

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE, LIVESTOCK, & IRRIGATION

Call to Order: By CHAIR LINDA NELSON, on January 9, 1991 at 3:00 p.m.

ROLL CALL

Members Present: All present
Linda Nelson, Chair (D)
Don Steppler, Vice-Chairman (D)
Bob Bachini (D)
Joe Barnett (R)
Gary Beck (D)
Jane DeBruycker (D)
Roger DeBruycker (R)
Jim Elliott (D)
Marian Hanson (R)
Harriet Hayne (R)
Vernon Keller (R)
Don Larson (D)
Jim Madison (D)
Ed McCaffree (D)
John Phillips (R)
John Scott (D)

Staff Present: Connie Erickson, Legislative Council.
Claudia Johnson, Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

CHAIR LINDA NELSON welcomed the Committee Members to the Agriculture Committee. She said agriculture is the number one industry in the State and felt there would be some very important bills coming through the committee this session. She had each of the members introduce themselves.

HEARING ON HB 90

Presentation and Opening Statement by Sponsor:

REP. JOHN COBB, House District 42, Augusta, said his bill is an act repealing the Montana Agricultural Loan Authority Act (MALA). **REP. COBB** said the Act and the beginning Farm Loan Program have been inactive since adoption of the Federal Tax Reform Act of 1986 because of the loss of an effective funding source. He said no

programs are anticipated at this time and no bonds have been issued since 1986. He gave three reasons why the bonds have not been issued since that time even though they are tax exempt: 1) the federal laws are very strict on who they qualify for tax exempt bonds, i.e. no relatives can buy your land; 2) it is restricted to farmers that have more than 15 acres; and 3) the farmer has to have a bank that will qualify with the federal laws. The banks would rather the farmer have a guaranteed loan or go through the Farmers Home Administration (FmHA). REP COBB said other states have used this tactic, but started earlier and have smaller farms than Montana does. He said these bonds have been issued two different times and are no longer being issued. This bill is also used as a tax credit, if a farmer sold his land he could receive \$50,000 credit on capital gains and interest, but only one person per year has been using this process. He distributed information on MALA. EXHIBIT 1 It states in the MALA distribution that a hypothetical \$2.1 million has been sitting in an account the State has had for years. The Montana Board of Housing (MBH) and the Montana Higher Education Student Assistance Corporation (MHESAC) are designated as the state issuers to use this money.

Proponents Testimony:

Everett Snortland, Director, Department of Agriculture, distributed information. EXHIBIT 2 Supports HB 90 that repeals MALA and allocates bonding authority between certain state programs.

Mr. Snortland distributed a letter from Rep. Bardanoue in support of HB 90. EXHIBIT 3

Kim Enkerud, Mt. Stockgrowers, stated her support for HB 90.

Randy Johnson, Executive Vice President of Mt. Grain Growers, wanted to be on record in support of HB 90.

Kay Norenberg, W.I.F.E., went on record in support of HB 90.

Carol Mosher, Mt. Cattle Women, stated her support of HB 90.

Questions From Committee Members:

REP. ELLIOTT asked REP. COBB about line 18, section 2, if the 4 percent, \$4,200,00 for MHFA, was new language in the bill. REP. COBB replied it is.

Karen Munro, Department of Administration, stated that MBH and MHESAC are the primary users of the volume cap, and the allocation is split 50/50 in issuing the loans.

REP. BACHINI asked Ms. Munro if the \$2 million that is left over is actual money or bonding authority. Ms. Munro replied it is bonding authority. She said the State has a \$150 million bonding cap, \$105 million applied from the State, local is \$45 million and is applied towards MBA and MHESAC.

REP. MCCAFFREE asked Mr. Snortland if the excess money has to be paid back. Mr. Snortland replied it is not the access to the money, but the ability to pay the loan back, i.e., money borrowed by the farmers. He stated that the money is not actually there, but is "per se" only.

