

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE, LIVESTOCK, & IRRIGATION

Call to Order: By Senator Greg Jergeson, on March 6, 1991, at 3:00 P.M.

ROLL CALL

Members Present:

Greg Jergeson, Chairman (D)
Francis Koehnke, Vice Chairman (D)
Gary Aklestad (R)
Thomas Beck (R)
Betty Bruski (D)
Gerry Devlin (R)
Jack Rea (D)
Bernie Swift (R)
Bob Williams (D)

Members Excused: None

Staff Present: Doug Sternberg (Legislative Council).

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

Announcements/Discussion:

Chairman Jergeson informed the committee that the House is rotating their committees as of March 11, and Doug Sternberg, Legal Counsel, will be working with the House Agriculture Committee. Chairman Jergeson thanked Mr. Sternberg for his services as Researcher. Mr. Sternberg introduced Connie Erickson who will take over the duties of Legal Counsel for the Senate Agriculture Committee.

HEARING ON HOUSE BILL 622

Presentation and Opening Statement by Sponsor:

Representative Chuck Swysgood, House District 73, stated that this bill eliminates the agricultural business incubator program from the Growth Through Agriculture Act. By way of background, he advised that in 1987 Cal Winslow had a bill which created the Growth Through Agriculture Act that established three parts to that act: (1) seed capital, (2) market research program, (3) business incubator program. The business incubator applied to communities of 15,000 population or less with a matching requirement necessary to implement it. He stated his area was

the first area to have an ag business incubator, and he made a commitment at its inception that if this program did not work for agriculture, he would eliminate it. It is his opinion the program does not work. This bill would eliminate that program and the money would help fund the other two parts of the program which are working. He added that the Growth Through Agriculture Act is funded through a percentage of the coal tax money.

Proponents' Testimony:

KAY NORENBURG, representing Wives Involved in Farm Economics, advised that their group feels that this bill would release that money to be used for loans and grants, and since the program is not working, they are in favor of eliminating the incubator program. She stated WIFE supports HB 622.

Opponents' Testimony:

None.

Questions From Committee Members:

None.

Closing by Sponsor:

Representative Swysgood stated that HB 622 is basically a very simple bill, and asked for the committee's concurrence.

HEARING ON HOUSE BILL 674

Presentation and Opening Statement by Sponsor:

John Cobb, House District 42, advised that the purpose of this bill is to regulate excessive amounts of water and ice in poultry. The original bill tried to label poultry if it had too much water added, but the Department of Health recommended amendments to make a definition of excessive water as a definition of adulteration in Montana Food, Drug and Cosmetic Act. The reason for the bill is that one of the little known advantages poultry can claim over beef is that water can be added to poultry and still be sold in the markets. USDA allows chickens which weigh under four and one-half pounds to have 8% water. Allowing water weight gain in poultry and prohibiting such weight gain in red meat is a serious economic imbalance. Federal regulations which allow water to be added are holdovers from a time when chilling technology was in its prime, and ice bath chilling was very common. In the 1990s there are much better mechanisms that can chill birds very effectively without allowing them to gain weight. He concluded by stating that the basic issue is whether water added should be sold with the poultry, whereas it cannot be done with red meat. If this bill is passed, it would affect the big packing plants and stores such as Buttreys and Safeway which have their own packing facilities.

He furnished the committee a reprint of an article pertaining to the inequities of water weight in poultry (Exhibit #1).

Proponents' Testimony:

None.

Opponents' Testimony:

TOM DOWLING, representing the Montana Food Distributors Association, a group of neighborhood independent grocers, stated he only found out about HB 674 the previous day. He stated that when members of his group buy chickens to resell, they are either frozen or are packaged. According to Mr. Dowling, there is no means to do anything about the water content at that point. He stated the local grocer is concerned how this bill would impact him. He acknowledged there is a problem concerning excess water, but it is his understanding that part of the use of water is to assure freshness of the product when it gets to market. He reiterated that the local grocer has no way to control the water content of the product he sells.

Questions From Committee Members:

Senator Aklestad asked how the Department of Agriculture determines that there is too much water. Rep. Cobb referred to Exhibit #1 which shows the requirements for water content.

Senator Aklestad asked that if specifications were put on that are more severe than the Federal regulations, how will grocery stores contend with that situation. Rep. Cobb stated it is his belief the law will affect the wholesale dealers.

Senator Rea asked if this law would mandate to the out of state producers. Rep. Cobb stated if they want to sell chicken in Montana, they would have to abide by it.

Senator Williams commented that they would have to be competitive, and he would assume that the water is calculated in the price. In response to a question by Senator Williams, Rep. Cobb stated that there is water in some red meat, but certain requirements must be followed. For instance, the label on hams indicates water is added.

Senator Beck asked if water is essential in the packaging of poultry products. Rep. Cobb advised that he is not sure on that point. Senator Rea advised that water is undoubtedly essential for palatability. He asked what impact it would have on the sale of chicken. Les Graham, Department of Agriculture, advised that water additive is not a requirement with fresh meat products. Any processed food, ie bologna, hams, etc., must be labeled with the exact contents. Fresh products do not have this requirement.

