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Senate BILL NO. *74*
INTRODUCED BY *J. Jorgeson, M. C. Brown, W. C. Brown, Foster, Neale, L. Smith, J. S. Sander, Murphy*

A BILL FOR AN ACT ENTITLED: "AN ACT TO BE KNOWN AS THE
"MONTANA FAMILY FARM ACT OF 1975".

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Short title. This act shall be known as
"The Montana Family Farm Act of 1975".

Section 2. Purpose. It is hereby declared to be the
public policy of the state that it is desirable to preserve
free, private enterprise, to protect small business and
prevent monopoly, and to protect opportunity for family
farmers in the state, as well as to protect consumers.
Vertical integration of the agricultural industry by the
processing, distributing and retailing industries and
conglomerate businesses have created situations of unfair,
monopolistic competition for the family farmer. This
situation has contributed to the decline of rural
populations and the consequent crowding of metropolitan
centers. It has resulted in a noticeable decline in
competitions in some phases of agricultural production and
threatens others. It is state policy to restore competition
to the agricultural industry and to provide for the
continuance of the family farm.

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Section 3. Definitions. As used in this act, unless
the context otherwise requires:

(1) "Agriculture" means the cultivation of the ground,
the harvesting of crops, the production or the raising of
plants or animals useful to man, or any combination thereof,
but does not include livestock in feedlots or the growing or
harvesting of timber or other aspects of silviculture.
Livestock means cattle, sheep, or swine. Feedlot means any
area or building where cattle, sheep, or swine are
corralled, housed or penned or otherwise confined from
grazing, and the purpose of such confinement is to fatten
the cattle, sheep, or swine for slaughter and not to return
them to grazing. Silviculture includes all aspects of the
production of wood products and the practice of forestry.

(2) "Agricultural land" means any rural real estate
which is used or usable for the business of agriculture;
that land owned or controlled by railroad corporations which
is usable for agriculture shall not be classified as such so
as to prohibit its ownership or control if it is leased to
or exchanged with a person or organization actually engaged
in agriculture, or if it is used in a program of right of
way maintenance or in such manner as to reasonably comply
with governmental regulations, including but not limited to
those concerned with range management, multiple use
practices, conservation, pollution control, and reclamation.

1 (3) "Nonagricultural business" means a business in
 2 which more than forty percent (40%) of the business' annual
 3 gross receipts or one hundred thousand dollars (\$100,000) of
 4 its annual gross receipts, based on a three (3) year
 5 average, whichever is larger, is from any source other than
 6 agriculture, or other than allowing others to extract from
 7 the agricultural lands of the business any minerals
 8 underlying the same, including, but not limited to oil, gas,
 9 or coal.

10 (4) "Corporation" includes business associations,
 11 joint-stock companies, and business trusts.

12 (5) "Partnership" includes a syndicate, group, pool,
 13 joint venture, or other unincorporated organization, through
 14 or by means of which any business, financial operation, or
 15 venture is carried on.

16 Section 4. Restrictions on corporate farming--
 17 exemptions. No person, partnership, corporation,
 18 association of persons or business entity engaged in
 19 nonagricultural business anywhere, and (a) controlling...or
 20 owning assets in excess of three million dollars
 21 (\$3,000,000); or (b) controlling or owning other stock or
 22 capital with a total value of one million dollars
 23 (\$1,000,000) or more, in one or more business entities; or
 24 (c) which is owned or controlled by another corporation,
 25 shall engage directly or indirectly in agricultural

1 production, or control, or attempt to control agricultural
 2 production in this state through owning, leasing, holding,
 3 or controlling land for agricultural purposes through
 4 integration, merger, control, or any other means of
 5 acquisition; provided that the foregoing prohibition shall
 6 not apply in the case of any one or more of the following:

7 (1) charitable institutions which engage in
 8 agricultural production for other than income purposes as a
 9 part of their charitable function;

