

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON AGRICULTURE, LIVESTOCK, & IRRIGATION**

**Call to Order:** By CHAIR LINDA NELSON, on January 16, 1991, at 3:P.M.

#### **ROLL CALL**

##### **Members 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, Committee Secretary

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

#### **HEARING ON SB 9**

##### **Presentation and Opening Statement by Sponsor:**

**SENATOR GERRY DEVLIN**, Senate District 13, Terry, said this bill does two things; 1) it eliminates the number of livestock brands that a person can record; and 2) directs and requires the Department of Livestock to implement a system for staggered re-recorded brands. The reason for the five brand limitation is because people have gone through the dead brand files and picked out the two letter brands that are very scarce and use them for collectors items or for commercial re-sale. He said this bill allows a person to have only five brands recorded or rerecorded. He offered an amendment to make the staggered brands take effect starting January 1, 1992.

**Proponents' Testimony:**

Les Graham, Department of Livestock, said this bill has been discussed around the state with the wool growers and other associations, and have not found any resistance to it. He said by going to a staggered system they will have between 10 percent to 20 percent of the brands to record per year and this will keep them from being back logged. He explained how they arrived at the \$50. Under state law the board of livestock can set the fee by administrative rules. They are set by expenses of actual rerecorded brands and anticipated expenses of holding and carrying the brands in an active file i.e., active brand held until the year 2001. They work with the Department of Administration for computer and telephone costs and try to anticipate what the postal service will do with postage. He said the expense sheet is then presented to the legislative auditors who check to make sure the figures are correct and send it through the administrative rules process. The fee came to \$47 and some odd cents and they rounded it off to \$50. He said it is tough to anticipate where the expenses will be in a decade's time.

Kim Enkerud, MT Stockgrowers Association and MT Cattlewomen, said the practice of collectors registering one-iron brands and then marketing them to hobbyists prevents legitimate livestock producers from utilizing the limited supply of the valuable one iron brands that are easier to use and read on livestock. Ms. Enkerud urged a do concur on SB 9. EXHIBIT 1

**Opponents' Testimony:** None

**Questions From Committee Members:**

REP. ELLIOTT asked SEN. DEVLIN about the underlined language in the title of the bill, if it wasn't redundant asking for rerecorded branded. SEN. DEVLIN said that in a ten year cycle this brand would probably be picked up again and would have to be rerecorded.

REP. MCCAFFREE asked Mr. Graham how the staggering process would be implemented. Mr. Graham said that if a person is caught up in the staggered system before the year 2001, that person would be given credit for the years they paid for the brand up to that date. Mr. Graham said all the details have not been worked out and this is one of the reasons SEN. DEVLIN instructed the department of livestock to work with it.

REP. LARSON asked Mr. Graham why there wasn't a fiscal note on this bill and if they expected any additional costs. Mr. Graham said they do not expect any additional costs.

REP. BACHINI asked Mr. Graham what the procedure was for renewing a brand, if a notice is sent to those that have brands. Mr. Graham said they send an official notice prior to January 2, of

that year, and said they are required by law to advertise in state wide publications or weekly publications at least three times year before the recorded time. If a person fails to rerecord a brand, the brand goes into a dead file. Historically, the law maintains that on January 31, 1991, the brands are available to anyone to record.

REP. BACHINI asked Mr. Graham what he meant by having to come back next session with the intent. Mr. Graham said intent meant the Senators asked if the department would keep them abreast of the plans for the staggered rerecording of brands and if they would need to be changed or if they worked, etc.

REP. ELLIOTT asked Mr. Graham how many one (1) letter brands and two (2) letter brands are there in the state, and do other states have such a law that limits brands to an individual or corporation can own. Mr. Graham said he did not know how many 1 and 2 letter brands there are in the state. He said that Montana is the first state to attempt to limit the number of brands. He said other states accomplish this through money, i.e., Arizona charges \$250 for five years, most states do it through money to hold down collectors.

REP. STEPPLER asked Mr. Graham if a parent's name is on each of the children's brands is it showing that he is the owner of all of those brands. Mr. Graham said it would show that each of the children own their own brand; they are considered different entities.

Closing by Sponsor: SEN. DEVLIN said the reason the bill is before the committee this early in the session was to get it out for the 1991 year, but the rerecorded brands have already been going on and this will have to take effect starting next year. He hoped the committee would concur on SB 9

#### DEPARTMENT OF AGRICULTURE - REPORT GROWTH THROUGH AGRICULTURE ACT PROGRAM

EVERETT SNORTLAND, Director, Department of Agriculture, said this program has been effective in implementing the intent of the Legislature in defining the statutes. He said the members of the Agriculture Development Council have strived to satisfy and make the best use of the coal severance tax allocated to this program of Montana's number one industry. He said a description has been prepared for the committee and Mike Murphy, administrator of the Agriculture Division, would review it for the committee at this time.

