

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE, LIVESTOCK, & IRRIGATION

Call to Order: By CHAIR LINDA NELSON, on February 4, 1991, at 2:45 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 155

Presentation and Opening Statement by Sponsor:

SEN. GREG JERGESON, Senate District 8, Chinook, said this bill is a request from the Legislative audit Committee. Every state agency has to be audited by the Legislative auditor once every two years, unless the statute provides this to be done more often. The Agriculture Loan Authority was established in the mid 1980's. Anticipating it would be a very active program, an

annual audit was required. Times have proven that it isn't an active program and an annual audit is not necessary. He said it will not make any difference to this bill if REP. COBB'S bill, HB 90, passes or not if this one does.

Proponents' Testimony:

John Northy, Legislative Auditor's Office, said he is in support of SB 155 and was here to answer any questions the committee members may have.

Mike Murphy, Department of Agriculture, said he is in support of SB 155.

Opponents' Testimony: None

Questions From Committee Members: None

Closing by Sponsor:

SEN. JERGESON urged the committee to pass SB 155.

HEARING ON SB 150

Presentation and Opening Statement by Sponsor:

SEN. BOB HOCKETT, Senate District 7, Havre, said this bill is a request from the Department of State Lands. It eliminates the annual carrying capacity adjustment to the minimum rental rate for state grazing leases. There are currently 3 classes of rates: A, B, and C. This bill will eliminate the A and C Class and combine them with the B Class. The rental rates will all be the same. An additional \$51,626 per year will be collected under this structure. He said this will simplify the processing of grazing leases on state lands. The three different classes were difficult to explain. He said there will be a 2% rate increase for the grazing lands, and the ranchers he spoke with do not object.

Proponents' Testimony:

Dennis Casey, Department of State Lands, said the purpose of this is to simplify the billing and processing of grazing on state lands. The current use of the three separate rates is time consuming and often confusing to the lessees. The new single rate will be easily explained and consistent for all leases. He explained animal units (AU) and animal unit per month (AUM). They evaluate the carrying capacity of state leases based on AUs and AUMs and bill on the basis of AUMs, but this law refers to AUs. An AU means one cow, one horse, five sheep, or five goats. AUM means the amount of natural feed necessary for the complete subsistence of one animal unit for one month. 180 AUMs equals 15 AUs and 228 AUMs equal 19 AUs, which means there are 180 to 228

AUMs per section. The three rates currently used serve no objective purpose. The state leases grazing according to forage available. The lessee is charged for that available forage in accordance with the stock rate that is established by a field evaluation. If a lease is on high production range land, the lessee pays for that higher production and vice versa. Land determined unsuitable for livestock grazing on a lease is classified as unsuitable and the lessee is not charged for AUMs on that land.

Opponents' Testimony: None

Questions From Committee Members:

REP. ELLIOTT asked Mr. Casey if it is the understanding that the Department of State Lands will still set the grazing capacity for these lands, but the differential price will be eliminated. Mr. Casey said that was correct. They will continue to evaluate during the term of the lease and make that a part of the renewal. REP. ELLIOTT asked if that will still protect the land from overgrazing. Mr. Casey said yes, they will still do the rangeland management evaluation as they always have.

REP. SCOTT asked SEN. HOCKETT where the large and small land lessees were from that he had talked with. SEN. HOCKETT said he talked with the people he represents in Choteau County. REP. SCOTT asked if they were to go to the eastern part of the state where there is little grazing, what kind of impact would this have on those leases. SEN. HOCKETT said there is a provision in the law that if there is a severe drought or fire, etc., those leases will be adjusted down. Mr. Casey said they contact the lessee during the time of drought and evaluate the lease to determine the grazing available, but they do not receive many requests for that situation. REP. SCOTT asked how would that impact the increased rate in this bill for the lessees in the eastern part of the state. SEN. HOCKETT said he didn't know. Mr. Casey said if this bill becomes law in 1992, there will be an adjustment made based on the formula which is the average price of cattle from the past year.