Rep. Madison asked Ms. Munro if under the Tax Reform Act of 1986, the Congress of the United States that Montana can only issue a total of \$150 million of tax exempt bonds per year. Ms. Munro said that was correct.

Closing by Sponsor:

REP. COBB said in the beginning, the tax exempt bonds were a good idea, but rules in the state and federal government became involved to keep them from being implemented, i.e., lower interest rates for the farmers. He said the \$2.1 million that is in MALA, will be divided 50/50 between MHESAC and MBH.

HEARING ON HB 66

Presentation and Opening Statement by Sponsor:

REP. JOE BARNETT, House District 76, Belgrade, said HB 66 is an act to include bee parasites in the definition of bee diseases. This bill would allow the Department of Agriculture to establish an hourly rate for inspection fees in addition to the present inspection fees. He said this allows the Department of Agriculture and other state agencies to carry out the Montana Bee Policy. The parasites in bees have not been defined as a disease. REP. BARNETT asked Ron Barnett to explain to the committee what this bill does.

Proponents' Testimony:

Ron Barnett, President, Montana Beekeepers Association, said with increased agriculture yields the demand for bee pollination has become extensive throughout the United States. He stated that one third (1/3) of the human diet is indirectly or directly benefitted by the honeybee. HB 66 will allow the state of Montana to enter into an agreement with Washington, Oregon, California, Idaho, Nevada, Arizona, South Dakota, New Mexico, Utah, North Dakota, Colorado and Wyoming to establish a procedure for the intraregional, interstate movement of honeybees (*Apis Millifera*) to control the introduction and spread of Varroa Mite (*Varroa Jacobsoni*). EXHIBIT 4

Everett Snortland, Director of the Department of Agriculture, distributed a handout listing the changes needed to address the beekeeping industry. EXHIBIT 5

Closing by Sponsor:

REP. BARNETT closed.

EXECUTIVE ACTION ON HB 66

Motion: REP. HANSON MOVED HB 66 DO PASS.

Discussion: REP. BACHINI asked REP. BARNETT if he had discussed this bill with the beekeepers and pollinators in Montana. REP. BARNETT replied he had, and all the association members were in favor to come into compliance with the other northwestern states involved.

Motion/Vote: REP. BACHINI called the question. Voice vote was taken.


Vote: HB 66 DO PASS. Motion CARRIED unanimously.

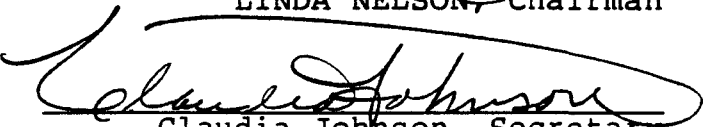
CHAIR LINDA NELSON asked the committee members if they wanted to do executive action on HB 90. They replied they would rather wait until it could be discussed further. REP. JANE DEBRUYCKER stated that she could not understand why we are taking agriculture money and using it for MBH and MHESAC. CHAIR LINDA NELSON said the committee members need to read the handout that Everett Snortland had distributed earlier and do executive action on HB 90 later.

CHAIR LINDA NELSON informed the committee that Chuck Brooke, Director, Department of Commerce, would be attending the next committee hearing to inform the committee on action that has taken place regarding the McCarty Farms case/State of Montana-vs-BNRR.

ADJOURNMENT

Adjournment: 3:45 p.m.


LINDA NELSON, Chairman


Claudia Johnson, Secretary

LN/cj

HOUSE OF REPRESENTATIVES

AGRICULTURE, LIVESTOCK AND IRRIGATION COMMITTEE

ROLL CALL

DATE 1-9-91

NAME

PRESENT

ABSENT

EXCUSED

REP. LINDA NELSON, CHAIRMAN	✓		
REP. DON STEPPLER, VICE-CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. JOE BARNETT	✓		
REP. GARY BECK	✓		
REP. JANE DEBRUYCKER	✓		
REP. ROGER DEBRUYCKER	✓		
REP. JIM ELLIOTT	✓		
REP. MARIAN HANSON	✓		
REP. HARRIET HAYNE	✓		
REP. VERNON KELLER	✓		
REP. DON LARSON	✓		
REP. JIM MADISON	✓		
REP. ED MCCAFFREE	✓		
REP. JOHN PHILLIPS	✓		
REP. JOHN SCOTT	✓		

STANDING COMMITTEE REPORT

January 9, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Agriculture, Livestock, and Irrigation report that House Bill 66 (first reading copy -- white) do pass .

