

HOUSE BILL NO. 889

INTRODUCED BY WINSLOW, ASAY, IVERSON, SPAETH,
THOMAS, HOLLIDAY, MERCER, MANUEL, CODY, MARKS,
NATHE, GILBERT, THOFT, MENKE, GIACOMETTO, GRINDE

IN THE HOUSE

MARCH 19, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON AGRICULTURE, LIVESTOCK & IRRIGATION.

MARCH 27, 1987 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

 STATEMENT OF INTENT ADOPTED.

MARCH 27, 1987 ON MOTION, TAKEN FROM PRINTING AND
REFERRED TO COMMITTEE
ON APPROPRIATIONS.

MARCH 28, 1987 PRINTING REPORT.

MARCH 30, 1987 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

APRIL 1, 1987 SECOND READING, DO PASS.

 ENGROSSING REPORT.

 ON MOTION, RULES SUSPENDED AND BILL
PLACED ON THIRD READING THIS DAY.

 THIRD READING, BILL FAILED TO GET
REQUIRED TWO-THIRDS VOTE.
AYES, 65; NOES, 33.

 ON MOTION, RECONSIDER PREVIOUS ACTION.

APRIL 7, 1987 ON MOTION, CONSIDERATION PASSED
FOR THE DAY.

APRIL 8, 1987 SECOND READING, DO PASS AS AMENDED.

APRIL 9, 1987 ENGROSSING REPORT.

APRIL 11, 1987

THIRD READING, PASSED.
AYES, 87; NOES, 4.

TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 14, 1987

ON MOTION, RULES SUSPENDED TO ALLOW
RECEIPT OF HB NO. 889.

INTRODUCED AND REFERRED TO COMMITTEE
ON FINANCE & CLAIMS.

APRIL 15, 1987

COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

APRIL 16, 1987

SECOND READING, MOTION BILL BE
CONCURRED IN. MOTION FAILED.

ON MOTION, CONSIDERATION PASSED
UNTIL THE 87TH LEGISLATIVE DAY.

APRIL 20, 1987

ON MOTION, CONSIDERATION PASSED
FOR THE DAY.

APRIL 21, 1987

SECOND READING, CONCURRED IN.

ON MOTION, RULES SUSPENDED TO PLACE
BILL ON THIRD READING THIS DAY.

THIRD READING, CONCURRED IN.
AYES, 43; NOES, 6.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 22, 1987

ON MOTION, BILL FAILED TO RECEIVE
TWO-THIRDS VOTE FOR ACCEPTANCE IN
THE HOUSE.

APRIL 23, 1987

ON MOTION, RECONSIDER PREVIOUS ACTION
AND BILL PLACED ON SECOND READING.

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

1 House BILL NO. 889
 2 INTRODUCED BY Wanda Rose Jensen Spartz Montana
 3 Holliday MERCER Manuel Cody Mark Math Jill
 4 Montana BRAND State
 A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE A MONTANA
 AGRICULTURE DEVELOPMENT COUNCIL; TO APPROPRIATE MONEY FROM
 THE COAL SEVERANCE TAX TRUST FUND TO THE COUNCIL; TO PROMOTE
 INNOVATIONS IN AGRICULTURAL PRODUCTION, PROCESSING,
 MARKETING, AND DISTRIBUTION AND IN ORGANIZATIONAL STRUCTURES
 OF AGRICULTURAL BUSINESSES; TO ASSIST IN DEVELOPING
 AGRICULTURAL BUSINESS INCUBATORS; TO ENHANCE DOMESTIC AND
 FOREIGN AGRICULTURAL MARKETING OPPORTUNITIES; TO ASSIST
 EXPORTERS OF MONTANA AGRICULTURAL PRODUCTS; AND AMENDING
 SECTION 17-7-502, MCA."
 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
NEW SECTION. Section 1. Montana agriculture
 development council. (1) There is a Montana agriculture
 development council. The council is allocated to the
 department of agriculture for administrative purposes only,
 as provided in 2-15-121.
 (2) The council is composed of seven members appointed
 by the governor, including the director of the department of
 agriculture, the director of the department of commerce, and
 five members who are or have been actively engaged in
 agriculture. Members shall serve staggered 3-year terms