Closing by Sponsor:

Representative Cobb said it is his desire to put everything on the same playing field. He believes it is not competitive at the present time where water can be added to poultry, but not to red meat. He believes some action must be taken, and here would be a good place to start.

HEARING ON HOUSE BILL 537Presentation and Opening Statement by Sponsor:

Representative Hal Harper, District 44, advised that HB 537 was introduced at the request of the Governor, and is the result of the process of study gone through by the State Water Plan. He stated he was impressed as he witnessed and participated, to a degree, in that Plan. Numerous meetings were held all over the state, input was taken, and he stated he is proud to present this bill which is a result of the efforts of a very diverse and hard-working committee. He stated Montana needs the type of systematic approach this bill provides to help mitigate the impacts of drought. He urged support of HB 537.

Proponents' Testimony:

STAN BRADSHAW, Montana Trout Unlimited, stated he is also appearing on behalf of the Drought Steering Committee that developed this bill. He informed he was the chairman of that committee and he was also on the Water Plan Advisory Council. He stressed that this bill is a product of a consensus process. The drought policy issue was one of the main components that the Governor and Department of Natural Resources pursued over the past two years. He said the committee was comprised of a very divergent group of people, and the bill provides for monitoring of weather and climatic conditions; make the public aware of such information, and then take what is known to a local level in advance of the onset of summer when the drought is at its worst. He emphasized this is not an instream flow bill, not an irrigation bill, nor a dry land farmer's bill. Instead, it identifies the process that recognizes the legitimacy of all those interests. He urged the committee's support of HB 537.

JO BRUNNER, Executive Secretary, Montana Water Resources Association, stated that group strongly supports HB 537. Ms. Brunner vice-chaired the committee that worked on this bill. She pointed out that the committee worked with intensity to come to agreement on this proposal. She added their Association believes it is necessary that a plan be available to utilize prior to a drought. She urged approval of this legislation.

REP. CHUCK SWYSGOOD, House District 73, stated he rises in strong support of HB 537. He advised he also was a member of that steering committee. He referred to the provision of

information being brought to the local level, adding that his area in Beaverhead County was a pilot project. Various agencies provided the expertise that was needed, and information was disseminated. He believed the program worked. He urged support of HB 537.

KAREN BARCLAY, Director of the Department of Natural Resources and Conservation, stated she would like to urge support of HB 357. She emphasized how important the Governor thinks this bill is, and how important the approach is. Like other citizens in Montana, he is very concerned about the state's reaction to drought. She stated that he was very appreciative of the efforts of the steering committee members, and the subsequent recommendations that they made. According to Ms. Barclay, this bill is an early warning system; it provides technical information; it provides a concentration in the area where there is a drought rather than trying to blanket the state where there are no particular problems, and it also focuses attention on the local people and their participation. She urged support of HB 357. She also furnished written information from the Department of Natural Resources and Conservation (Exhibit #2).

JIM JENSEN, Executive Director, Montana Environmental Information Center, stated that he is in support of HB 357.

SUSAN LEONARD, Montana Audubon Legislative Fund, advised that they wished to go on record in favor of HB 357, and urged the committee's support.

Opponents' Testimony:

None.

Questions From Committee Members:

Senator Beck stated he wished to compliment the sponsor and committee members responsible for HB 357. He believes this is a much different bill than was presented in the last session, and is a good piece of legislation.

Senator Jergeson asked if there should be an immediate effective date on the bill inasmuch as a drought may be imminent. Representative Harper stated that would be a good suggestion.

Senator Aklestad asked why we need statutory authority to do this when a committee is already set up to evaluate this type of occurrence. Rep. Harper replied that he believes this issue needs to be raised to the highest level, and the way to do that is to put it in statute. He also pointed out that it is an advisory committee, not an advisory council, which would have to be reimbursed. Rep. Harper stated that it is different than just trying to use existing disaster agencies. It is his opinion the bill gives a whole new emphasis and focus to it.

Closing by Sponsor:

Representative Harper stated that drought across the state has caused the loss of millions of dollars. He stated he is thankful that the state is finally going to do something about it.

HEARING ON HOUSE BILL 90Presentation and Opening Statement by Sponsor:

Representative John Cobb, House District 42, advised that the purpose of HB 90 is to repeal the Beginning Farm Loan Program. The original intent of the law has not been fulfilled due to loss of an effective funding source. Only two or three loans have been made since 1981. The federal laws on Beginning Farmers Program are very restrictive. He stated that basically this bill provides for getting rid of some good laws, but which have not been working. He believes the bonding authority should be reassigned, and the money made available for other uses.

Proponents' Testimony:

MIKE MURPHY, Montana Department of Agriculture, stated that the Department wishes to go on record in support of HB 90. He read and presented written testimony providing information regarding the reasons the program was curtailed, and why the Department of Agriculture supports HB 90 (Exhibit #3).

DAVID ASHLEY, Deputy Director of the Department of Administration, stated they would like to go on record as supporting HB 90. He advised their involvement with the bill has to do with the fact that the Department of Administration administers the private activity Bond Allocation Authority Plan. They feel that distributing the bonding authority best meets the needs of state agencies.

