments. See exhibit 11.

List of Testifying Proponents and What Group They Represent:

George Bennett representing the Montana Bankers Association
Cort Harrington representing the Montana Association of Clerk and Recorders

List of Testifying Opponents and What Group They Represent:

None

Testimony:

George Bennett - "We strongly support this bill. It follows through on legislation Senator Thayer sponsored in the last session to further Montana's program of centralized filing of Agricultural liens. I should note Montana's program of centralized lien filing is one of the first to be approved by the Federal authorities. What this bill does is to take your title 71 liens, your state law statutory liens, farm labors crop liens, seed and grain threshers liens, spraying, dusting, etc... It is required they be filed with the Secretary of State. So anyone searching for liens on farm or products can find them in the centralized filing. We have examined the amendments proposed by the department of Agriculture and also the one amendment proposed by the County Clerks. These amendments help the bill."

Cort Harrington - "The clerks generally are opposed to centralized filing because it takes the filing away from the county office. However, with respect to Ag liens, most of the ag liens are currently filed with the Secretary of the State and after consulting with the numerous clerks, they said they're aren't enough liens affected by this bill to make any difference. Therefore, they would support this bill. There is one technical amendment, on page 3, line 19. It talks about filing renewal of a lien." Mr. Harrington submitted an amendment. See exhibit 12.

Questions From Committee Members: Senator Aklestad - "Who's obligation is it to pull these liens off at the time the indebtedness is paid?" George Bennett - "The liens are going to filed with the Secretary of State. The liens release and lien termination should be filed with the Secretary of State. That's what their amendments do."

Senator Aklestad - "You don't have to pay for your state hail insurance at the time you take out?" Ralph Peck - "That's correct. It can go against your tax roll."

Senator Aklestad - "What if a guy doesn't own real estate? What if he rents? Can he get hail insurance? Who are these 200 guys that are late?" Ralph Peck - "Then it would go against the crop. So you can do it against the property or you can do it against the crop."

Senator Devlin - "What are these 200 guys late about? Are they late paying their taxes is that why you're short?"
Ralph Peck - "Yes."

Senator Beck - "Does the county Treasurer write you a warrant for this? Would they normally write you a warrant for the hail insurance and they pick up the delinquent taxes?" Ralph Peck - "It's put on as a receivable and then it's received by the county when they pay their taxes."

Senator Beck - "You don't get it until the delinquent taxes are paid?" Ralph Peck - "I think that is correct."

Closing by Sponsor: Representative Swysgood closed.

Senator Thayer was assigned to carry HB 701.

HEARING ON HOUSE BILL 367

Presentation and Opening Statement by Sponsor:

Representative O'Keefe, House District 45, explained HB 367 cleans up what we passed in 1987 session when we passed the water development statute. We set up the people of the Department of Natural Resources as bankers. Bankers who loan money to water development program which were ran by private entities. The legislature doesn't have the constitutional authority to do that so we delegated it the Department of Natural Resources. The one thing we didn't do when we delegated that responsibility to them was give them a mechanism to protect the investments we make with the state money. What this bill would do is allow the Department to use funds in the water development special revenue account and water development general obligation bond proceeds to protect the loans that are made under the water development private loan program. Right now there are about 55 loans totaling \$4 million out from DNRC to private individuals around the state. These are primarily irrigation projects. In the case the Department would have to foreclose on any of these loans, the department needs to be in a position to protect its security interests. That's what HB 367 does." Representative O'Keefe submitted a sheet of amendments. See exhibit 13.

List of Testifying Proponents and What Group They Represent:

Gary Fritz representing the Department of Natural

Resources and Conservation
Jo Brunner representing the Montana Resources
Association

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Gary Fritz - "We went along in this loan program and we found out indeed we have made a few loans that have gone into default and we're going to have to pursue foreclosure on it. If the foreclosure takes us to the point of going to a sheriffs sale we have to have the ability to buy out a prior lien if we are going to protect our interests in that loan. This is one of the things this bill would do. It would allow us to use money from the two accounts...to take over projects and operate them if necessary. The only time I can see this is necessary is if somebody walks away from the project...The guts of the bill are - we think we need to have the same tools available to us that the banks have available to them in terms of being able to protect their investments." Mr. Fritz indicated the Department would support the amends submitted by Representative O'Keefe.