Signed: _____
Linda Nelson, Chairman

EXHIBIT 1
DATE 1-9-91
HB 90

P. 189-197 of
MT Code

- 80-12-304. Negotiability of bonds.
80-12-305. Tax exemption of bonds.
80-12-306. Purchase of bonds — cancellation.
80-12-307. Pledge against impairment of contracts.
80-12-308. Validity of pledge.
80-12-309. Personal liability.
80-12-310. Continuing validity of authority members' signatures.
80-12-311. Accounts of the authority.
80-12-312. Reserve funds and appropriations.
80-12-313. Refunding obligations — sale.
80-12-314. Refunding obligations — issuance.

Part 4 — Oversight

- 80-12-401. Annual audit.
80-12-402. Report.
80-12-403. Legislative review required.

Chapter Cross-References

Montana Unified Volume Gap Bond Allocation Plan Act, Title 17, ch. 5, part 13.

Disposal of foreclosed agricultural land, Title 25, ch. 13, part 9.
Agriculture development — investments, Title 90, ch. 9, part 3.

Part 1 General

80-12-101. Short title. This chapter may be cited as the "Montana Agricultural Loan Authority Act".

History: En. Sec. 2, Ch. 580, L. 1983.

80-12-102. Definitions. (1) As used in this chapter, the following definitions apply:

(a) "Agricultural land" means land actively devoted to agricultural use as defined in 15-7-202.

(b) "Authority" means the agricultural loan authority provided for in 2-15-3011.

(c) "Bonds" means bonds or bond anticipation notes issued by the authority under the provisions of this chapter.

(2) References to the authority's property, revenues, or assets apply only to property, revenues, and assets generated by the Montana agricultural loan authority program, not those owned or generated by any other program or property over which the authority exercises general authority, direction, and control.

History: En. Sec. 3, Ch. 580, L. 1983.

80-12-103. Agricultural loan authority — general powers. The authority may:

- (1) retain professional consultants and advisers;
- (2) adopt rules governing its procedures;
- (3) purchase agricultural loans made by financial institutions;
- (4) issue agricultural bonds with proceeds to purchase agricultural land.

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STAN STEPHENS
GOVERNOR

STATE OF MONTANA
DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR
AGRICULTURE/LIVESTOCK BLDG.

CAPITOL STATION

HELENA, MONTANA 59620-0201

EXHIBIT 2

DATE 1-9-91

HB 90

TELEPHONE:
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EVERETT M. SNORTLAND
DIRECTOR

Wednesday, January 9, 1991
HOUSE BILL 90
HOUSE AGRICULTURE COMMITTEE
TESTIMONY OF MONTANA DEPARTMENT OF AGRICULTURE
Everett Snortland, Director

Chairman Nelson and members of the committee. The Montana Department of Agriculture supports House Bill 90 providing for the repeal of the Montana Agricultural Loan Authority (MALA) Act and reassigning the allocation of bonding authority between certain state programs.

The MALA Act and associated beginning farm loan program and tax-deduction for the sellers of agricultural land, were established during the 1984 legislative session for the purpose of encouraging the transfer of agricultural assets to beginning farmers. The loan program was tied to the use of federal tax-exempt bonds and several existing bond related restrictions. At the time of passage, use of the tax-exempt bonds was feasible. However, the tax-reform Acts of 1983 and 1986 tightened the restrictions on the use of tax-exempt bonds to the point that virtually no beginning farmer could qualify. The Tax-Reform Act also sunsetted the private purpose use of tax-exempt bonds. These tax-reform provisions adversely impacted the financial institutions interest in, or need for acquiring, such investments. As no alternative source of program funding was authorized, the program was curtailed.