KAY NORENBURG, representing Wives Involved in Farm Economics, advised that since the program is not working the way it was intended, they would like to see it off the books. They appreciate the fact that Section 3, added by the House Committee, will keep the program alive in case things change.

CAROL MOSHER, representing the Montana Cattle Women, stated they would like to go on record in support of HB 90. They appreciate the work of the House Ag Committee. She emphasized they do support agriculture, but realize this program is not the answer at the present time.

Opponents' Testimony:

SENATOR TOM TOWE, District 46, advised that he would be more of a proponent than an opponent if his suggested amendment was adopted. He stated he spent a good deal of time in the

Legislature getting this bill passed; unfortunately, just as it was passed, the Federal law changed and they were unable to make use of it. There are other states that do use it and it is in operation, although greatly reduced because of the Federal law. He provided the committee with copies of an editorial from "Agriculture Highlights", a national publication, (Exhibit #4) which indicates there is still a bond program (private activity bond - PAB) and if the sunset is eliminated on that program, it may breathe life back into the Beginning Farm Program. It is his opinion it would be premature to eliminate the entire program at this point. He stated he has no objection to eliminating the Board or any expense involved, but he does have some concern about the program being dissolved if there is hope that Congress does revive PABs. Senator Towe also discussed the role of banks in the funding of the Beginning Farm Program, and added that if Congress changes its law and banks do a bit better, this program may be very beneficial. He suggested that Section 2-15-3011 be repealed. This section sets up the authority. If the authority was given to the Department of Agriculture, it would keep the law on the books at no expense, and if things did change it would be available for use.

Questions From Committee Members:

Senator Jergeson asked Senator Towe if he was not comfortable with the contingency of being available to the Board of Investments. Senator Towe stated that part is not a problem. According to Senator Towe, the problem is the authorization for the program itself. In order to authorize the conversion of a loan to a young farmer to a municipal bond loan, they must have the authority of this bill.

Senator Beck asked Representative Cobb his opinion of Senator Towe's suggestions. Rep. Cobb pointed out two issues: (1) the bonding issue, wherein the Department of Administration and Board of Housing want to use the bonds right away; (2) the second issue is the fact that the law does not work.

Senator Rea asked Mike Murphy, Department of Agriculture, if he would concur with Senator Towe's suggestions. In response, Mr. Murphy stated that the Department would want to take a look at that amendment and evaluate it.

Senator Devlin asked how many loans were made before the restrictions set in. Mr. Murphy advised that a total of two loans were made between 1984 and 1986. He stated the program was just at the point where it might operate when the Tax Reform Act of 1986 hit. He stated those two loans are doing very well, being paid on schedule.

Senator Aklestad questioned why the Department would have to take more time to evaluate the amendment since the program is not working. Mr. Murphy replied that in looking at the program and the overall potential and feasibility for these bonds to become

effective in the future, they would look at what they saw in the past as far as what this program had to be able to do in the way of volume in order to be a self-supporting program.

Senator Beck asked the sponsor if he was in favor of the House amendment of Section 3. Representative Cobb stated they wanted to assure if the funding was available in the future, they would be able to do something for agriculture.

Closing By Sponsor

Representative Cobb stated he wished to point out again the (1) bonding issue, and (2) the law does not work. He believes it should be repealed.

HEARING ON HOUSE JOINT RESOLUTION 41

Presentation and Opening Statement by Sponsor:

Representative Linda Nelson, House District 19, stated she is chief sponsor of HJR 41, which is a committee resolution dealing with the McCarty Farms Case. This is a lawsuit that was brought by grain shippers against Burlington Northern alleging that the railroad charged unjust and excessive freight rates. This began in 1980, and was referred to the ICC in 1981. The case has been re-opened six times, and the last date of action was in 1989. There has been 100% turnover of membership on the ICC since the case has begun, and the delays are making it more difficult to obtain a settlement. The complainants number 14,000, and many who brought the original suit are leaving the business or dying. She informed the settlement of this case will establish freight rates for the future. It was decided after meeting with Mike Osborne, attorney for the state in this case, that if a resolution was formulated to send to the Congressional delegation, as well as to the ICC and Department of Commerce, it might do something to spur this matter along. She believes settlement of this case would be in the best interest of everyone. She pointed out two minor amendments suggested by the state attorney, and urged passage of this Resolution.

Proponents' Testimony:

KAY NORENBURG, representing Wives Involved in Farm Economics, advised that WIFE would like to go on record in support of this resolution. She believed this would encourage the efforts of moving on with this case.

BOB STEPHENS, representing Montana Grain Growers Association, stated they have been active in the McCarty Farm Case, and wished to support this Resolution.

LORNA FRANK, representing Montana Farm Bureau, stated they also support this Resolution.

Opponents' Testimony:

None.

Questions From Committee Members:

Senator Beck referred to an newspaper article indicating the case was to be re-opened. Representative Nelson stated that was correct, and Governor Stephens had received a positive letter to that effect.

Senator Devlin asked if any Resolution had been sent to the Congressional delegation in the past. Rep. Nelson stated she did not believe one had been sent previously.

Senator Williams asked approximately how many dollars have been spent pursuing this case. Rep. Nelson stated it was in the area of \$900,000 on the part of the state, and Senator Jergeson added that \$300,000 has been paid by the grain growers.