Mike Murphy, Administrator, Department of Agriculture, said the Growth through Agriculture Act Program (AAP) was created by HB 889, in the 1987 legislative session. The agriculture council was established within that act. The council was brought into the Department of Agriculture for administrative purposes. The council is comprised of seven members the Department of

Agriculture and the Department of Commerce and five farmers and ranchers from Montana. They elect their own chairperson and any other officers, if desired. The council meets quarterly and on call of the chairperson or of a majority of the members. SB 228 was also passed during the 1987 legislative session provided the generally revising the coal severance tax allocation. The revision allocated 50 percent of the coal severance tax to the permanent trust fund, and 12 percent into the highway reconstruction trust fund. Of the remaining 38 percent, two percent is allocated to a state special revenue fund for the Montana Growth Through Agriculture Act. He said this amounts to about  $\frac{3}{4}$  percent of 1 percent of the total coal tax proceeds. The Growth Through Agriculture Act "strengthens and diversifies" the state's agriculture industry by creating a public/private partnership to assist in: 1) development of "innovative agricultural business organization improvements"; and 2) commercialization and marketing of new agricultural products.

**Mr. Murphy** outlined the seven mandatory and two optional programs. The mandatory activities to be pursued by the council include: 1) establish policies and priorities to enhance the future development of agriculture in Montana; 2) make seed capital investments with the development and the commercialization of new products and processes; 3) assist in enhancing the domestic markets for Montana agriculture products; 4) place an export marketing specialist in the Pacific Rim; 5) cost-share in foreign agricultural trade missions; 6) provide professional assistance to persons who apply for the purpose of developing export sales; and 7) assist in the creation of agriculture business incubators. The council may; 1) invest in applied technological research; and 2) technology assistance and transfer. The Growth Through Agriculture program is facilitated through the Ag Development Council which has established several activities under the statutes. A program by program description can be viewed on the exhibit. EXHIBIT 2

**Mr. Murphy** said implementation of the seed capital portion of the Growth Through Agriculture Act was delayed pending resolution of the White case which contested the constitutionality of the similar Montana Science & Technology Alliance loan program. The Supreme Court ruled the loan program unconstitutional as defined in the enabling statute. Subsequently, the 1989 Montana Legislature passed legislation which corrected this problem. This portion of the act is now operational. **Mr. Murphy** said as of Jan. 14, 1991, 6 seed capital loans have been approved for a total \$300,000. The council has placed emphasis on these seed loans to establish future investments. Seed capital loans are made on the following criteria; a) can be expected to reasonably provide for economic return to the applicant within a reasonable time; b) will demonstrate the potential commercial value to other customers in Montana; c) will require such a loan to obtain additional private sources of capital; d) will involve processing or adding value to agricultural commodities produced in Montana; and e) will provide jobs that will be substantially filled by

current Montana residents. He said the maximum loan is limited to \$50,000, with an eight year repayment schedule and interest rates currently set at 9 percent APR. Mr. Murphy said the council has approved and funded 27 grants for a total of \$639,840. Total grant requests to date including the one incubator grant equals \$2,487,000, 25 percent of which has been invested in agriculture incubator programs. Investments made in this program include; a) potential ability for the applicant to be self sufficient; b) identification of business or industries starting to develop and need assistance; c) community support for incubator programs, with emphasis added to address the business development needs of specific persons or groups. Each incubator applicant must have facilities that are; a) geographically distant from other incubators; b) located in communities that have less than 15,000 people; and c) funded with a 1:1 local match (which may be in cash or in-kind).

CHAIR LINDA NELSON informed the committee they could ask Mr. Murphy questions.

REP. DEBRUYCKER (Roger) asked Mr. Murphy how they process the grants. Mr. Murphy said the funds are disbursed based upon criteria. Mr. Murphy said the grants first payments are due this Jan. 20, 1991. REP. BACHINI asked Mr. Murphy about the two grants dated 1989: 1) #8950015 for Montana Department of Agriculture; and 2) grant #915008, Department of Commerce for international affairs officer, and asked if these two grants are duplications. REP. BACHINI said the Department of Agriculture has a \$120,000 grant for the biennium, \$60,000 per year for fiscal years 90 and 91. Program activities have included the hiring of international marketing specialist to enable the department to provide assistance to those developing specially for domestic export sales. He said the grant to be awarded for this coming year from Congress will amount to \$40,000; \$20,000 for 1991 and \$20,000 for 1992, to employ an international affairs officer. REP. BACHINI asked Mr. Murphy if the two positions should be one. Mr. Murphy said the activities of the affairs officer are different than the activities of the coordinator who will be working with the department who will maintain the protocol and other activities of the state and the efforts of the department to establish and develop the markets. Mr. Snortland said the \$20,000 was awarded through the Growth Through Ag council and also extends to wheat and barley commission. Mr. Snortland said the \$60,000 is to fund the chinese specialist who is located in the Ag Department. The Ag Department specialist and Commerce Department specialist are combined because of the request for greater demand to work with the international coordinator located in the Governor's office. This will give the departments a whole package and will be better able to handle the demands for requests from the people who have contact with Taiwan, Japan, Tokyo, Singapore, etc.