REP. MCCAFFREE asked how much would this bill increase the price on the average section of land used for grazing. SEN. HOCKETT said this will increase the total income of grazing rentals about \$51,626, and the total amount received for grazing rentals is in excess of \$4 million. The increase will be a little over 1% per grazing lease. All grazing leases are based on the formula of six times the average price of beef cattle produced in the past year times the AUM carrying capacity of the land.

REP. HANSON asked Mr. Casey if the rate that is used is from last year's cattle market price. Mr. Casey said it is. The year is based from September to September.

REP. DEBRUYCKER (Roger) asked Mr. Casey if Class C rate will be

more while a Class A rate will be less, how much an effect will this bill have on a Class C rate. Mr. Casey said a reduction in dollars for the A rates is about \$10,000. Therefore, the increase in Class C is about \$61,000.

REP. STEPPLER asked about the consistency of the rates. If the rate is based on price from year to year it would fluctuate, and if it did go down one year and up the next year, what would be the loss or the potential problems for the State Lands if there wasn't a base that could be counted on. Mr. Casey said the rates are based on the formula which relates to the price of livestock. He said the \$4.24 for this coming year is the highest it has ever been which is a reflection of the high cattle market. REP. STEPPLER asked if that is the way it is done now. Mr. Casey said it is. None of this will be changed. He said the bill does not address the formula by which they establish the AUM rentals, it only addresses the adjustment.

REP. MADISON asked where the lease dollars go. Mr. Casey said all rentals of state grazing land, are distributed to the schools. About 95% go to the public schools, and 5% go to several institutions that receive land grants, e.g., Montana State University, etc.

Closing by Sponsor:

SEN. HOCKETT said this simplifies the State Land's procedures and didn't think that most people would be adversely affected by this on the rangeland. He said there are about 8,200 leases of grazing land in Montana and the average increase will be about \$6.27 per lease. He said the most they are talking about is 160 acres for some ranchers to 2,000 for others.

EXECUTIVE ACTION ON SB 150

Motion: REP. ELLIOTT MOVED SB 150 BE CONCURRED IN.

Discussion: REP. SCOTT couldn't see how the Department of State Lands could combine all these leases into one class when the land is so different from end of the state to the other.

REP. BACHINI said what he understands about the leases is that they are based on the AUMs within that lease; so the increase is based on acreage, not the type of land.

REP. BECK wanted to know who oversees the land to see that is isn't overgrazed. Mr. Casey said they have field representatives that go out into the rangeland. He said even the lessee will recognize if the land is being overgrazed and will let the department know so they can come out and make the evaluation. Mr. Casey said they have very few problems regarding this situation.

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

Vote: SB 150 BE CONCURRED IN. The motion CARRIED unanimously. REP. CONNELLY will carry this on the House Floor.

EXECUTIVE ACTION ON SB 155


Motion: REP. ELLIOTT MOVED SB 155 BE CONCURRED IN.

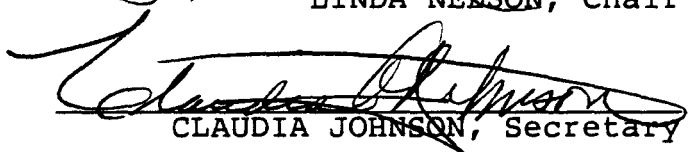
Motion/Vote: REP. BECK called the question. Voice vote was taken.

Vote: SB 155 BE CONCURRED IN. Motion CARRIED unanimously. The motion was made to place SB 155 on the consent calendar. The motion CARRIED unanimously. REP. COBB will carry SB 155 on the House Floor.

ADJOURNMENT

Adjournment: 4:00 p.m.


LINDA NELSON, Chair


CLAUDIA JOHNSON, Secretary

LN/cj

HOUSE OF REPRESENTATIVES

AGRICULTURE, LIVESTOCK AND IRRIGATION COMMITTEE

ROLL CALL

DATE 2-4-91

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 OF REPRESENTATIVES
VISITOR'S REGISTER

Agriculture COMMITTEE BILL NO. SB 155
DATE 2-4-91 SPONSOR(S) Senator Ferguson
PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
MIKE MURPHY	DEPT. OF AGR.	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Apiculture COMMITTEE BILL NO. SB 150
DATE 2-4-91 SPONSOR(S) Senator Hockett

PLEASE PRINT

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE

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