Closing by Sponsor:

Representative Nelson stated that she and her husband are among the 14,000 complainants in this case. She urged some action on House Joint Resolution 41.

EXECUTIVE ACTION ON HOUSE JOINT RESOLUTION 41

Amendments, Discussion, and Votes:

Senator Devlin made a motion that the amendments to HJR 41 be adopted. Those in favor - 9; opposed - 0. MOTION CARRIED.

Recommendation and Vote:

Senator Beck made a motion that HJR 41 BE CONCURRED IN AS AMENDED. Those in favor - 9; opposed - 0. MOTION CARRIED.

Senator Jergeson will carry HJR 41 to the floor of the Senate.

EXECUTIVE ACTION ON HOUSE BILL 120

Discussion:

The committee members were presented with copies of amendments for HB 120. Chairman Jergeson pointed out the two options of language for amendment 8. Doug Sternberg, Legal Counsel, stated he met with Lorna Frank of the Farm Bureau, and Tim Sweeney, attorney for the Humane Society, and they concurred in amendments 1 through 7, and 9. Mr. Sternberg explained the various amendments, and the options for amendment 8. In view of the amount of time spent on the wording of the options for

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amendment 8, Chairman Jergeson asked Lorna Frank and Tim Sweeney if they wished to present their reasons for their choice of wording. They briefly gave their views on the wording of amendment 8.

Senator Beck stated that he believes the Humane Society should draft a separate bill to cover the gray area regarding their position.

Amendments, Discussion, and Votes:

Senator Aklestad made a motion that amendments 1,2,3,4,5,6,7,9 and 1-(b) of 8 be accepted.

Senator Beck made a substitute motion to accept all the amendments except number 7, and 8 in its entirety.

Senator Jergeson stated it was his opinion that the sponsor did not intend to cause problems for the Humane Society. He believes either option in Amendment 8 clearly resolves their problem, and to not insert it makes it very unclear that the problem has been resolved.

Senator Beck stated in defense of his motion he wished to state that he does not believe the bill hurts the Humane Society, nor restricts them from any of the practices they currently engage in.

Recommendation and Vote:

Chairman Jergeson called for a roll call vote on Senator Beck's substitute motion to adopt amendments 1 through 6, and 9. Those in favor - 2 (Beck, Devlin); opposed - 7. MOTION FAILED.

Senator Williams made a substitute motion that amendments 1 through 7, 9, and 2-(b) of 8 be accepted. Those in favor - 2 (Williams, Jergeson); opposed - 7. MOTION FAILED.

Chairman Jergeson advised they would revert to the original motion by Senator Aklestad that amendments 1, 2, 3, 4, 5, 6, 7, 9 and 1-(b) of 8 be accepted. Those in favor - 9; opposed - 0. MOTION CARRIED.

Senator Devlin made a motion that HB 120 BE CONCURRED IN AS AMENDED. Those in favor - 9; opposed - 0. MOTION CARRIED.

Senator Devlin will carry HB 120 to the floor of the Senate.

EXECUTIVE ACTION ON HOUSE BILL 622

Recommendation and Vote:

Senator Rea made a motion that HB 622 DO BE CONCURRED IN.

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Those in favor - 9; opposed - 0. MOTION CARRIED.

Senator Rea will carry HB 622 to the floor of the Senate.

EXECUTIVE ACTION ON HOUSE BILL 537

Amendments, Discussion, and Votes:

Senator Beck made a motion that the amendment to make an immediate effective date be adopted. Those in favor - 9; opposed - 0; MOTION CARRIED.

Recommendation and Vote:

Senator Beck made a motion that HB 537 DO BE CONCURRED IN AS AMENDED. Those in favor - 7; opposed - 2 (Akkestad, Devlin). MOTION CARRIED.

Senator Beck will carry HB 537 to the floor of the Senate.

EXECUTIVE ACTION ON HOUSE BILL 90

Recommendation and Vote:

Senator Swift made a motion that HB 90 BE CONCURRED IN. Those in favor - 9; opposed - 0. MOTION CARRIED.

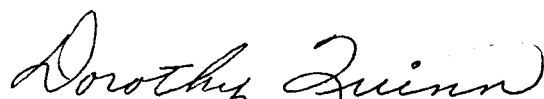
Senator Swift will carry HB 90 to the floor of the Senate.

ADJOURNMENT

Adjournment At: 5:05 P.M.



GREG JERGESON, Chairman



DOROTHY QUINN, Secretary

ROLL CALL
AGRICULTURE COMMITTEE

DATE

3/6/91

52nd

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. JERGESON	X		
SEN. KOEHNKE	X		
SEN. AKLESTAD	X		
SEN. BECK	X		
SEN. BRUSKI	X		
SEN. DEVLIN	X		
SEN. REA	X		
SEN. SWIFT	X		
SEN. WILLIAMS	X		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 7, 1991

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation having had under consideration House Joint Resolution No. 41 (third reading copy -- blue), respectfully report that House Joint Resolution No. 41 be amended and as so amended be concurred in:

1. Page 2, line 2.

Strike: "complaints"

Insert: "complainants"

2. Page 2, line 8.

Strike: "settlement"

Insert: "resolution"

Signed: Greg Jergeson

Greg Jergeson, Chairman

LB 3/7/91
Amd. Coord.