REP. BECK asked Mr. Snortland to give a review of how successful this program has been with the other countries and what markets

have been opened up because of it and the dollar amounts. Mr. Snortland said they have been successful with Japan in the dairy cooperatives. He said there are very few places in Montana that can raise dairy quality hay that does not have crab grass and etc. Mr. Snortland said the greatest potential is in Taiwan where markets have been opened up for beef, Christmas trees and beef jerky from Lincoln, MT, etc. Mr. Snortland said the Taiwanese are looking for ways to bring food into their country. He said Taiwan is about the size of Wibaux county with a population of 25 million. They farm about 2½ hectares, which is about the size of 10 acres. There is such an increase in population they are looking for ways to acquire other foods. Mr. Snortland said these other countries need a way to adapt to our markets and this is the reason for the two specialists.

REP. BACHINI asked about the incubator program they had in the Dillon area and why they terminated it. REP. SWYSGOOD said Dillon was successful in its application of the incubator concept. He said in order for the ag incubator to become self sufficient they had to charge which was self defeating and then the service was not guaranteed. He said the program was not in the best interest of agriculture. If the committee could produce a bill that addresses that part of the statute and take the money that is flowing into the ag incubator and redirect it to the other few programs that are doing an excellent job for agriculture. He said it is fine to have it in communities that are 15,000 or less in population, but there is a problem with having a 1:1 match. The people that need the program the most are the ones that can least afford it. To make the incubator pay for itself, they would have to charge about \$40 per hour. They could get professional help for that price and have it guaranteed.

#### EXECUTIVE ACTION ON SB 9

Motion: REP. MCCAFFREE MOVED SB 9 BE CONCURRED IN.

Discussion: REP. ELLIOTT offered an amendment to strike "section 2, subsection 2, line 21, page 2" in its entirety. He said the reason for disagreeing with limiting the brands to five per person to be rerecorded is this is a free market and anyone who wishes should be able to purchase whatever they want or need.

REP. DEBRUYCKER (Jane) said the department has been up front with the committee and she is against the amendment.

REP. KELLER said this would eliminate the commercial sale by individuals who collect and sell the brands as a hobby.

Motion/Vote: REP. LARSON moved to adopt the amendment. Voice vote was taken. Motion FAILED 3 to 13 with REP. BACHINI, REP. ELLIOTT and REP. LARSON voting yes.

Vote: REP. MCCAFFREE MOVED SB 9 BE CONCURRED IN. Motion CARRIED


HOUSE AGRICULTURE, LIVESTOCK, & IRRIGATION COMMITTEE

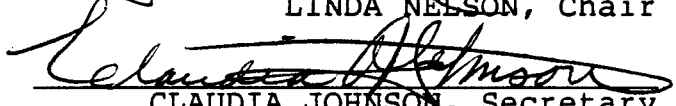
January 16, 1991

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14 to 2 with REP. SCOTT and REP. ELLIOTT voting no.

Adjournment: 5:00 P.M.

  
LINDA NELSON, Chair

  
CLAUDIA JOHNSON, Secretary

LN/cj

# HOUSE OF REPRESENTATIVES

## AGRICULTURE, LIVESTOCK AND IRRIGATION COMMITTEE

ROLL CALL

DATE 1-16-91

NAME	PRESENT	ABSENT	EXCUSED
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	✓		
REP. LINDA NELSON, CHAIR	✓		



HOUSE STANDING COMMITTEE REPORT

January 16, 1991

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Mr. Speaker: We, the committee on Agriculture, Livestock, and Irrigation report that Senate Bill 9 (third reading copy -- blue) be concurred in .

Signed: \_\_\_\_\_  
Linda Nelson, Chairman

TESTIMONY ON S.B. 9  
TO LIMIT THE NUMBER OF BRANDS TO FIVE

EXHIBIT 1  
DATE 1-16-91  
HB SB 9

JANUARY 16, 1991

HOUSE AGRICULTURE COMMITTEE

BY

MONTANA STOCKGROWERS ASSOCIATION

GOOD AFTERNOON CHAIRWOMAN NELSON AND MEMBERS OF THE HOUSE AG COMMITTEE. THANK YOU FOR THE OPPORTUNITY TO PRESENT TESTIMONY IN SUPPORT OF S.B. 9, A BILL LIMITING THE NUMBER OF BRANDS RECORDED OR RERECORDED BY ONE PERSON TO FIVE. MY NAME IS KIM ENKERUD. I AM REPRESENTING THE MONTANA STOCKGROWERS ASSOCIATION.