Representative O'Keefe indicated that Jo Brunner wanted to go on record as supporting HB 367.

Questions From Committee Members: Senator Devlin - "Didn't you build some alcohol plants?" Gary Fritz - "We haven't loaned any monies to projects like that out of the water development program."

Senator Aklestad - "Without the amendment, what funds would you use to buy out these existing funds." Gary Fritz - "The amendment has nothing to do with buying out the loans."

Senator Aklestad - "You said you would use other funds. I want to know what other funds you would use to buy the loans out?" Gary Fritz - "We would use the account on the water proceeds account for the water development special revenue account to operate projects or to buy out prior liens."

Senator Aklestad - "How much money do you have available in those accounts?" Gary Fritz - "In the bond proceeds account, right now we would have about half a million dollars."

Closing by Sponsor: Representative O'Keefe urged the committee to pass HB 367.

Senator Weeding was assigned to carry HB 367.

DISPOSITION OF HOUSE BILL 69

Discussion: Doug Sternberg explained the amendments. See exhibit 15.


Amendments and Votes: Senator Thayer moved to amend HB 69 (HB006901.ADS); Senator Aklestad seconded the motion. The motion carried with Senator Devlin voting no.

Recommendation and Vote: Senator Thayer moved HB 69 TO BE CONCURRED IN AS AMENDED. The motion carried.

Senator Jenkins was assigned to carry HB 69.

ADJOURNMENT

Adjournment At: 2:44 P.M.



SENATOR TOM BECK, Chairman

TB/jj

ROLL CALL

AGRICULTURE COMMITTEE

DATE 3/8/89

51st LEGISLATIVE SESSION 1989

NAME	PRESENT	ABSENT	EXCUSED
SENATOR HUBERT ABRAMS	✓		
SENATOR GARY AKLESTAD	✓		
SENATOR ESTHER BENGTON	✓		
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

March 8, 1989

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation, having had under consideration HB 352 (third reading copy -- blue), respectfully report that HB 352 be concurred in.

Sponsor: Elliot (Beck)

BE CONCURRED IN

Signed: Thomas A. Beck

Thomas A. Beck, Chairman

Handwritten:
T.A.
3/8/89
3:16 p.m.

SENATE STANDING COMMITTEE REPORT

March 8, 1989

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation, having had under consideration HB 273 (third reading copy -- blue), respectfully report that HB 273 be concurred in.

Sponsor: Nelson, L. (Jergenson)

BE CONCURRED IN

Signed: _____

Thomas A. Beck

Thomas A. Beck, Chairman

*N.C.
3/8/89
3:16 p.m.*

SENATE STANDING COMMITTEE REPORT

March 9, 1989

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation, having had under consideration HB 69 (third reading copy -- blue), respectfully report that HB 69 be amended and as so amended be concurred in:

Sponsor: DeBruycker (Jenkins)

1. Title, line 8.
Strike: "ANY LESSEE"
Insert: "CERTAIN LESSEES"

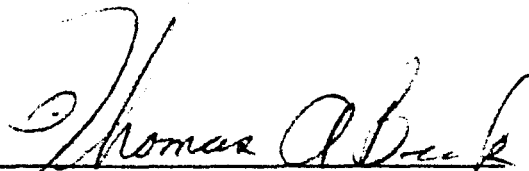
2. Title, line 9.
Strike: "HIS"
Insert: "THEIR"

3. Page 2, line 20.
Following: "unit;"
Insert: " however, when a state land lease is held by an association, company, or corporation, conviction of a member of the association, company, or corporation under this subsection does not result in cancellation of the lease unless it appears that the operator, manager, or family in control of the association, company, or corporation is a consenting party or privy to a violation of this subsection;"

4. Page 5, line 2.
Following: "unit."
Insert: "When a state land lease is held by an association, company, or corporation, conviction of a member of the association, company, or corporation under this subsection does not result in loss of lease preference unless it appears that the operator, manager, or family in control of the association, company, or corporation is a consenting party or privy to a violation of this subsection."

BE CONCURRED IN AS AMENDED

Signed:


Thomas A. Beck, Chairman

4/10
3/9/89
3:29
p.m.