10 (2) educational institutions engaged in research as a
 11 part of academic and extension activities;

12 (3) nonprofit institutions engaged in agricultural
 13 production solely for purposes of research;

14 (4) grazing associations where membership is comprised
 15 solely of Montana residents;

16 (5) any federal, state, county, or city government
 17 department, agency, or body engaged in agricultural
 18 production or research including, but not limited to,
 19 political subdivisions, special improvement districts and
 20 other districts authorized by law;

21 (6) any corporation engaged in the transportation of
 22 persons or property by railroad, which owns or controls
 23 property incidental to its principal business purpose, or by
 24 reason of acquisitions or grants for railroad purposes or in
 25 order to encourage construction of railroads or for purposes

1 reasonably related to the operation or maintenance of its
2 railroad property; or those engaged in silviculture as
3 defined in section 3 (1) of this act; and

4 (7) farmer or producer owned and controlled
5 cooperatives and associations which meet the provisions of
6 the Capper-Volstead Act. No foreign or domestic corporation
7 limited by the prohibitions of section 4 shall be formed or
8 licensed under the Montana Business Corporation Act for the
9 purpose of engaging in agriculture.

10 Section 5. Divestiture of land by corporate creditors,
11 legatees. Nothing in this act shall prevent any creditor,
12 legatee, beneficiary, or interstate successor subject to the
13 provisions of this act from lawfully acquiring pursuant to
14 legal proceedings, agricultural land or other means of
15 agricultural production or of control of such means of
16 agricultural production if they divest themselves of such
17 property within two (2) years of acquisition; provided,
18 however, that for cause shown additional time may be
19 obtained by petitioning the district court of the county in
20 which the agricultural land is situated.

21 Section 6. Act prospective only. Nothing in this act
22 prohibits a person, partnership, corporation, trust, or
23 conglomerate business entity from engaging in the business
24 of agriculture or from owning, leasing, holding, or
25 otherwise controlling agricultural land in this state,

1 engaged in the business of agriculture within the state
2 prior to the effective date of this act; provided however,
3 that no such person, partnership, corporation, trust or
4 entity shall acquire or otherwise control, directly or
5 indirectly, any agricultural land or engage in agriculture
6 except to the extent which he had immediately prior to the
7 effective date, hereof.

8 Section 7. Enforcement. The attorney general and the
9 county attorney of the respective county shall enforce the
10 provisions of this act.

11 Section 8. If a part of this act is invalid, all valid
12 parts that are severable from the invalid part remain in
13 effect. If a part of this act is invalid in one or more of
14 its applications, the part remains in effect in all valid
15 applications that are severable from the invalid
16 applications.

-End-

STATE OF MONTANA

REQUEST NO. 37-75

FISCAL NOTE

Form BD-15

In compliance with a written request received January 17, 19 75, there is hereby submitted a Fiscal Note for Senate Bill 76 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to revise political campaign reporting requirements; to require each candidate to appoint a campaign treasurer and designate a campaign depository; to create the position of commissioner of campaign finances and practices attached to the office of Secretary of State to enforce election and campaign finance laws; to authorize citizens to bring action to force compliance. The act is effective on January 1, 1976.

ASSUMPTIONS:

1. A June primary in 1976 is assumed.
2. Costs are based on 400 candidates and fund raising clubs in the primary election, and 300 candidates and clubs in the general election.
3. The commissioner's staff would include an assistant, one secretary, one clerk and temporary help for periods before and after elections. Additional office space and furniture would be required.
4. Approximately \$10,000 for prosecutorial services under Section 11(3) would be necessary in FY 77.

FISCAL IMPACT:

	FY 76 (Jan 1-June 30)	FY 77
Additional expenditures under proposed law		
Personal Services	\$33,404	\$69,380
Operating Expenses	9,438	32,775
Equipment	5,000	0
Total expenditures under proposed law	<u>\$47,842</u>	<u>\$102,155</u>

LOCAL IMPACT:

County clerks and recorders would have added work in handling the reports generated by this act.