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HB 90

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Testimony on House Bill 90
January 9, 1991

One provision of the MALA Act provides for a tax-deduction to the sellers of agricultural land who sell to qualified beginning farmers. Since its inception, the MALA has approved an average of one tax-deduction request per year. The extremely limited utilization of this provision indicates that it is not a significant factor pertaining to the sale of agricultural land to beginning agriculturalists. In fact, most requests for tax-deduction were applied for within the one year limitation following the actual sales transaction.

Provisions of House Bill 90 pertaining to reassigning bond allocation authority are based upon recommendation of the Department of Administration. The allocations by bonding program were originally established in response to the federal Tax-Reform Act which limited the maximum tax-exempt bonding authority available to the state of Montana.

For these reasons the Montana Department of Agriculture supports House Bill 90.



STAN STEPHENS
GOVERNOR

STATE OF MONTANA
DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR
AGRICULTURE/LIVESTOCK BLDG.
CAPITOL STATION
HELENA, MONTANA 59620-0201

EXHIBIT 3
DATE 1-9-91
HB 90

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EVERETT M. SNORTLAND
DIRECTOR

January 9, 1991

The Honorable Francis Bardanouve
Montana State House of Representatives
State Capitol
Helena, MT 59620

Dear Mr. Bardanouve:

In a previous discussion with Michael Murphy you expressed an interest in our proposal to repeal the Montana Agricultural Loan Authority Act. Representative John Cobb graciously agreed to carry the bill (House Bill 90) for the department.

House Bill 90 will be heard today by the House Agriculture Committee at 3:00 p.m.

With all the activities of the new session at hand we thought you might appreciate this note.

Sincerely,

Everett

E. M. Snortland
Director

EMS/dm

I strongly endorse this bill. I am asking Rep. Cobb to represent me at the hearing and speak for me on HB. 90. Rep. Francis Bardanouve

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MONTANA STATE BEEKEEPERS ASSOCIATION

1045 Pache Road
Belgrade, Montana 59714
406-388-4582

Established
1915

OFFICERS:

PRESIDENT
Ron Barnett, Belgrade

VICE PRESIDENT
Lance Sundberg, Columbus

SECRETARY/TREAS.
Lori Barnett, Belgrade

DIRECTORS:

THREE YEAR TERMS
Rob Buhmann, Zurich
Paul Peterson, Deer Lodge
Jim Decker, Billings

TWO YEAR TERMS
Jim Rodenberg, Wolf Point
Ken Cook, Bozeman
Dick Behlow, Lodge Grass

ONE YEAR TERMS
Bob Davis, Helena
Bob Barnes, Dillon

My name is Ron Barnett from Belgrade, MT. I'm Vice-President of Barnett Apiaries, Inc. I'm currently the President of the Montana State Beekeepers Association. We are an ag-related organization that has been in existence since 1915.

In the 20th century, we have developed a business relationship with the honey bee. In the beginning, man went to where the hive was located. Now through our modern technology man is able to take his hives wherever he goes.

Man has developed a relationship with the honey bee throughout the ages that has not changed the products of the hive, only the management of the hive. The bees continue to raise bees, make wax and honey and pollinate the fields the same today as in the beginning. It is man's relationship with the bees that has changed.

We were in the beginning after the honey. Now with our modern large-scale agriculture and the increased yields it demands we need the bee to pollinate a variety of U.S. crops. Directly and indirectly 1/3 of the human diet is benefitted by honeybee pollination. Increased yields due to honeybee pollination was \$9.7 billion in 1985.