SB 3/7/91
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

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March 7, 1991

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation having had under consideration House Bill No. 120 (third reading copy -- blue), respectfully report that House Bill No. 120 be amended and as so amended be concurred in:

1. Page 1, line 16.

Following: "animal"

Strike: "used in"

Insert: "lawfully confined for"

2. Page 1, line 21.

Following: "is"

Insert: "lawfully"

3. Page 3, line 5.

Following: "property;"

Insert: "or"

4. Page 3, lines 6 through 9.

Following: "(b)" on line 6

Insert: "lawful"

Following: "property" on line 6

Strike: remainder of line 6 through "act" on line 9

5. Page 3, line 21.

Following: "is"

Insert: "lawfully"

6. Page 4, line 18.

Following: "means"

Insert: "with the intent to commit criminal defamation"

7. Page 4, line 24.

Following: "a"

Insert: ": (a)"

8. Page 4, line 25.

Following: "law"

Insert: "; and

(b) humane animal treatment shelter or its employees
whose primary purpose is the bona fide control or humane
care of animals or the enforcement of 45-8-211"

9. Page 6, line 2.

Strike: "20"

Insert: "10"

Signed: Greg Jergeson

Greg Jergeson, Chairman

LB 3/7/91 SL 3/7 1:10
Amd. Coord. Sec. of Senate

SENATE STANDING COMMITTEE REPORT

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March 7, 1991

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation having had under consideration House Bill No. 622 (third reading copy -- blue), respectfully report that House Bill No. 622 be concurred in.

Signed: _____

Greg Jergeson
Greg Jergeson, Chairman

BB 3/7/91
Amd. Coord.

SB 3/7 1:10
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 7, 1991

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation having had under consideration House Bill No. 537 (third reading copy -- blue), respectfully report that House Bill No. 537 be amended and as so amended be concurred in:

1. Title, line 6.
Strike: "AND"

2. Title, line 7.
Following: "RESPONSIBILITIES"
Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

3. Page 4, line 3.
Following: line 2
Insert: "NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval."

Signed: Greg Jergeson
Greg Jergeson, Chairman

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SB 3/7 1:10
Sec. of Senate

SENATE STANDING COMMITTEE REPORT

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March 7, 1991

MR. PRESIDENT:

We, your committee on Agriculture, Livestock, and Irrigation having had under consideration House Bill No. 90 (third reading copy -- blue), respectfully report that House Bill No. 90 be concurred in.

Signed: Greg Jergeson

Greg Jergeson, Chairman

SB 3/7/91
Amd. Coord.

SB 3/7 1:10
Sec. of Senate

IBP Decries Inequities

Feds allow poultry to market water gain.

To all the well-known competitive advantages the poultry industry can lay claim to over beef, there's one more few consumers or cattlemen are aware of, IBP's George Spencer and Jim Lockner told an NCA animal health and inspection subcommittee. It's water weight.

IBP's vice-president of public affairs and vice-president of technical services, respectively, appeared before an NCA midyear committee session. Lockner began by asking the approximately 40 attendees: "How many in this room know poultry can gain up to 8 percent (weight gain as water), and in some cases, up to 12 percent, depending on the style and presentation of the bird?" One hand went up.

See accompanying table compiled from USDA's Food Safety and Inspection Service regulations, Section 381.66, Paragraph D, Section 2.

Spencer called this situation, which allows water weight gain by poultry and prohibits such weight gain in red meat: "a very serious economic imbalance.

"The point isn't really the percentage," Spencer said, "The bottom line is that every day we're out there marketing what you produce, in the box or whatever form, we're competing not only with the basic white meat of poultry, but the water as well.

"If we can't contest the efficiency of their operation — their 21-day incubation period, their short production period, etc., just the added water makes it that much more competitive in the marketplace with the price of the product with that water added," he said.

Lockner said the regulations are holdovers from a time when chilling technology wasn't what it is today.

"When these regulations were put together, ice bath chilling was very common. We're now in the 1990s and there are mechanisms that can chill birds in a very effective way, without allowing them to gain weight," Lockner said.

Spencer and Lockner both advised

against the cattle industry advocating that water weight gain be allowed for its products.

"I don't believe we should be in the business of selling unnatural or added water. We're here to press the issue that poultry, with the technology that exists in chilling today, should not be allowed to continue to add this percentage of water," Lockner said.

Spencer was certain most consumers aren't aware of the added water weight in poultry. "And I'm not sure they should become aware," he said. "But I do think the cattle industry needs to be aware of the inequity and decide if and what it wants to do about it."

One possibility, Lockner added, could be labeling of poultry as containing added water. "That would make it more acceptable because the consumer would be aware of it," he said.

The cost of the inequity to the red meat industry is significant, Lockner said, although IBP hadn't computed those numbers as of press time. The two men agreed to provide NCA with a report citing the regulations and the economic ramifications.

"If you look at the percentage of water in poultry and the average prices at which poultry moves in the marketplace, you have a good economic story there," Spencer added.

In response to a question by cattleman Jim Mullins, Lockner said this issue hadn't surfaced previously because of a greater predominance of safety issues rather than economic.