BILL SUMMARY--SENATE AGRICULTURE COMMITTEE HB 367, HB 701
MARCH 8, 1989
PREPARED BY DOUG STERNBERG, COMMITTEE STAFF

HB 273 Section 1: adds six terms to the definition section
Section 2: specifically includes voluntary debt mediation as a type of assistance to be provided under the agricultural assistance program
Section 3: requires the department to contract with mediators in providing assistance; requires training for farm financial consultants and mediators; continues present toll-free telephone line and advisory board
Section 4: repeals session law that established termination date
Section 5: repeals agricultural assistance and counseling program
Section 6: extends present agency rulemaking authority
Section 7: standard severability section
Section 8: effective date of all sections except sec. 5 on July 1, 1989; effective date of program termination (sec. 5) July 1, 1991

HB 352 Section 1: clarifies what constitutes a vacancy in the office of conservation district supervisor; allows for excused absences from meetings
Section 2: includes vacancy as a condition of removal from office of supervisor

HB 367 Section 1: provides that the water development account may be used to purchase liens and operate property as provided in sec. 3
Section 2: allows appropriation of a certain amount of the water development account for purchase of liens and operation of property
Section 3: establishes criteria for lien purchases and property operation; requires expeditious resale of property to recover funds
Section 4: includes lien purchase and property operation in restrictions on use of water development bond proceeds
Section 5: authorizes sale of water development bonds for lien purchases and property operation
Section 6: extends present agency rulemaking authority
Section 7: provides immediate effective date

HB 701 Section 1: revises information required in agricultural lien statements; requires that a copy of statements filed with the county clerk also be filed with the secretary of state by March 31, 1990
Section 2: requires that farm laborers' liens be filed only with the secretary of state
Section 3: deletes reference to recordkeeping by a county clerk with regard to farm laborers' liens

Ex. #1
3/8/89

Section 4: requires that seed or grain liens be filed only with the secretary of state

Section 5: requires that hail insurance liens be filed only with the secretary of state

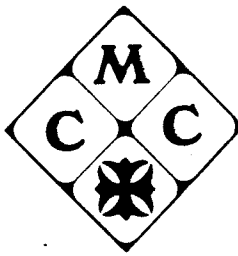
Section 6: requires filing of threshers' liens only with the secretary of state

Section 7: requires that crop or grain liens for spraying or dusting be filed only with the secretary of state

Section 8: repeals sections outlining lien filing duties of county clerks

Section 9: extends present agency rulemaking authority

Section 10: applies centralized filing to liens filed after 9/30/89



Montana Catholic Conference

March 8, 1989

CHAIRMAN BECK AND THE SENATE AGRICULTURE 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.

DATE 3/8/89

BILL NO. HB 273

HB 273

Kay Noenberg - WIFE (Women Involved In Farm Economics)
Support X

Chairman Beck, members of the committee, my name is Kay Noenberg, representing WIFE (Women Involved In Farm Economics). Today I am also representing the Agriculture Preservation Assoc. and the following members of the Mt. Ag. Coalition. Farmers Union, Farm Bureau, Stockgrowers, Cattlemen, Woolgrowers, Grange, Cattlefeeders Assoc., Cattlemen of Mt. Grain Growers Assoc.

We appreciate the opportunity to testify here today in support of HB 273.

When Mt. Wife came to the 50th legislature seeking funding for the agricultural assistance program we had hoped that we would have experienced a turn around in the crisis facing agriculture. Instead much of our state hosted the worst drought in over 50 years, particularly in the eastern portion.

This program to us is extremely successful. Montana has not had to experience as many of the horror stories as some, keeping borrowers and lenders on a more even keel.

This bill would continue the work that has been successful for the last few

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HB 273

few years. It is important that farmers and ranchers have some one to go to to help them make right decisions.

The twenty four hour hot line gives them the opportunity to have assistance when they are needing it the most and we feel this is a necessary part of the program. Wife volunteers man the hot line after hours & weekends so this assistance is available at all times.

This bill includes reimbursements for the Mt. Assoc. of Churches & some peer counselors, financial counselors, and training sessions held jointly for peers & financial counselors & hotline operators, utilizing Extension services and other agencies whenever possible.

The number of after hour calls have been slow. We believe this will probably pick up this spring when farmers set out to get operating funds for spring work.

We would recommend the committee give this bill a do pass.

Thank You!

(This sheet to be used by those testifying on a bill.)