S.B. 9 WILL PREVENT BRAND COLLECTORS FROM REGISTERING AND COLLECTING BRANDS THAT ARE NOT RE-RECORDED DURING THE CURRENT RENEWAL PERIOD TAKING PLACE IN 1991. THESE COLLECTORS REGISTER VALUABLE ONE-IRON BRANDS AND THEN MARKET THEM TO HOBBYISTS OR SOME JUST COLLECT THEM LIKE STAMPS. THIS PRACTICE PREVENTS LEGITIMATE LIVESTOCK PRODUCERS FROM UTILIZING THE LIMITED SUPPLY OF THE VALUABLE ONE-IRON BRANDS. TO MANY FOLKS, THIS MAY SOUND LIKE A PRETTY UNIMPORTANT MATTER, BUT FROM A PRODUCER'S PERSPECTIVE, THIS MAKES IT DIFFICULT TO OBTAIN THE MORE USABLE, PRACTICAL AND PREFERRED BRANDS. THE REASON THESE BRANDS ARE

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VALUABLE IS BECAUSE THERE ARE ONLY A LIMITED NUMBER OF THEM, THEY ARE EASY TO USE, EASY TO READ, MORE HUMANE TO THE ANIMAL, AND DO LESS DAMAGE TO THE ANIMAL HIDE WHICH IS MARKETED AS AN ANIMAL BY-PRODUCT.

TWO OR MORE IRON BRANDS ARE LESS DESIRABLE TO LIVESTOCK PRODUCERS BECAUSE THEY HAVE A TENDENCY TO BLUR, MAKING THEM DIFFICULT TO READ, COVER A LARGER AREA OF THE ANIMAL AND REDUCE THE VALUE OF THE HIDE WHEN CATTLE ARE SOLD.

ADDITIONALLY, THE MONTANA STOCKGROWERS ASSOCIATION FAVORS AN ~~AMENDMENT TO~~ STAGGER<sup>h</sup> THE RENEWAL OF BRANDS IN MONTANA. AT THIS TIME, THE DEPARTMENT OF LIVESTOCK IS OVERWHELMED WITH THE BRAND RENEWAL REQUESTS -- WHICH HAPPEN EVERY TEN YEARS. A STAGGERED RENEWAL PLAN WOULD ELIMINATE THIS PROBLEM AND STREAMLINE THE BRAND RENEWAL PROCESS.

THEREFORE, WE FEEL S.B. 9, IS A GOOD BILL AND NECESSARY TO HALT THE PRACTICE OF HOBBYISTS COLLECTING A ESSENTIAL IDENTIFICATION TOOL USED BY THE LIVESTOCK INDUSTRY.

MADAM CHAIRWOMAN, THE MONTANA STOCKGROWERS ASKS FOR A DO

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MONTANA STOCKGROWERS TESTIMONY S.B. 9

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CONCUR ON S.B. 9.

THANK YOU.

EXHIBIT 1  
DATE 1-16-91  
HB

**THE MONTANA GROWTH THROUGH AGRICULTURE ACT**

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**STRUCTURE**

HB889 created the Montana Agriculture Development Council, which is allocated to the Department of Agriculture for administrative purposes. The Council has seven members appointed by the Governor: the directors of the departments of Agriculture and Commerce, and five persons who are or have been engaged actively in agriculture. The members serve staggered three year terms.

The members elect their own chairperson (and other officers, if desired). The Council meets quarterly or on the call of the chairperson or a majority of the members.

SB228 also passed in 1987, generally revised the allocation of coal severance tax proceeds not dedicated to the permanent coal tax trust fund. Under its terms, 50% of coal severance taxes still goes into the permanent trust, and another 12% to the highway reconstruction trust fund. Of the remaining 38%, two percent is allocated to a state special revenue fund for the Montana Growth Through Agriculture Act, HB889, also passed during the 1987 session. Two percent of 38% is .76% of total coal tax proceeds.

**PURPOSE**

The purpose of the Growth Through Agriculture Act is to "strengthen and diversify" the state's agricultural industry by creating a public/private partnership to assist in:

- (1) development of "innovative agricultural business organization improvements"
- (2) commercialization and marketing of new agricultural products.

The intended result of this effort is to help Montana:

- (a) keep pace with a dynamic agricultural industry;
- (b) create new jobs; and
- (c) expand small business opportunities.

COUNCIL POWERS AND DUTIES

The Growth Through Agriculture Act outlines seven mandatory and two optional program activities to be pursued. The Council shall:

- (a) Establish policies and priorities to enhance the future development of agriculture in Montana;
- (b) Make seed capital investments in development and commercialization of new products and processes;
- (c) Assist in enhancing domestic markets for Montana agricultural products;
- (d) Place an export marketing specialist in the Pacific Rim;
- (e) Cost-share in foreign agricultural trade missions;
- (f) Provide professional assistance to persons who apply for the purpose of developing export sales; and
- (g) Assist in the creation of agricultural business incubators.

In addition, the Council may:

- (a) Invest in applied technological research; and
- (b) Invest in agricultural technology assistance and transfer.