"But there are at least two or three more glaring disparities in the poultry regulations. Another is 'mechanically separated.' It means something totally different than in red meat,"

ESIS limits for maximum moisture absorption and retention for all classes of poultry, to be consumer-packaged frozen or cooked as whole poultry.

Average ready-to-cook carcass weight prior to final washer (less necks and giblets)	Average percent increase in weight over weight of carcass prior to final washer (less necks and giblets)	
	Zone A ¹	Zone B ¹
Chickens 4 1/4 pounds and under	8.0	8.7
Chickens over 4 1/4 pounds and all other classes of poultry other than turkeys	8.0	6.7
Turkeys 8 lbs., 8 oz. and under	8.0	9.0
Turkeys 8 lbs., 9 oz. to 15 lbs., 15 oz.	6.0	6.4
Turkeys 16 lbs. to 16 lbs., 15 oz.	5.8	6.05
Turkeys 17 lbs. to 17 lbs., 15 oz.	5.5	5.75
Turkeys 18 lbs. to 18 lbs., 15 oz.	5.3	5.55
Turkeys 19 lbs. to 19 lbs., 15 oz.	5.1	5.35
Turkeys 20 lbs. to 20 lbs., 15 oz.	4.9	5.15
Turkeys 21 lbs. to 21 lbs., 15 oz.	4.8	5.05
Turkeys 22 lbs. to 22 lbs., 15 oz.	4.6	4.85
Turkeys 23 lbs. to 23 lbs., 15 oz.	4.5	4.75
Turkeys 24 lbs. to 26 lbs., 15 oz.	4.4	4.65
Turkeys 27 lbs. and over	4.3	4.55

¹Zone A limits are based on the average moisture content of the carcass prior to chilling. Zone B limits are based on the average moisture content of the carcass prior to chilling. The Zone A limits are based on the average moisture content of the carcass prior to chilling. The Zone B limits are based on the average moisture content of the carcass prior to chilling. The Zone A limits are based on the average moisture content of the carcass prior to chilling. The Zone B limits are based on the average moisture content of the carcass prior to chilling.

Lockner said.

Mechanically-separated red meat must be labelled. Mechanically-separated poultry needn't be. "The value of red meat so labelled is very much lower in economic value," Spencer said.

In response to another question, Spencer said the American Meat Institute had no position on the issue. "The consist of AMI's membership is changing and I think the industry is evolving in a different way. A good number of the big players in the beef and pork industry today are also big players in poultry. I don't think we need to say more," he said.

Jim Mullins advocated approaching the issue from the economic standpoint, lest consumer credibility of the food inspection system be affected. "I think there are some issues in food safety here (referring to communal baths typically used to chill poultry), but I'd be concerned on approaching it from that side rather than the economic," Mullins said.

In the end, committee members voted to study the issue before deciding on a course of action. ◇

LC 0550

HOUSE BILL 537

TESTIMONY OF
THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

March 6, 1991

By request of the Governor:
A Bill for an Act entitled:

"An Act creating a drought advisory committee and defining its responsibilities."

Purpose

The purpose of this bill is to improve drought monitoring, mitigation, and response by establishing in the statute an entity responsible for these functions and a process to ensure that they are accomplished efficiently. The drought advisory committee will institutionalize drought management into the operations of state government, using a process that emphasizes local cooperation and allows the state to match its drought management strategy to predicted and actual moisture conditions.

Background

Many Montanans were dissatisfied with the performance of state government in mitigating the impacts of the droughts of the past several years. Thus, drought management was addressed in the state water plan during 1989-90. The creation of a drought advisory committee was one of the recommendations adopted in the drought management section of the state water plan. This recommendation was strongly supported by the steering committee responsible for drafting the plan section.

To a limited extent, this drought management strategy was employed by the Governor in 1990 through the Disaster Advisory Council and the creation of a local drought task force in Beaverhead County. The experience was generally successful, and this legislation represents a long-term commitment of state government to this drought management approach.

Implementation

The drought advisory committee will be composed of representatives of the Governor's Office and the Departments of Natural Resources and Conservation, Health and Environmental Sciences, Fish, Wildlife and Parks, State Lands, Agriculture, Livestock, Commerce, and Military Affairs. Additional, non-voting members representing federal and local government agencies and public and private drought-affected interests may also be appointed by the Governor. The committee will be staffed by the DNRC.

Fiscal Impacts

The costs of participation on the drought advisory committee will be absorbed by the agencies represented. All other costs related to the committee's staffing and operations will be absorbed by the DNRC or other member agencies assigned responsibility for any recommended activities.



STAN STEPHENS
GOVERNOR

STATE OF MONTANA
DEPARTMENT OF AGRICULTURE

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

DEPT. OF AGRICULTURE
EXHIBIT NO. #3
DATE 3/6/91
BILL NO. HB 90
TELEPHONE: 444-3144
FAX 406-444-5409

EVERETT M. SNORTLAND
DIRECTOR

Wednesday, March 6 1991
HOUSE BILL 90
SENATE AGRICULTURE COMMITTEE
TESTIMONY OF MONTANA DEPARTMENT OF AGRICULTURE
Everett Snortland, Director

Chairman Jergeson 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 1983 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 1984 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.