EXHIBIT NO. 4

DATE 3/8/89

BILL NO. HB 273

NAME: Joan Forcella DATE: 3/8/89

ADDRESS: 33 Porcella Rd Whitehall, Mt, 59759

PHONE: 287-3756

REPRESENTING WHOM? Montana Ass. of Churches & St Hy Dept

APPEARING ON WHICH PROPOSAL: HB 273

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENT: See Exhibit #5

Multiple horizontal lines for additional comments or notes.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

To: Tom Beck, Chairman
Senate Agriculture, Livestock
And Irrigation Committee, And
All committee members:

March 8, 1989

RE: HB 273 (Agriculture Assistance Program)

Good afternoon Mr. Chairman, and committee members:

My Name is Joan Forcella. I work with the State Department of Agriculture And the Montana Association of Churches as a 1st. Counselor, tho I prefer Farm Advocate.

My testimony here today is twofold. The first and by no means least important is that I too am a rancher, along with my husband and we want to stay in this business even tho the monetary dividends are few and far between the satisfaction we get from our avocation makes it well worth while. And we find that there are very few people who understand the current business facing the profession. So, when there are highly trained professionals out there we must do everything in our power to keep them. With the ever changing rules and regulations of most all lending institutions we could not keep pace without the help of these dedicated people who are schooled in all aspects as regulations change. I feel certain that without the training I have received and applied to our operation we might well be among those who have lost the farm due to certain rules and regulations too complex and frustrating to cope with.

Ex #5 PS 2
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Secondly: as a farm advocate, it has been my pleasure to be able to assist numerous farmers and ranchers throughout the state with a variety of things from just a phone conversation or two, to hours and hours of preparing financial statements and cash flows, to the most current packets sent out by the FARM that take a minimum of 4 to 8 hours to properly prepare provided all the necessary information is at hand, which most of the time is not. Just knowing where to go to get the needed information can be troublesome to say the least. The people we deal with for the most part want only to stay in business and to be able to pay their debts and the system becomes so complicated that without our help they may be forced out of business by lenders without a heart. Can you imagine what it is like to be faced with these types of obstacles and to have no one to turn to. Well believe me I do. And I know how much it means to those who need us and have already been helped by our program. I guess I still to this day how an important a program can be terminated when the need is there and will continue to be with as long as there are people. All we are asking is that this program be funded again at the current level so we will be there when someone needs help. What a shame it would be if all the training we have received and all the help we have been in the past and can be in the future were to be terminated because of lack of funding especially since we all do this on a volunteer basis. We receive absolutely no wage for what we do, and let me tell you the people I have worked

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with find it very surprising, to say the least, that we do this just because we want to help. You know in this day and age that is a rare commodity. Tell me how many of you people would spend hundreds of hours in training, and twice that many trying to help others out of a dilemma that occurred due to circumstances beyond your control, not many I'd venture to say.

In the Butte Montana Standard dated March 3, 1989 there is an article that states that by 1991 our government will have a surplus of \$ 50,000,000. Now tell me why you say there is a shortage of money especially for so necessary a program. I'd like to see your rational. I have enclosed a copy of that article.

In closing I would just like to ask you, if your livelihood was at stake and you had no one to turn to for help what would you do? So please don't be silent and please don't terminate so fine a program.

Thank you for your work,

Joan Forcella Pa.
Joan Forcella Pa.

State may have extra \$50 million

HELENA (AP) — Montana will have \$50 million more revenue than expected by mid-1991 because the state is taking in more money from income taxes, investments and inheritance taxes, according to a report prepared by a former member of the governor's budget staff.

The document was compiled by Terry Johnson, now an aide for Democratic House Speaker John Vincent of Bozeman, and predicts that revenue in the current fiscal year ending June 30 may reach \$401 million, a \$10 million increase over projections made by the last Legislature.

Johnson said the trend suggests revenue during the next two-period, for which the Legislature is preparing a budget, will top \$811 million.

That is \$40 million more than predicted by a joint legislative committee and \$62 million more than contemplated in the governor's budget, Johnson noted.

Johnson, considered an expert in revenue forecasts during his years in the budget office, attributed the rosy money picture to higher-than-expected collections through the end of February.

Revenue has exceeded projections by \$20 million and is \$33.6 million ahead of the level last year at this time, he said.