General Program ActivitiesSeed capital investments

Implementation of the Seed Capital portion of the Growth Through Agriculture Act was delayed pending resolution of the White case which contested the Constitutionality of the similar Montana Science & Technology Alliance loan program. The Supreme Court ruled the loan program unconstitutional as defined in the enabling statute. Subsequently, the 1989 Montana legislature passed legislation which corrected this problem. This portion of the Act/statute is now operational. As of January 14, 1991, 6 seed capital loans have been approved (please note appendix B for a description of each investment) for a total of \$300,000. The Council has placed emphasis on the seed capital loans in order to establish a revolving loan account for future investments.

Seed Capital loans are made on the following criteria:

- (a) can be reasonably expected to provide an economic return to the applicant within a reasonable time;
- (b) demonstrate a potential commercial value to other entrepreneurs in Montana;
- (c) require such a loan to obtain additional private capital;
- (d) involve processing or adding value to agricultural commodities produced in Montana; and
- (e) provide jobs that will be substantially filled by current Montana residents.

Maximum loan amount is limited to \$50,000 under an 8 year repayment period. The interest rate is currently set at 9% APR.

#### Foreign and Domestic Agricultural Market Development Investments

In order to accomplish the goals of the Montana Growth Through Agriculture Act, an agricultural market development grant program has been established. A Request for Proposals is issued on a biannual basis to solicit market development projects. Generally in order to qualify for this program proposals must have practical near term application involving new or alternative technologies, practices or organizational arrangements which will stimulate expanded agricultural development, economic activity, and employment opportunities. The council has utilized this segment of the MGTA to accomplish a portion of the duties outlined in the enabling statute. Allocation to specific proposals are made on the following criteria:

- (a) Degree to which the proposed activity addresses a significant industry need or opportunity for public benefit and evidence of industry support.
- (b) Demonstrated experience and ability of applicant to undertake the proposed activity.
- (c) Clearly demonstrated potential for near-term commercial application in terms of job creation, capital investment, or other identifiable economic activity.
- (d) Adequacy of workplan and timeframe to achieve the activities goals.
- (e) Degree of innovation and originality of proposed activity

The MGTA statute calls for the funding of an export marketing specialist in the Pacific Rim. The Montana Dept. of Commerce has established an office in Tokyo and Kumomoto, Japan. The Agriculture Development Council has allocated \$150,000 annually as appropriated by the legislature, to this effort. In addition

the Council has approved and funded 27 grants for a total of \$639,840. Total grant requests to date including the one incubator grant equals \$2,487,006. (See attached list of approved grants.)

### Agricultural Business Incubator Investment

Investments made through this aspect of the program are based on the Council's assessment of:

- (a) the potential ability of the applicant incubator to be financially self-sufficient;
- (b) identification of businesses or industries targeted for development assistance;
- (c) community support for the incubator program; and (emphasis added)
- (d) a plan to address business development needs of specific user groups.

The incubators themselves "Must operate as self-financing business development entities, providing such services as training, management consultation, accounting, and office space to eligible agricultural businesses," which may include, but are not limited to, marketing cooperatives and associations.

In addition to meeting the above-listed criteria, incubator applicants must have facilities that are:

- (a) geographically distant from other incubators;
- (b) located in communities of less than 15,000 people; and
- (c) funded with a 1:1 local match (which may be in cash or in-kind).

### Program Administration

Administrative Expenses to facilitate the Montana Growth Through Agriculture Act during Fiscal year 90 and Fiscal year 91 to date are as follow:

FY 90	Personal services	\$50,506.69
	Operating expenses	<u>\$28,620.75</u>
	-Total	\$79,127.44
FY 91	07/01/90 - 01/01/91	
	Personal services	\$17,364.68
	Operating expenses	<u>\$11,359.04</u>
	-Total	\$28,723.72



EXHIBIT 2DATE 1-16-91AGRICULTURE DEVELOPMENT COUNCIL  
GRANTS & LOANSHB                     

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## Appendix A

## FY89 Grants

Grant #8950001 - Northern Express Transportation Authority (NETA)  
Amount -- \$46,350.00 ---- Completed

The Northern Express Transportation Authority (NETA) was awarded \$46,350 to explore containerizing options for preserving Montana product identity when shipping hay, barley, and wheat to export markets. NETA will cooperate with high tech agri-terminals to lower the landed cargo costs of Montana's agricultural products. NETA will also explore the feasibility of building a volume drying facility in Toole County which would utilize inexpensive natural gas to further reduce hay cube processing costs. NETA successfully completed this study and is working to establish a hay compressing and export center in Shelby.

Grant #8950002 - G.R.I. AgriTech  
Amount -- \$20,000.00 --- Completed

GRI-AgriTech was awarded \$20,000 to develop an animal temperature monitoring device to assist Montana ranchers in disease and ovulation detection. The development of the monitoring device was successfully completed and is currently being marketed on a national basis.