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. House Bill 90 will provide a means through which agriculture may utilize this allocation if future changes in tax law allow for such use.

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

SENATE AGRICULTURE

EXHIBIT NO. #4

DATE 3/6/91

BILL NO. HB 90

Continued effort needed for PABs

The old cliché, "another day, another dollar," could be paraphrased in a tax-free, small-issue private activity bond (PAB) context as, "another year, another extension."

There are members of Congress that feel PABs (also known as industrial development bonds, or IDBs) should not exist, and they keep trying to phase them out, by putting "sunset" (termination) dates of their use. These members point out that PABs have been abused in many cases, and they are right.

But other members of Congress note that PABs have served and continue to serve a number of legitimate and worthwhile purposes — such as use in connection with state programs to provide low-interest loans to beginning farmers and ranchers. So, when the use of PABs expires, the proponents of PABs extend the sunset dates. It's happened before and it just happened again. This time, PABs (which were sunsetted in September, 1990) have been extended through December, 1991. (See separate article in this issue.)

Actually, the PAB proponents would rather eliminate the sunset dates altogether, but by simply extending the sunsets, they are compromising with the other faction, who would rather eliminate PABs.

"I think it will take continued effort on our parts to keep these programs extended. I think if we let our guard down just a little bit, we may lose it and never see it again."

Don Cochran of the Illinois Farm Development Authority

CA which is known for its work on behalf of programs to help beginning farmers and ranchers, also wants the sunset on PABs eliminated. So does the National Association of State Agricultural Finance Programs (NCOSAFP), of which CA is the founding organization as well as the legislative advisor.

However, the political climate in the last several years has made it impossible to achieve the complete elimination of the PAB sunset. Even getting the sunset date extended has been very difficult, but CA and NCOSAFP have worked vigorously for that goal and have achieved it, this year as in past instances.

While several members of Congress (such as Sen. Bob Dole of Kansas and also the Iowa Congressional delegation) can be credited for playing key roles in the latest PAB extension, it has been CA and NCOSAFP that have consistently championed PABs, when others lost interest. Without the work of CA and NCOSAFP, it is doubtful that PABs would exist today. Don Cochran of the Illinois Farm Development Authority, a member of the NCOSAFP Steering Committee, said, "I don't think we'd have them if it wasn't for CA."

With the latest extension there is a new wave of interest in PABs and there is expected to be a new wave of PAB beginning farmer-rancher activity. CA and NCOSAFP plan to work extensively with states that are interested in starting or reactivating PAB-based beginning farmer-rancher programs.

But there is another thing to be worked on, too, and that's the new PAB sunset date, in December, 1991. Once again, CA and NCOSAFP are trying to eliminate the sunset altogether, but if that doesn't work out for the time being, the next-most-practical project would be to get the sunset extended for as long as possible. If there is another extension, hopefully, it will be for at least three to five years.

The name of the game is vigilance. PABs will probably have to be defended quite some time into the future. Cochran is probably not being overly pessimistic by saying, "I think it will take continued effort on our parts to keep these programs extended. I think if we let our guard down just a little bit, we may lose it and never see it again."

3/6/91

Agriculture

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

ROLL CALL VOTE

SENATE COMMITTEE

AGRICULTURE

Date

3/6/91

Bill No.

HSR 41

Time

4:21

NAME

YES

NO

Sen. AKLESTAD	X	
Sen. BECK	X	
Sen. BRUSKI	X	
Sen. DEVLIN	X	
Sen. REA	X	
Sen. SWIFT	X	
Sen. WILLIAMS	X	
Sen. KOEHNKE	X	
Sen. JERGESON	X	

Dorothy Quinn

Secretary

Greg Jergeson

Chairman

Motion:

Amendments Sen Devlin
made a motion that the amendments
to HSR 41 be adopted.

In Favor - 9; opposed - 0. Motion
CARRIED.

ROLL CALL VOTE

SENATE COMMITTEE _____

AGRICULTURE

Date

3/6/91

Bill No.

HJR 41

Time

4:22

NAME

YES

NO

Sen. AKLESTAD

X

Sen. BECK

X

Sen. BRUSKI

X

Sen. DEVLIN

X

Sen. REA

X

Sen. SWIFT

X

Sen. WILLIAMS

X

Sen. KOEHNKE

X

Sen. JERGESON

X

Dorothy Quinn

Secretary

Greg Jergeson

Chairman

Motion:

Sen Beck
Made a motion that HJR 41
Be Concurred in as Amended.
In Favor - 7; Opposed - 0.
MOTION CARRIED,

ROLL CALL VOTE

SENATE COMMITTEE AGRICULTURE

Date 3/6/91 Bill No. HB 120 Time

NAME	YES	NO
Sen. AKLESTAD	X	
Sen. BECK	X	
Sen. BRUSKI	X	
Sen. DEVLIN	X	
Sen. REA	X	
Sen. SWIFT	X	
Sen. WILLIAMS	X	
Sen. KOEHNKE	X	
Sen. JERGESON	X	

Dorothy Quinn
Secretary

Greg Jergeson
Chairman

Motion: Sen. Aklestad made a motion
that Amendments 1, 2, 3, 4, 5, 6, 7, 9 and
1-(b) of 8 be accepted. In favor - 9;
opposed - 0. MOTION CARRIED.