Michael B. Rollings

 BUDGET DIRECTOR
 Office of Budget and Program Planning
 Date: 1/22/75

Approved by Committee
on Agriculture Livestock
& Irrigation

SENATE BILL NO. 74

INTRODUCED BY JERGESON, MCOMBER, THIESSEN, BROWN, CONOVER,
FOSTER, MANLEY, MURPHY, HEALY, R. SMITH, FASBENDER

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prevent monopoly, and to protect opportunity for family
farmers in the state, as well as to protect consumers.
Vertical integration of the agricultural industry by the
processing, distributing and retailing industries and
conglomerate businesses have created situations of unfair,
monopolistic competition for the family farmer. This
situation has contributed to the decline of rural
populations and the consequent crowding of metropolitan
centers. It has resulted in a noticeable decline in
competitions in some phases of agricultural production and
threatens others. It is state policy to restore competition
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but does not include livestock in feedlots or the growing or
harvesting of timber or other aspects of silviculture.
Livestock means cattle, sheep, or swine. Feedlot means any
area or building where cattle, sheep, or swine are
corralled, housed or penned or otherwise confined from
grazing, and the purpose of such confinement is to fatten
the cattle, sheep, or swine for slaughter and not to return
them to grazing. Silviculture includes all aspects of the
production of wood products and the practice of forestry.

(2) "Agricultural land" means any rural real estate
which is used or usable for the business of agriculture;
that land owned or controlled by railroad corporations which
is usable for agriculture shall not be classified as such so
as to prohibit its ownership or control if it is leased to
or exchanged with a person or organization actually engaged
in agriculture, or if it is used in a program of right of
way maintenance or in such manner as to reasonably comply
with governmental regulations, including but not limited to
those concerned with range management, multiple use

1 practices, conservation, pollution control, and reclamation.

2 (3) "Nonagricultural business" means a business in
3 which more than forty percent (40%) ~~of the business's annual~~
4 ~~gross receipts or one hundred thousand dollars (\$100,000) of~~
5 ~~its annual gross receipts, based on a three (3)-year~~
6 ~~average, whichever is larger, is from any source other than~~
7 ~~agriculture, or other than allowing others to extract from~~
8 ~~the agricultural lands of the business any minerals~~
9 ~~underlying the same, including, but not limited to, oil, gas,~~
10 or coal, OF THE TOTAL ASSETS ARE OTHER THAN AGRICULTURAL
11 ASSETS. EXCEPT A PERSON ENGAGED IN THE BUSINESS OF
12 AGRICULTURE WHO EXTRACTS, OR CAUSES TO BE EXTRACTED, ANY
13 MINERALS FROM THE LAND IS NOT INCLUDED IN THIS DEFINITION.

14 (4) "Corporation" includes business associations,
15 joint-stock companies, and business trusts.

16 ~~(5) "Partnership" includes a syndicate, group, pool,~~
17 ~~joint-venture, or other unincorporated organization, through~~
18 ~~or by means of which any business, financial operation, or~~
19 ~~venture is carried on.~~

20 Section 4. Restrictions on corporate farming --
21 exemptions. No ~~person, partnership,~~ corporation, association
22 of persons or business entity engaged in nonagricultural
23 business anywhere, and ~~(a)~~ controlling or owning assets in
24 excess of three FIVE million dollars ~~(\$3,000,000), or~~
25 ~~(b) controlling or owning other stock or capital with a~~

1 ~~total value of one million dollars (\$1,000,000) or more, in~~
2 ~~one or more business entities, or (c) which is owned or~~
3 ~~controlled by another corporation, (\$5,000,000) shall engage~~
4 directly or indirectly in agricultural production, or
5 control, or attempt to control agricultural production in
6 this state through owning, leasing, holding, or controlling
7 land for agricultural purposes through integration, merger,
8 control, or any other means of acquisition; provided that
9 the foregoing prohibition shall not apply in the case of any
10 one or more of the following:

