

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION**

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

**Call to Order:** By VICE CHAIRMAN JOE BARNETT, on February 11, 1993, at 3:00 P.M.

#### **ROLL CALL**

##### **Members Present:**

Rep. Vern Keller, Chairman (R)  
Rep. Joe Barnett, Vice Chairman (R)  
Rep. Shiell Anderson (R)  
Rep. Bob Bachini (D)  
Rep. Jody Bird (D)  
Rep. Ervin Davis (D)  
Rep. Bill Endy (D)  
Rep. Harriet Hayne (R)  
Rep. Don Larson (D)  
Rep. Gary Mason (R)  
Rep. Bill Rehbein (R)  
Rep. Sam Rose (R)  
Rep. Dore Schwinden (D)  
Rep. Wilbur Spring (R)  
Rep. Wayne Stanford (D)

**Members Excused:** Rep. Jay Stovall

**Members Absent:** None

**Staff Present:** Connie Erickson, Legislative Council  
Jaelene Racicot, Committee Secretary

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

##### **Committee Business Summary:**

Hearing: HB 366, SB 188, HB 535  
Executive Action: HB 366, SB 188

#### **HEARING ON HB 366**

##### **Opening Statement by Sponsor:**

REP. SAM ROSE, HD 11, Choteau, stated HB 366 was a request by the Department of Agriculture. The bill repeals \$.05 from retail on rodenticide. The reason for repealing the rodenticide surcharge is because revenues anticipated are between \$25,000 and \$30,000

per year. The problem that exist with the rodenticide program is the time and effort on the dealer to sell and submit sale records regarding rodenticide sales. It is too burden some to have the Department file records to collect a surcharge on the amount of rodenticide sold. The costs out weigh the benefits.

Proponents' Testimony:

Leo Giacometto, Department of Agriculture, presented written testimony. EXHIBIT 1.

Opponents' Testimony: None

Questions From Committee Members and Responses:

REP. ANDERSON asked Gary Gingery, Administrator of the Agricultural and Biological Sciences Division, if the \$5,000 collected would be in registrations. Mr. Gingery stated the \$5,000 was for contracts companies had with the Department of Agriculture and they would provide the money to do the research and studies on their compounds.

Closing by Sponsor:

REP. ROSE closed.

EXECUTIVE ACTION ON HB 366

Motion: REP. BACHINI MOVED HB 366 DO PASS.

Discussion: REP. DAVIS asked REP. ROSE if rodenticide included decon. REP. ROSE said it did.

Motion/Vote: HB 366 DO PASS. The motion carried with no vote from REP. STOVALL and REP. KELLER. REP. KELLER was presenting his bill in the Senate Agriculture meeting.

HEARING ON SB 188

Opening Statement by Sponsor:

SEN. BOB HOCKETT, SD 7, Havre, stated leased agriculture land or forest land would not be affected by SB 188. A lessee could sublease a spot by placing a billboard on state land. As a result the state would end up with more income than they were currently receiving. At the current time, there are 952 special leases which are cabin sites and home sites. SB 188 would address the construction of a television or radio antenna on state land. At the present time, they can't sublease state land for a billboard, television or radio antenna and then return some of the profit, made from the sublease, back to the state of Montana.

Proponents' Testimony:

Jeff Hagener, Department of State Lands, stated that the department had requested this legislation to address the issue of commercial subleases of trust land. There are several special leases such as billboards and communication towers where it is common practice among other ownership and then sublease space to erect a communication tower. SB 188 would allow sublease and then the state could take advantage of additional profit.

Opponents' Testimony: None

Questions From Committee Members and Responses:

REP. ENDY asked Mr. Hagener how many acres would be involved in the erection of a billboard. Mr. Hagener stated it would be less than 1/10th of an acre.

REP. ROSE asked Mr. Hagener if a person would have to pay the state of Montana for air waves. Mr. Hagener stated that the only way the state of Montana would get paid is if the tower was located on state trust land.

REP. SPRING asked if a person was going to sublease the land would the person have to get permission from the Department of State Lands. Mr. Hagener stated that approval would have to be granted by the Department of State Lands.

REP. LARSON asked Mr. Hagener what would stop a cabin owner from subleasing his cabin for a profit. Mr. Hagener stated that a cabin site would not be a commercial lease. If the cabin was to be subleased, then the cabin would be required to be a commercial lease. The rental rate would go up to the five percent instead of three and one-half percent.

REP. DAVIS asked how much money did the total special leases generate in 1992. Mr. Hagener stated that the special leases brought in \$563,371 in 1992. Mr. Hagener added that this money goes to the school trust funds.

REP. STANFORD asked if the Department of State Lands knew exactly where the location of these special leases were. Mr. Hagener stated that they did.