Grant #8950003 - Butte Local Development Corporation  
Amount -- \$20,000.00 --- Completed

Butte Local Development Corporation was awarded \$20,000 to study the feasibility of establishing a Semolina/Pasta industry in Montana. Processing durum wheat in Montana to a Semolina or pasta form would add value to our raw materials before shipment out of state. BLDC successfully completed this research and is in the process of recruiting prospective pasta manufacturers to invest in a semolina/pasta plant in the Butte area.

Grant #8950004 - Hill County Extension /Winter Marketing Seminar  
Amount -- \$ 3,700.00 --- Completed

Hill County Extension Service was awarded \$3,750 to produce a winter marketing seminar. This marketing seminar was held February 8th and 9th in Havre, successfully introducing agricultural marketing concepts to the agricultural community in the golden triangle area.

EXHIBIT 2DATE 1-11-91HB                     

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Grant #8950005 - Montana Flour & Grain /Kamut  
Amount -- \$ 4,750.00 --- Completed

Montana Wheat & Flour Inc. was awarded \$4,750 to secure a plant variety certificate for the grain Kamut. The plant variety certificate was obtained in November of 1989 and secures for Montana producers the availability of this variety of Polish winter wheat.

Grant #8950006 - Amaranth / Dr. Jurgen Schaeffer/MSU  
Amount -- \$20,000.00 --- Balance \$4,000.00 / 12/90

The department of Plant and Soil Sciences was awarded \$20,000 for the development of a marketing and production plan for the grain Amaranth. Markets for Amaranth are rapidly expanding in Japan. Montana producers have the opportunity to be among the first to penetrate this market. Dr. Schaeffer has completed this research and has established communication with the TOSCH corporation for potential contracts for the production of Amaranth.

Grant #8950007 - MSU/Montana Hard White Wheat  
Amount -- \$10,000.00 --- Completed

Dr. Allen Taylor of the MSU Dept. of Plant & Soil Science was awarded \$10,000 to explore the market potential for hard white winter wheat. Dr. Taylor completed his research and found potential markets for hard white wheat both domestic and international. Dr. Taylor has subsequently accepted a position in Morocco, one of the largest export markets for hard white wheat.

Grant #8950008 - Wayne E. Bromenshenk / Alfalfa Protein  
Amount -- \$25,000.00 --- Completed

The Montana Alfalfa Agricultural Marketing Association was awarded \$25,000 for an education program for the production of high protein alfalfa. This educational program was completed in April of 1990 and led to the formation of the Greengold marketing cooperative.

Grant #8950009 - Agriculture in Montana Schools / Montana  
Agricultural Awareness Video  
Amount -- \$ 8,000.00 --- Completed

Agriculture in Montana's Schools Inc. was awarded \$8,000 to produce a videotape on Montana's agricultural industry for the public school system. This videotape was completed and has been distributed to Montana's public schools and has been incorporated in the Agriculture in Montana's Schools curriculum. Because of the video's success, three additional videos will be produced (funded by industry contributions) on various aspects of the agricultural industry.

EXHIBIT 2

DATE 1-16-91

HB 781

Grant #8950010 - Montana Agricultural Producers Inc. (MAGPI)  
Quality Hay Association - Extended to June 30, 1991.  
Amount -- \$15,000.00 --- Balance \$ 6,000.00

The Montana Agricultural Producers Inc. was awarded \$15,000 to expand the state's weed free and quality hay association. MAGPI and the Missouri River Agricultural Marketing Association have worked to develop a state wide hay association. Their efforts have resulted in the development of new markets for Montana's alfalfa hay. Premiums of \$10 - \$25 a ton have been established for dairy quality alfalfa. Work continues in the effort to expand the production of high quality alfalfa.

Grant #8950011 - Jim Barngrover / Marketing services for Import Substitution  
Amount -- \$12,000.00 --- Completed

Farm to Market Inc. was awarded \$12,000 to develop and test a brokerage model for a producer marketing service. This has resulted in the formation of an organic commodity brokerage firm to serve the needs of this segment of Montana's agricultural industry.

Grant #8950012 - Great Northern Botanicals Association (GNBA) / Alternative Crops product & market development  
Amount -- \$16,000.00 --- Completed

The Great Northern Botanicals Association was awarded \$16,000 for technical and marketing assistance for herb and specialty crop producers. The herb market has been largely untapped by Montana producers. This organization provides a vehicle to organize interested producers to enter the market. The GNBA has now progressed to the stage of economic viability in the herb market.

Grant #8950013 - Pride of Montana, Sheep & Wool Festival / Sue Schweitzer  
Amount -- \$ 2,500.00 --- Completed

The Pride of Montana Sheep and Wool Festival, a centennial event, was awarded \$2,500. This centennial event celebrated Montana's rich history of sheep and wool production. The event has subsequently been continued in conjunction with the Gallatin County Fair and tied to one of the major sheep breed's show.