Johnson said most of the improvement is the result of individual income taxes, which are \$10.4 million higher than last year. Federal tax reform, which eliminated many deductions for Montana taxpayers, has caused most of the increase, he said.



Montana Association of Churches

SENATE AGRICULTURE
EXHIBIT NO. 6
DATE 3/8/89
ROCKY MOUNTAIN COLLEGE #HB273
TYLER HALL NO. 511 POLY DRIVE
BILLINGS, MONTANA 59102

REV. LAWRENCE F. SMALL, Ph. D.
EXECUTIVE DIRECTOR

TELEPHONE 252-5138

WORKING TOGETHER:

March 1989

American Baptist Churches
of the Northwest

**TESTIMONY/SENATE AGRICULTURE, LIVESTOCK AND IRRIGATION
COMMITTEE**

Christian Churches
of Montana
(Disciples of Christ)

CHAIRMAN BECK AND MEMBERS OF THE COMMITTEE:

Episcopal Church
Diocese of Montana

I am Mary Lou Heiken, the Rural Ministries Coordinator for the Montana Association of Churches.

Evangelical Lutheran
Church in America
Montana Synod

I urge you to support HB273 to continue the Montana Agriculture Assistance Program.

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

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.

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

The Agricultural Assistance Program goal is to aid and help 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.

Roman Catholic Diocese
of Great Falls - Billings

Requests for assistance from our peer counselors 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 negative financial effects of the 1988 drought are starting to surface and will become more evident later into spring.

Roman Catholic Diocese
of Helena

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

United Methodist Church
Yellowstone Conference

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.

Ex. #6
3/8/79
HB 273

Page two
Senate Testimony

Our cooperative efforts yield mega benefits! We have access to informational resources, credibility, and contacts that otherwise are not available. We have a working network that only gets better. This program is much more than just public dollars!

A recent survey of the Ag Assistance Program USERS gave an overall rating of 88% excellent to good and 12% fair to poor which was a 5% improvement over the previous survey. A farm wife's words best describe its' value:

"My husband was able to talk to a counselor in his time of depression. They talked for two hours which helped him more than anything...he sent us a lot of information on what options we had. He spent his Saturday evening with us talking. The verbal support we got was unreal. My husband had been so depressed. I was really concerned. After talking he seemed so much better."

Although the agricultural economy in Montana is on the upswing, for many farmers this is a critical crossroad. They need assistance in mapping a future course. With my exposure to agriculture problems, I have learned that all things are not equal and you just can't treat them like they are.

We need your support of HB273 to continue the Montana Agricultural Assistance Program. I appreciate your consideration and the opportunity to testify.

2:27

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HB 273



Agriculture is Montana's #1 industry. Nationally, about one out of every 5 jobs are directly related to agriculture. About 25 percent of all jobs in Montana's cities and towns are involved in one way or another with agriculture!

The Ag Assistance Program helps farmers/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.

**AGRICULTURAL
ASSISTANCE
PROGRAM
AND
FARM/RANCH
HOTLINE
1-800-722-FARM**

**Referral Services
Financial Consulting
Peer Counseling
Debt Mediation**

Peer Counselor:

Knowledgeable individuals in production agriculture who can provide immediate contact, counseling, emotional support, and referral assistance. The farmer/rancher has access to information about the new Farm Credit Bill regulations and assistance to prepare for mediation.

Financial Consultant:

Professional consultants can assist farmer/rancher in financial areas such as budgeting, balance sheets, cash flow, or debt restructuring.

Mediation:

Individuals trained in mediation techniques can assist the farmer/rancher and his lender to work together toward a mutually beneficial solution to loan repayment problems.

***In a recent survey of the Ag Assistance Program, USERS gave an overall rating with 88% excellent to good and 12% fair to poor which is a 5% rating improvement over the 1987 survey.

Ex. #6
#3273
3/8/89

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.