REP. ROSE asked how much would an average cabin site cost. Mr. Hagener stated that the average cabin site generated \$500 to \$700 a year.

Closing by Sponsor:

SEN. HOCKETT stated SB 188 would create more funding for Montana's schools.

REP. BACHINI was asked to carry SB 188 on the House floor.

HEARING ON HB 535

Opening Statement by Sponsor:

REP. MIKE FOSTER, HD 32, Townsend, stated that HB 535 would reimburse the lessee for any improvement to state land. Each farmer and rancher present at this meeting spent their own resources to improve the lease with the permission of the Department of State Lands. They purchased expensive irrigation systems. This water was transferred from other lands to be used on the state land. REP. FOSTER stated that the ranchers, not the state, owned the rights to the water. The improvements turning was grazing land into agriculture land vastly improved the cash return to the state on the lands being leased. REP. FOSTER asked the committee to amend section 77. When the improvements have been made to the lease, at the lessees expense, the Department shall authorize a cash lease renewal at not less of \$15.

Proponents' Testimony:

Charles Graveley, himself and his brother, stated his brother's farm contained state lease lands. The lease was up for renewal and he expended \$175,000 to convert grazing ground to agriculture ground with the permission of the Department of State Lands. He put in a pivot irrigation system that irrigated 340 acres. The pivot covered part state land and part deeded land. Mr. Graveley stated that the Department of State Lands prepared and sent a lease agreement which stated their lease should be 25% of the hay crop? Mr. Graveley said that due to rain, \$85 hay can become \$25 hay. The Department's figures show \$55 must be paid and the Graveleys considered that to be unfair and therefore did not sign the lease. The Department of State Lands instructed the Graveleys to sign the lease or they would cancel the lease. If the Graveleys would sign the lease, then the Department would negotiate. The Graveleys contracted the Department and said they would sign only if they could sign a cash lease. Mr. Graveley stated when there has been significant improvements made to the property for the purpose of increasing the rate of return to the state of Montana, those people should be given the opportunity to recoup their investment. This would only apply to agriculture leases. The minimum lease amount of \$15 an acre was included in the bill.

John North, Department of State Lands, stated the Department's position is a neutral one on the bill. Stated on page two, subsection three, when the lessees makes improvements and it does not say significant improvements as mentioned previously. Mr. North said that the bill says the Department can authorize a cash lease renewal at not less than \$15 per acre. The Department feels this kind of discretion is needed to allow the Department the opportunity to achieve full market value.

Opponents' Testimony: None

Questions From Committee Members and Responses:

REP. ENDY asked Mr. Graveley what if someone would out bid your bid, how would he recoup the costs of implementing an expensive irrigation system. Mr. Graveley said that a section in the bill provides for payment of the irrigation system and another section provides for determination of compensation.

REP. ENDY asked Mr. Graveley what his preference would be a cash lease or a percentage lease. Mr. Graveley said that the Department says they do not have the authority to grant cash leases. He said that cash leases work to the benefit of the state.

REP. BACHINI asked Mr. North that when a rancher loses his state lease, does the Department have to reimburse him for the land and the equipment. Mr. North said the new lessee has to compensate the former lessee for the value of the improvements on the land only.

REP. LARSON asked if Mr. Hagener would explain how a cash lease is negotiated with a land owner. Mr. Hagener said that they have the authority to go into a cash lease and they have several cash leases right now. At renewal time, the only way the Department can renew the lease is on a crop share basis.

REP. LARSON asked if the cash lease program was easier to administer than the crop share. Mr. Hagener said it was easier for dry land crop, but when a farmer goes to irrigate a crop with the various improvement values and the value of crop it is much more difficult to do.

REP. ROSE asked if the Graveleys went ahead and put \$175,000 worth of improvements on the state land without notifying the Department of State Lands. Mr. Graveley said that the Department was notified before the land was plowed and the Graveleys were encouraged by the Department of State Lands to make improvements on the land.

REP. SPRING asked when the lease comes up for renewal is there strong competition for these leases. Mr. Hagener stated it depended on the location of the land.

REP. STANFORD asked if the \$175,000 was able to be recaptured after the lease was lost. Mr. Graveley said it was not.

REP. ENDY asked how many agriculture cash leases there were at the present time. Mr. Hagener stated about 75 to 100 cash leases out of 2800 total agricultural leases.

REP. ENDY asked if HB 535 was passed, would all leases have to be

cash leases. Mr. North said no.

REP. LARSON asked if the rancher would get three cuttings of hay would the state would still receive the \$15 set rate. Mr. Hagener said that was correct.

Closing by Sponsor:

REP. FOSTER closed.