11 (1) charitable institutions which engage in
12 agricultural production for other than income purposes as a
13 part of their charitable function;

14 (2) educational institutions engaged in research as a
15 part of academic and extension activities;

16 (3) nonprofit institutions engaged in agricultural
17 production solely for purposes of research;

18 (4) grazing associations where membership is comprised
19 solely of Montana residents;

20 (5) any federal, state, county, or city government
21 department, agency, or body engaged in agricultural
22 production or research including, but not limited to,
23 political subdivisions, special improvement districts and
24 other districts authorized by law;

25 (6) any corporation engaged in the transportation of

1 persons or property by railroad, which owns or controls
2 property incidental to its principal business purpose, or by
3 reason of acquisitions or grants for railroad purposes or in
4 order to encourage construction of railroads or for purposes
5 reasonably related to the operation or maintenance of its
6 railroad property; or those engaged in silviculture as
7 defined in section 3 (1) of this act; and

8 (7) farmer or producer owned ~~and---controlled~~
9 ~~cooperatives--and~~ associations which meet the provisions of
10 the Capper-Volstead Act. ~~No-foreign-or-domestic-corporation~~
11 ~~limited-by-the-prohibitions-of-section-4-shall-be-formed--or~~
12 ~~licensed--under-the-Montana-Business-Corporation-Act-for-the~~
13 ~~purpose-of-engaging-in--agriculture:~~ PERSONS WHO ARE NOT
14 CITIZENS OF THE UNITED STATES AND CORPORATIONS THAT ARE NOT
15 OWNED BY AMERICAN CITIZENS, EXCEPT FOR NATIONS CONTIGUOUS TO
16 THE UNITED STATES SHALL NOT BE PERMITTED TO OWN, LEASE, OR
17 HOLD LAND FOR THE PURPOSE OF ENGAGING IN AGRICULTURE IN THE
18 STATE OF MONTANA.

19 Section 5. Divestiture of land by corporate creditors,
20 legatees. Nothing in this act shall prevent any creditor,
21 legatee, beneficiary, or interstate successor subject to the
22 provisions of this act from lawfully acquiring pursuant to
23 legal proceedings, agricultural land or other means of
24 agricultural production or of control of such means of
25 agricultural production if they divest themselves of such

1 property within ~~two--(2)~~ FIVE (5) years of acquisition;
2 provided, however, that for cause shown additional time may
3 be obtained by petitioning the district court of the county
4 in which the agricultural land is situated.

5 Section 6. Act prospective only. Nothing in this act
6 prohibits a person, partnership, corporation, trust, or
7 conglomerate business entity from engaging in the business
8 of agriculture or from owning, leasing, holding, or
9 otherwise controlling agricultural land in this state,
10 engaged in the business of agriculture within the state
11 prior to the effective date of this act; provided however,
12 that no such person, partnership, corporation, trust or
13 entity shall acquire or otherwise control, directly or
14 indirectly, any agricultural land or engage in agriculture
15 except to the extent which he had immediately prior to the
16 effective date, hereof.

17 Section 7. Enforcement AND PENALTIES. The attorney
18 general and the county attorney of the respective county
19 shall enforce the provisions of this act. ANY CORPORATION,
20 ASSOCIATION OF PERSONS OR BUSINESS ENTITY FOUND TO BE IN
21 VIOLATION OF THE PROVISIONS OF THIS ACT SHALL BE FINED ONE
22 HUNDRED DOLLARS (\$100) PER DAY OF VIOLATION.

23 Section 8. If a part of this act is invalid, all valid
24 parts that are severable from the invalid part remain in
25 effect. If a part of this act is invalid in one or more of

1 its applications, the part remains in effect in all valid
2 applications that are severable from the invalid
3 applications.

-End-