Grant #8950014 - Incubator -- Headwater RC & D  
Amount -- \$55,926.00 --- Completed

Headwaters Resource Conservation and Development was awarded \$55,926 for an agri-business incubator to serve a 7 county region from a headquarters in Dillon. The incubator was to provide one-on-one technical business assistance in the

general areas of business planning, financing, marketing, and operations to new and existing agriculturally related business owners. The agri-business incubator was in Dillon and functioned sporadically for the period of one year. The concept of an incubator proved to be a somewhat ineffective method of providing the services described in the grant application. After discussion with the Headwaters RC&D they decided to terminate this program.

Grant #8950015 - Montana Department of Agriculture  
Amount -- \$120,000 -- Termination date 06/30/91

The Montana Dept. of Agriculture was authorized to expend approximately \$60,000 per year during FY 90 and FY 91 to fulfill the requirements of the Montana Growth Through Agriculture statute. Program activities have included: the hiring of an international marketing specialist, to enable the department to provide professional assistance to those developing both domestic markets and export sales, cost sharing for foreign trade missions as provided for by statute, the Tastes of the Treasure State and other value added food promotion, participation in the Western United States Agriculture Trade Association (allows Montana to access Targeted Export Assistance funds from the USDA), respond to emergency rail car shortage issues, maintain the Agricultural Marketing Bulletin Board, and generally continue to work to identify opportunities to add value to raw products, identify alternative crops and develop or enhance markets for agricultural products.

#### FY 90 Grants

Grant #9050001 - Paddlefish Caviar Project / Glendive Area  
Chamber of Commerce  
Amount -- \$21,300.00 --- Completed

The Glendive Area Chamber of Commerce was awarded \$21,300 to collect paddlefish roe from fishermen on the Yellowstone river for sale as caviar. The chamber signed a contract with TempoTech Inc. for the sale of this roe at \$30 per pound. This resulted in \$108,240 of revenue which is shared equally between the Dept. of Fish, Wildlife and Parks (for paddlefish fishery improvements) and a five member council for allocation to cultural, historical, economic and recreational projects in Eastern Montana.

Grant #9050002 - MSU / Department of Plant Pathology  
VAL-AD / Dr. Jack Riesselman  
Amount -- \$20,100.00 --- Termination date: 01/15/91  
Balance -- \$16,080.00

The Department of Plant Pathology was awarded \$20,100 to develop the hay preservative "VAL-AD", a product which would increase the level of the essential amino acid methionine in

alfalfa as well as increase leaf retention during processing and allow a greater flexibility in processing at higher moisture levels.

Grant #9050003 - Cream of the West

Amount -- \$15,000.00 --- Termination date: 10/01/90  
Waiting for final report -- Balance \$ 5,000.00

Cream of the West Inc. was awarded \$15,000 for the development of a new product line and to conduct research on entry into the Canadian market.

Grant #9050004 - Montana Agritech

Amount -- \$ 7,500.00 --- Completed

The World Trade Center in Great Falls was awarded \$7,500 to participate in and disseminate information gathered from a trade mission to the AgriTech exposition in Tel Aviv, Israel.

FY 91 Grants

Grant #9150001 - Montana Grain Growers Association / Montana Agricultural Photo Library

Amount -- \$ 3,370.00 --- Termination date: 10/01/91  
Balance \$ 2,370.00 - quarterly report due 12/31/90

The Montana Grain Growers Association was awarded \$3,370 for the development of an agricultural film library. This library establishes a resource center for use in the promotion of the agricultural industry. Photographs in this library will represent a wide range of agricultural production, processing and marketing. No such resource currently exists.

Grant #9150002 - Montana Christmas Trees Association / Christmas Tree Marketing Program

Amount -- \$ 5,000.00 --- Termination date: 06/30/91  
Balance \$500.00 - quarterly report due 01/01/91

The Montana Christmas Tree Growers Association was awarded \$5,000 for a market development campaign in Canada and the Intermountain west. Because of the glut of christmas trees produced on the west coast, traditional markets for Montana's christmas trees are being eroded. An aggressive marketing campaign is needed to maintain and expand Montana's share of this market. Montana trees have a competitive advantage selling into the Albertan market due to the trees ability to retain needles after exposure to below zero temperatures.

Grant #9150003 - MSU/Department of Plant & Soil Science / Mapping  
Malting Barley Production

Amount -- \$ 1,240.00 --- Termination date: 06/30/91

Balance \$930.00 - quarterly report due 12/31/90

The MSU Dept. of Plant & Soil Science was awarded \$1,240 to map the potential malt barley production areas in Montana.

Grant #9150004 - MSU/Department of Plant & Soil Science / Barley  
Cereal Grain of the 90's

Amount -- \$20,000.00 --- Termination date: 10/31/91

Balance \$14,000.00 - report due 02/28/91

The MSU Dept. of Plant & Soil Science was awarded \$20,000 to develop and implement a promotional campaign for waxy hulless barley. Waxy hulless barley (developed by MSU) has shown properties which lower serum blood cholesterol in much the same manner as oat bran.