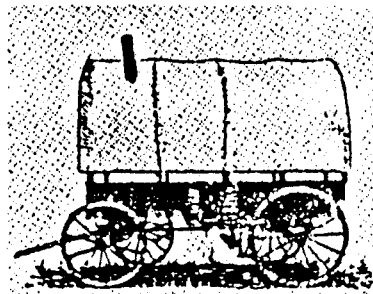
Great Falls Tribune
1/29/89



**AGRICULTURAL
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**Referral Services
Financial Consulting
Peer Counseling
Debt Mediation**



MONTANA WOOL GROWERS ASSOCIATION

EXHIBIT NO. 7

DATE 3/8/89

BILL NO. HB 273
Livestock Building - 7 Edwards St.
P.O. Box 1693
Helena, Montana 59624
Phone: (406) 442-1330

Mr. Keith Kelly
Director
Montana Department of Agriculture
6th and Roberts
Helena, Montana 59620

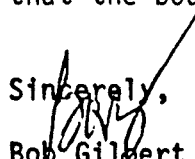
December 16, 1988

Dear Keith,

The Montana Wool Growers association board of directors discussed the Montana Agriculture Assistance program at their recent board meeting in Billings. The operation of this program was reviewed by Mary Lou Heiken, Rural Ministries Coordinator, for the Montana Council of Churches. Director Leonard Grove has attended several meetings on the program and has monitored its activities.

As a result of the discussion, the MWGA board authorized me to write a letter of support for the program urging current funding levels of \$125,000 per year. It is evident by that action that the board feels the program is serving a useful purpose.

Sincerely,


Bob Gilbert
Secretary-Treasurer

CC Board
Mary Lou Heiken, 1511 Poly Drive, Billings, Montana

(This sheet to be used by those testifying on a bill.)

EXHIBIT NO. 8

DATE 3/8/89

BILL NO. HB 273

DATE: 3/8

NAME: FRANK LOCH, JR

ADDRESS: BOX 2870 Dutton, MT 59433

PHONE: (406) 463-2493

REPRESENTING WHOM? self

APPEARING ON WHICH PROPOSAL: HB 273

DO YOU: SUPPORT? Yes AMEND? _____ OPPOSE? _____

COMMENT: MONTANA agriculture is not out of the woods yet. Continued escalation of production costs, interest, and equipment costs coupled with the possibility of continuing drought certainly will continue to pressure the economic condition for many producers. Under these stressful conditions we may provide many the help & assistance necessary for their survival - thus protecting and furthering family farming.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Frank Loch Jr

SENATE AGRICULTURE

EXHIBIT NO. 9

DATE 3/8/89

BILL NO HB 273

*1/22/89
5 cases pending
44 requests
2/12/89
13 pending
52 requests*

MONTANA FARM HOTLINE

Week of	2/27 - 3/05	Total
Total Calls	29	2201
Program People(PC-MED)	2	423
Information	12	629
Assistance Request	7	545
Follow-up	0	308
Legal Information	1	117
Miscellaneous	7	179

Current peer counselor assignments ----- 183
 Total peer counselor requests ----- 410

Mediation cases in process ----- 0
 Mediation cases pending ----- 153
 Mediation cases completed ----- 9
 Mediation declined by borrower ----- 8
 Mediation declined by lender ----- 6
 Mediation declined by bankruptcy ----- 2
 Mediation discontinued by requestor ----- 16
 Total Mediation cases ----- 194

+ 40

Financial consultant cases assigned ----- 16
 Financial consultant cases completed ----- 92
 Total financial consultant cases ----- 108

Department of Agriculture

TESTIMONY FOR HB-701

AG LIEN BILL

Mr. Chairman & Members of the Committee:

Most all Ag liens are now filed on a computer at the Secretary of State's office so that lenders, farm laborers, threshermen, fuel and chemical dealers, crop dusters, and other ag inputters can apply their liens to ag buyers. Under current federal and state law, all lenders and ag inputters must utilize the centralized filing service at the Secretary of State's office to make their lien effective against buyers of ag products such as grain and livestock. It is, therefore, a waste of time and money to file ag liens with the county. To file at the counties and not the state would allow the buyers of ag products to take those products free and clear of any lien.

HB-701 is merely a housekeeping bill to eliminate the county as a place of filing ag liens. As I said, virtually everyone is already filing their ag liens at the Secretary of State's office. To also file them at the county is a duplication and unnecessary expense.

Centralized filing has been working extremely well since it was put into place 4 years ago. All buyers of ag products merely have to contact the Secretary of State's office to determine what lenders and creditors have ag liens filed against the ag products being sold. Before centralized filing no one knew who had what lien because they were filed in 56 different counties.

Please support HB-701.