ROLL CALL VOTE

SENATE COMMITTEE AGRICULTURE

Date 3/6/91 Bill No. HB 120 Time

NAME	YES	NO
Sen. AKLESTAD		X
Sen. BECK	X	
Sen. BRUSKI		X
Sen. DEVLIN	X	
Sen. REA		X
Sen. SWIFT		X
Sen. WILLIAMS		X
Sen. KOEHNKE		X
Sen. JERGESON		X

Dorothy Quinn
Secretary

Greg Jergeson
Chairman

Motion: Sen. Beck made a substitute
motion to accept all the amendments
except number 7, and number 8 in its
integrity. Those in favor - 2 (Beck
Devlin)
Opposed - 7.
Motion FAILED.

ROLL CALL VOTE

SENATE COMMITTEE _____

AGRICULTURE _____

Date _____

3/6/91

Bill No. _____

HB 120

Time _____

NAME

YES

NO

Sen. AKLESTAD		X
Sen. BECK		X
Sen. BRUSKI		X
Sen. DEVLIN		X
Sen. REA		X
Sen. SWIFT		X
Sen. WILLIAMS	X	
Sen. KOEHNKE		X
Sen. JERGESON	X	

Dorothy Quinn

Secretary

Greg Jergeson

Chairman

Motion:

Sen. Williams made a substitute
motion that amendments 1 through 7,
9, and 2-(b) of amendment 8 be accepted.
Those in favor- 2; opposed- 7. Motion
FAILED.

ROLL CALL VOTE

SENATE COMMITTEE AGRICULTURE

Date 3/6/91 Bill No. HB 120 Time 4:55

NAME	YES	NO
Sen. AKLESTAD	X	
Sen. BECK	X	
Sen. BRUSKI	X	
Sen. DEVLIN	X	
Sen. REA	X	
Sen. SWIFT	X	
Sen. WILLIAMS	X	
Sen. KOEHNKE	X	
Sen. JERGESON	X	

Dorothy Quinn
Secretary

Greg Jergeson
Chairman

Motion: Senator Devlin made a motion
that HB 120 Be CONCURRED IN AS
AMENDED. Those in favor - 9;
opposed - 0. Motion CARRIED.

ROLL CALL VOTE

SENATE COMMITTEE

AGRICULTURE

Date

3/6/91

Bill No.

HB 622

Time

NAME

YES

NO

Sen. AKLESTAD	X	
Sen. BECK	X	
Sen. BRUSKI	X	
Sen. DEVLIN	X	
Sen. REA	X	
Sen. SWIFT	X	
Sen. WILLIAMS	X	
Sen. KOEHNKE	X	
Sen. JERGESON	X	

Dorothy Quinn

Secretary

Greg Jergeson

Chairman

Motion:

Senator Rae made a motion that
HB 622 DO BE CONCURRED IN.
Those in favor - 9; opposed - 0.
MOTION CARRIED. 9-0

ROLL CALL VOTE

SENATE COMMITTEE

Agriculture

Date

3/6/91

Bill No.

HB 537

Time

NAME

YES

NO

Akilestad	X	
Beck	X	
Bruski	X	
Devlin	X	
Rea	X	
Swift	X	
Williams	X	
Kochube	X	
Jerguson	X	

Secretary

D. Quinn

Chairman

Greg. Jerguson

Motion:

Sen. Beck made a motion that the amendment (immediate effective date) be adopted. In favor - 9; opposed - 0. MOTION CARRIED.

ROLL CALL VOTE

SENATE COMMITTEE Agriculture

Date 3/6/91 Bill No. HB 537 Time _____

NAME	YES	NO
<u>Akkestad</u>		X
<u>Beck</u>	X	
<u>Bruski</u>	X	
<u>Devlin</u>		X
<u>Rea</u>	X	
<u>Swift</u>	X	
<u>Williams</u>	X	
<u>Kochube</u>	X	
<u>Jorgeson</u>	X	

Secretary _____

Chairman _____

Motion: Senator Beck made a motion
that HB 537 DO BE CONCURRED
IN AS AMENDED. Those in favor - 7;
opposed - 2 (Akkestad, Devlin) MOTION
CARRIED.

ROLL CALL VOTE

SENATE COMMITTEE Agriculture

Date 3/6/91 Bill No. HB 90 Time

NAME	YES	NO
<u>Akkestad</u>	<u>X</u>	
<u>Beck</u>	<u>X</u>	
<u>Bruski</u>	<u>X</u>	
<u>Devlin</u>	<u>X</u>	
<u>Rea</u>	<u>X</u>	
<u>Swift</u>	<u>X</u>	
<u>Williams</u>	<u>X</u>	
<u>Koehnke</u>	<u>X</u>	
<u>Jerguson</u>	<u>X</u>	

Dorothy Quinn
Secretary

Greg. Jerguson
Chairman

Motion: Senator Swift made a motion
that HB 90 DO BE CONCURRED
IN. Those in favor - 9; opposed - 0.
MOTION CARRIED.