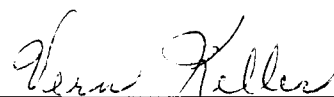
EXECUTIVE ACTION ON SB 188

Motion/Vote: REP. BACHINI MOVED SB 188 BE CONCURRED IN. Motion carried with no vote from REP. STOVALL.

The committee deferred taking action on SB 535 until a later date.

ADJOURNMENT

Adjournment: 4:30 P.M.



VERN KELLER, Chairman



JAELENE RACICOT, Secretary

VK/jr

# HOUSE OF REPRESENTATIVES

AGRICULTURE, LIVESTOCK, & IRRIGATION COMMITTEE

ROLL CALL

DATE

2/11/93

NAME	PRESENT	ABSENT	EXCUSED
REPRESENTATIVE SHIELL ANDERSON	✓		
REPRESENTATIVE BOB BACHINI	✓		
REPRESENTATIVE JOE BARNETT V.C.	✓		
REPRESENTATIVE JODY BIRD	✓		
REPRESENTATIVE ERVIN DAVIS	✓		
REPRESENTATIVE BILL ENDY	✓		
REPRESENTATIVE HARRIET HAYNE	✓		
REPRESENTATIVE DON LARSON MIN. V.C.	✓		
REPRESENTATIVE GARY MASON	✓		
REPRESENTATIVE BILL REHBEIN	✓		
REPRESENTATIVE SAM ROSE	✓		
REPRESENTATIVE DORE SCHWINDEN	✓		
REPRESENTATIVE WILBUR SPRING	✓		
REPRESENTATIVE WAYNE STANFORD	✓		
REPRESENTATIVE JAY STOVALL			✓
CHAIRMAN VERN KELLER	✓		

HOUSE STANDING COMMITTEE REPORT

February 12, 1993

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Mr. Speaker: We, the committee on Agriculture, Livestock, and Irrigation report that Senate Bill 188 (third reading copy -- blue) be concurred in .

Signed: \_\_\_\_\_  
Vern Keller, Chair

Carried by: Rep. Bachini

Committee Vote:  
Yes ☐ , No ☐ .

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HOUSE STANDING COMMITTEE REPORT

February 12, 1993

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Mr. Speaker: We, the committee on Agriculture, Livestock, and Irrigation report that House Bill 366 (first reading copy -- white) do pass .

Signed: \_\_\_\_\_  
Vern Keller, Chair



MARC RACICOT  
GOVERNOR

STATE OF MONTANA  
DEPARTMENT OF AGRICULTURE

OFFICE OF THE DIRECTOR  
AGRICULTURE/LIVESTOCK BLDG.  
PO BOX 200201

HELENA, MONTANA 59620-0201

EXHIBIT 1  
DATE 2/11/93  
HB 366

LEO A. GIACOMETTO  
DIRECTOR  
(406) 444-3144

FAX (406) 444-5409

FEBRUARY 11, 1993

HOUSE BILL 366

HOUSE AGRICULTURE, LIVESTOCK AND IRRIGATION COMMITTEE

MONTANA DEPARTMENT OF AGRICULTURE

LEO A. GIACOMETTO, DIRECTOR

Chairman Keller and members of the Committee. For the record, I am Leo Giacometto, Director of the Montana Department of Agriculture.

House Bill 366 was requested by the Department based upon our commitment to the 1991 Legislature to review the rodenticide surcharge in the 92-93 biennium and to present our recommendations to the 1993 legislature.

The reasons the Department is recommending repeal of this surcharge have been expressed by Representative Rose, the sponsor of HB 366. Low revenues, loss of 1080 and strychnine as field rodenticides, and the burden on industry and the department for tracking and collecting the surcharge revenues are the primary reasons for recommending the surcharge repeal.

The department will continue to work with producers, the industry and others on field rodent and rodenticide issues and may at times receive industry contracts for special field studies. Gary Gingery, Administrator of the Agricultural and Biological Sciences Division, is here to answer any technical questions you may have.

Mr. Chairman and members of the Committee, I request that you support and vote for the passage of House Bill 366.

HOUSE OF REPRESENTATIVES  
VISITOR REGISTER

Agriculture COMMITTEE BILL NO. SB 188  
DATE 2/11/93 SPONSOR(S) Hockett  
PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Jeff Hagener	state hands	X	
John North	"	X	

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

HOUSE OF REPRESENTATIVES  
VISITOR REGISTER

Agriculture COMMITTEE BILL NO. HB 535  
DATE Feb. 11, 1993 SPONSOR(S) Foster  
PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Charles Graveley	Gary Graveley	✓	
Jeff Hogener	State hands		
John North	"	✓	

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