Amendments to House Bill No. 701
 Third Reading Copy
 Requested by Rep. Swysgood
 Prepared by Mary McCue
 March 8, 1989

1. Title, line 7.
 Strike: "AND"

2. Title, line 8.
 Following: "71-3-902,"
 Insert: "80-2-207, 80-2-226, AND 80-2-230,"
 Following: "SECTIONS"
 Insert: "71-3-131,"

3. Page 3, line 14.
 Following: "means a
 Insert: "crop"

4. Page 3, line 15.
 Following: "or"
 Insert: "a lien"

5. Page 10, following line 7.
 Insert: "Section 8. Section 80-2-207, MCA, is amended to read:
 "80-2-207. Delinquent taxes -- application by delinquent --
 crop lien. (1) No owner of land who has more than 1 year's
 delinquent taxes on his land ~~shall~~ may be allowed hail insurance
 under the provisions of this part, unless his application is
 accompanied by a cash payment for the amount that would be due on
~~said the~~ application in the event of a maximum levy for that
 year.

(2) Any grain grower unable to secure state hail insurance
 under the provisions of this part on account of delinquent taxes
 or for other reasons may make application to the county assessor
 of his respective county and said county assessor is hereby
 authorized to receive and accept ~~such the applications where if~~
 the applicant furnishes a sufficient crop lien subject only to a
 seed lien, ~~provided that such~~ However, the crop lien shall may
 be accepted only under such rules and requirements as ~~may be~~
 prescribed by the board of hail insurance. ~~and provided that the~~
 The board may cancel any hail insurance accepted in violation of
 said rules and requirements. Upon receipt of ~~said the~~
 application, the county assessor shall make record ~~thereof of it~~
 and shall file ~~the original~~ a statement of agricultural lien as
provided in 71-3-125 in the office of the clerk and recorder of
said county secretary of state. ~~He~~ The county assessor shall also
 cause an assessment for the proper amount to be made on the
 assessment rolls in the same manner provided for in the case of
 other special levies or assessments.

(3) No tenant who has delinquent hail insurance which was
 secured by a crop lien only and not secured by real estate shall
 be allowed another policy in any succeeding year until he pays

his delinquent account or accounts or until he pays cash for the current hail insurance.

(4) If any tenant becomes delinquent for his hail insurance after having failed to apply for relief as provided by the board under 80-2-229, he may apply to the board for a reduction. If his reasons for requesting a reduction are approved by the board, the board may reduce his charge to not less than one-half the original amount charged."

"Section 9. Section 80-2-226, MCA, is amended to read:

"80-2-226. Crop lien -- when created -- assessment. (1) In addition to the lien created in 80-2-225 on the land of the insured, the levy for such hail insurance ~~shall constitute~~ constitutes a lien on the crops insured with the exception that the crop lien may not apply to owners of unencumbered land or to the land or crops of those who pay cash for hail insurance. The applications of these persons ~~may not~~ must be filed with the county clerk and recorded ~~as provided for in 80-2-207.~~ The clerk shall file a statement of agricultural lien in the office of the secretary of state. The crop lien shall be included in all applications for hail insurance, with the above exceptions, and shall be enforced as provided in 80-2-230 and 80-2-231 against all insured except those owning unencumbered land or those who have paid cash for hail insurance.

(2) All applicants securing hail insurance on crop liens as heretofore provided shall be subject to the same charges per acre as provided herein to be made on land."

"Section 10. Section 80-2-230, MCA, is amended to read:

"80-2-230. Collection of levies -- release of lien. (1) The county treasurer in each county in the state shall collect all levies made under this part in the same manner as other property taxes are collected and shall keep all moneys collected by him or for him for hail insurance in a separate fund to be known as the hail insurance fund and remit the same to the state treasurer in the same manner as provided by law for the remittance of other moneys due to the state. All county treasurers shall use due diligence in making the collections of the levies provided herein. Also the board may furnish assistance needed at any time in making collections or may take over the collection of any levy at any time, depositing any collections therefrom with the treasurer of the county where the levy therefor was made.

(2) All insurance levies, whether levied against land or in the form of special assessments secured by crop liens, shall be payable in full and not in semiannual payments on or before November 30 of each year in which such levies are made.