Grant #9150005 - MSU/College of Agriculture / Marketing  
Agricultural Careers to High School Students and  
Educators

Amount -- \$20,000.00 --- Termination date: 10/31/91

Balance \$16,000.00 - quarterly report due 12/31/90

The MSU, College of Agriculture, was awarded \$20,000 to market educational and career opportunities in the agricultural sciences to high school students in Montana. Students, career counselors, administrators, and teachers have an inadequate perception of careers and disciplines available in the agricultural industry. The viability and health of Montana's agricultural future rests with the quality of students which can be attracted to the agricultural sector, this project is designed to make students aware of the opportunities and careers in agriculture.

Grant #9150006 - MICRO-FARM

Amount -- \$ 5,000.00 --- Termination date: 07/01/91

Balance \$500.00 - report due 12/31/90

The MICRO-FARM a computer network of commercial rabbit growers was awarded \$5,000 for the development and implementation of a electronic bulletin board of production, processing, and marketing information.

Grant #9150007 - MSU/College of Business /International Trade  
Profile, Phase 2

Amount -- \$10,000.00 --- Termination date: 10/31/91

Balance \$10,000.00 - just being processed

The MSU, College of Business was awarded a \$10,000 grant to develop a profile of Montana businesses already engaged in international trade. The ITP will provide information on

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the present status of international trade in the state, and subsequent surveys will monitor the effectiveness of development plans and efforts. In order to assist businesses with their international trade efforts, Montana have been hampered by a lack of comprehensive information concerning international trade activities and plans in Montana.

Grant #9150008 - Dept. of Commerce/International Affairs Officer  
Amount -- \$40,000.00 -- Termination date: 07/30/92

The Dept. of Commerce was awarded \$20,000 during FY 91 and FY 92 to employ a international affairs officer (attached to the Governor's office) to support and complement the international trade efforts of the Agriculture Development Council. This involves such duties as; hosting, protocol, information exchange, educational/professional/cultural exchange, trade mission and exhibition logistics, public relations and the coordination of interdepartmental projects.

SEED CAPITOL LOANS

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Appendix B

AgROBOTICS Inc.

Amount \$50,000.00 --- Maturity Date 04/10/95  
Loan Closed: April 4, 1990

AgRobotics, Inc. of Bozeman, was awarded a \$50,000 loan for the marketing of an automated dairy cattle feeding system. AgRobotics has developed a dealer network for the distribution of the automated feeding system, concentrating on midwestern markets.

Firehill Farms Inc.

Amount \$50,000.00 --- Maturity Date 06/25/95  
Loan Closed: June 25, 1990  
Yearly payment of \$12,854.62 - due 06/25/91

Firehill Farms, Inc. of Plentywood, was awarded a \$50,000 loan for the development of production facilities and for the marketing of dried and preserved flowers. Firehill Farms has been successful in marketing dried and preserved flowers to national and international brokers. This has served as an example of an alternative crop which can be developed for arid northeastern Montana.

Big Sky Cheese Inc.

Amount \$50,000.00 --- Maturity Date 06/25/95  
Loan Closed: June 25, 1990  
Monthly payments of \$1,185.66 - due 12/20/90

Big Sky Cheese and Dairy Corporation of Fairfield, was a awarded \$50,000 loan for the construction of a cheese manufacturing plant. Construction of the cheese plant has been delayed due to the licensing requirements of the Dept. of Health and Environmental Science. This may result in the modification of the repayment schedule.

Big Sky Foods Inc.

Amount \$50,000.00 --- Maturity Date 07/25/95  
Loan Closed: July 25, 1990  
Monthly payments of \$1,185.66 - due 01/25/91

Big Sky Foods, Inc. of Great Falls, was awarded a \$50,000 loan for the marketing of "Sun Cherries" (Cherries from the Flathead and Bitterroot valleys which are dried in a manner similar to raisins. This illustrates a method of adding value to an agricultural product traditionally sold in raw commodity form.



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Centennial Foods Inc.

Amount \$50,000.00 --- Maturity Date 07/31/91

Loan Closed: July 31, 1990

One payment due 07/31/91

Centennial Foods, Inc. of Dillon was awarded a \$50,000 loan for bridge financing in order to maintain operations until complete project financing could be secured. Centennial Foods will process waxy hulless barley into three commercial products; betaglucan, sweetened barley starch, and dried distillers grains. This project secured financing December 20, 1990 and repayment will be due in July.

Basic Bio Systems Inc.

Amount \$50,000.00 --- Maturity Date 11/26/95

Loan Closed: November 26, 1990

Yearly payment of \$12,854.62 - due 11/26/91

Basic Bio Systems, Inc. of Missoula was awarded a \$50,000 loan for the commercialization of "Nuture" a product derived from oats which has time release capabilities. To illustrate this concept imagine a sun screen which when incorporated with Nuture would allow for a single application for a whole days use, or in a chewing gum which would retain its flavor for a greatly extended period of time.

VISITORS' REGISTER

Agriculture COMMITTEE

BILL NO. SB 9

DATE 1-16-91

SPONSOR Senator Heublin

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