H.B. 66 is a bill that will allow the state of Montana to enter into an agreement with Washington, Oregon, California, Idaho, Nevada, Arizona, South Dakota, New Mexico, Utah, North Dakota, Colorado and Wyoming. The bill is for the intent of establishing a procedure for the intra-regional, inter-state movement of honeybees (*Apis mellifera*) to control the introduction and spread of Varroa Mite (*Varroa Jacobsoni*).

This agreement covers only the quarantine requirements relative to the Varroa mite. The apiary owner or manager shall comply with all other state apiary rules and regulations governing other pests and diseases of honeybees, as well as other bee movement/removal requirements.

Fiscally, H.B. 66 covers its own expenditures plus generates a \$10,284 surplus to the General Fund for FY-92 and \$3,897 for FY-93. So this bill will cover its own implementation with more revenue generated.

Change is usually a challenge. The change in controlling this parasite, costs and increases operating expenditures to the beekeeper. We simply ask as an industry that you give your full support for H.B. 66, so that we as an industry in the State of Montana can work with the other states to control the movement of this parasite.

Ronald A. Barnett



STAN STEPHENS
GOVERNOR

EXHIBIT 5
DATE 1-9-91
STATE OF MONTANA HB 66
DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR
AGRICULTURE/LIVESTOCK BLDG.
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EVERETT M. SNORTLAND
DIRECTOR

JANUARY 9, 1991
HOUSE BILL 66
HOUSE AGRICULTURE COMMITTEE
MONTANA DEPARTMENT OF AGRICULTURE
EVERETT SNORTLAND, DIRECTOR

Chairman Nelson and members of the Committee. For the record, I am Everett Snortland, Director of The Montana Department of Agriculture.

The proposed changes to Montana's Beekeeping Law recommended in HB66 are needed to address changes in the beekeeping industry. Montana's commercial beekeeping industry has evolved primarily into a migratory beekeeping industry. In 1975 approximately 12 of Montana's 40 commercial beekeepers were migratory. Today this situation has reversed to where there are only 12 commercial beekeepers who are not migratory. The proposed amendments are designed to accommodate this major change.

The primary amendment to the law will allow the Department to enter into regulatory "compliance agreements" with beekeepers. The compliance agreement would be a contract between individual beekeepers and the Department wherein the beekeeper would agree to keep bee diseases below tolerance levels. The Department would perform random inspection of the beekeepers hives to ensure compliance.

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HB 66

The compliance agreement would benefit both the beekeeper and the Department in that it would require less inspection of the beekeeper's hives, thus reducing the expense of inspection. Under the current bee law, inspections are performed to obtain an interstate Certificate of Health.

The compliance agreement amendment will allow Montana beekeepers to bring beehives back into Montana from another state under compliance agreement. The current bee law requires all imported hives to be inspected in the state of origin before entering Montana. Most Montana beekeepers migrate between Montana and California. It has been reported that individual Montana beekeepers are paying \$2,000 to \$5,000 per year for California inspection fees.

House Bill 66 would also amend Montana's beekeeping law to allow the Department to enter into agreements with other states and government entities. The Department has been working with 11 western states to develop a "Western States Bee Disease Agreement" which would set uniform bee disease and bee inspections standards among the western states. Such an agreement would be of great assistance to Montana migratory beekeepers. At the present time the Department is unable to enter into an agreement since our beekeeping law does not give us this authority.

In conclusion, the primary goal of the beekeeping law is to promote and maintain a healthy, disease-free beekeeping industry in Montana. House Bill 66, upon passage, will facilitate the

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HB 166

interstate movement of beehives for Montana's migratory beekeepers. House Bill 66 will also improve the efficiency of the Department's honeybee program, and reduce the amount of regulatory restrictions on Montana's beekeeping industry.

Mr. Chairman and members of the Committee, I request that you support and vote for the passage of House Bill 66.

VISITORS' REGIST

Agriculture

BILL NO.

DATE _____

SPONSOR

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' RE
Agriculture

BILL NO. 66

DATE 1-9-91

SPONSOR Barnett

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.