(3) Whenever the amount due on any hail insurance secured by a crop lien is paid, the county treasurer shall promptly ~~endorse on the lien on file in the office of the county clerk and recorder~~ file the appropriate notice of lien release with the office of the secretary of state as provided in Title 71, chapter 3. ~~the amount paid thereon with the date of payment and such endorsement shall be a satisfaction and release of such lien."~~

Renumber: subsequent sections

Ex #11
3/8/89
HB 701

6. Page 10, line 8.
Following: "Sections"
Insert: "71-3-131,"

SENATE AGRICULTURE

EXHIBIT NO. 12

DATE 3/8/89

BILL NO. HB 701

Carl Harrington

PROPOSED AMENDMENTS TO HOUSE BILL NO. 701

1. Page 3, Line 19

Following: "DATE"

Strike: "there is filed"

Insert: "the lienor files."

Amendments to House Bill No. 367
THIRD READING BILL

1. Title

Line 11

Following: "SECURED;"

Insert: "CREATING THE WATER DEVELOPMENT LOAN LOSS RESERVE FUND"

Line 12

Following: "85-1-102,"

Insert: "85-1-603,"

Following: "85-1-604,"

Insert: "85-1-613,"

2. Page 7.

Following: line 21

Insert: "SECTION 2. Section 85-1-603, MCA, is amended to read:

"85-1-603. Water development debt service fund created - coal severance tax allocated, and water development loan loss reserve fund created. (1) (a) There is created a water development debt service fund within the debt service fund type established in 17-2-102.

+2+-(b) The state pledges and allocates and directs to be credited to the water development debt service fund, as received:

+a+-(i) 1 1/4 % of all money from time to time received from the coal severance tax collected under Title 15, chapter 35, and remaining after allocation of such tax under 15-35-108(1) and (2);

+b+-(ii) any principal and accrued interest under 85-1-613(3)(a) received in repayment of a loan made from the proceeds of bonds issued under 85-1-617;

+c+-(iii) all interest income earned on proceeds of water development bonds; -and

+d+-(iv) revenue or money otherwise required to be paid into the water development state special revenue account pursuant to 85-1-604, as determined by the board of examiners in connection with the issuance of bonds pursuant to 85-1-617; and

(v) money received from the water development loan loss reserve fund as the result of a loan loss.

(2) (a) There is created a water development loan loss reserve fund within the debt service fund type established in 17-2-102.

(b) The state pledges and allocates and directs to be credited to the water development loan loss reserve fund all accrued interest under 85-1-613(3)(b) received in repayment of a loan made from the proceeds of bonds issued under 85-1-617.

(c) If the department determines that a loan loss has occurred on a loan made pursuant to this part, funds from the water development loan loss reserve fund must be transferred to the water development debt service fund in an amount equal to the amount that would otherwise be available for debt service under 85-1-603(2)(ii) as a result of the loan loss."

Renumber: subsequent sections

3. Page 10.

Following: line 15

Insert: " SECTION 4. Section 85-1-613, MCA, is amended to read:
"85-1-613. Limits on loans. * * *

(3) The board shall from time to time establish the interest rate at which loans may be made under this part that is sufficient:

(a) to cover the bond debt service for a loan; and,
(b) to establish and maintain a loan loss reserve fund to be used for bond debt service if a loan loss occurs." "

3/8/89

EXHIBITS WERE MISNUMBERED. THERE IS NO EXHIBIT # 14 FOR THIS DAY.

Amendments to House Bill No. 69
Third Reading Copy

For the Committee on Senate Agriculture

Prepared by Doug Sternberg, Committee Staff
March 7, 1989

1. Title, line 8.

Strike: "ANY LESSEE"

Insert: "CERTAIN LESSEES"

2. Title, line 9.

Strike: "HIS"

Insert: "THEIR"

3. Page 2, line 21.

Following: "unit;"

Insert: "however, when a state land lease is held by an association, company, or corporation, conviction of a member of the association, company, or corporation under this subsection does not result in cancellation of the lease unless it appears that the operator, manager, or family in control of the association, company, or corporation is a consenting party or privy to a violation of this subsection;"

4. Page 5, line 2.

Following: "unit."

Insert: "When a state land lease is held by an association, company, or corporation, conviction of a member of the association, company, or corporation under this subsection does not result in loss of lease preference unless it appears that the operator, manager, or family in control of the association, company, or corporation is a consenting party or privy to a violation of this subsection."