1 commencing on July 1 of each year of appointment.
 2 NEW SECTION. Section 2. Short title. [Sections 2
 3 through 13] may be cited as the "Montana Growth Through
 4 Agriculture Act".
 5 NEW SECTION. Section 3. Purpose. It is the purpose of
 6 [sections 2 through 13] to strengthen and diversify
 7 Montana's agricultural industry by establishing a
 8 public-private sector partnership to assist the development
 9 of innovative agricultural business organizational
 10 improvements and the commercialization and marketing of new
 11 agricultural products in order to keep pace with a
 12 transforming agricultural industry and to create new jobs
 13 and expand small business opportunities.
 14 NEW SECTION. Section 4. Definitions. As used in
 15 [sections 2 through 13], the following definitions apply:
 16 (1) "Agricultural business" means an enterprise
 17 engaged in the production, processing, marketing,
 18 distribution, or exporting of agricultural products. The
 19 term includes any related business the primary function of
 20 which is providing goods or services to such an enterprise.
 21 (2) "Council" means the Montana agriculture
 22 development council established in [section 1].
 23 (3) "Investment" means an award of money, with or
 24 without repayment requirements, for the purposes provided
 25 for in [sections 2 through 13].



1 NEW SECTION. Section 5. Council organization --
 2 meetings. (1) The members of the council shall select a
 3 member as chairman. In addition to the chairmanship, the
 4 council may establish other offices and select council
 5 members to fill these offices.

6 (2) The council shall meet quarterly and at other
 7 times as determined by the chairman or a majority of the
 8 council.

9 NEW SECTION. Section 6. Powers and duties of the
 10 council. The council shall:

11 (1) establish policies and priorities to enhance the
 12 future development of agriculture in Montana;

13 (2) make investments in agricultural development
 14 projects that have a short- or long-term ability to
 15 stimulate agriculture development and diversification in
 16 Montana, including but not limited to:

17 (a) seed capital awards for development and
 18 commercialization of new products and processes;

19 (b) agricultural business incubators;

20 (c) foreign and domestic market development
 21 activities;

22 (d) applied technological research; and

23 (e) agricultural technology assistance and transfer;

24 (3) accept grants or receive devises of money or
 25 property for use in making the investments described in

1 [sections 2 through 13];

2 (4) adopt rules necessary to implement the provisions
 3 of [sections 2 through 13], including but not limited to
 4 rules:

5 (a) governing the conduct of council business;

6 (b) establishing matching fund requirements for seed
 7 capital investment programs;

8 (c) establishing criteria for determining the
 9 eligibility of projects and programs for investments; and

10 (d) establishing methods of committing funds, types
 11 and amounts of fees, return on investments, and types of
 12 investments to be made.

13 NEW SECTION. Section 7. Agriculture seed capital
 14 account -- matching funds -- preference. (1) There is an
 15 agriculture seed capital account administered by the
 16 council.

17 (2) The council may invest money from the agriculture
 18 seed capital account to support research relating to
 19 innovative organizational improvements in agricultural
 20 businesses and to the commercialization and marketing of new
 21 agricultural products or agricultural production processes.

22 (3) Investments from the account must be matched by at
 23 least an equal amount raised by the applicant from sources
 24 that are not state-appropriated.

25 (4) Preference must be given to applications that:

1 (a) can be reasonably expected to provide an economic
2 return to the applicant within a reasonable time;

3 (b) demonstrate a potential commercial value to other
4 entrepreneurs in Montana;

5 (c) require such a grant to obtain additional private
6 capital;

7 (d) involve processing or adding value to agricultural
8 commodities produced in Montana; or

9 (e) provide jobs that will be substantially filled by
10 current Montana residents.

11 NEW SECTION. Section 8. Agricultural business
12 incubator program -- criteria -- limitations. (1) There is
13 an agricultural business incubator program account in the
14 state special revenue fund. The council may invest from the
15 account an amount not to exceed \$100,000 each in
16 agricultural business incubators. The incubators must
17 operate as self-financing business development entities,
18 providing such services as training, management
19 consultation, accounting, and office space to eligible
20 agricultural businesses. Such agricultural businesses may
21 include but are not limited to marketing cooperatives and
22 associations.

23 (2) Investments under this section must be awarded by
24 the council, based upon its review of the following
25 criteria:

1 (a) the potential ability of the applicant to be
2 financially self-sufficient;

3 (b) identification of businesses or industries
4 targeted for development assistance;

5 (c) community support for the incubator program; and

6 (d) a plan to address business development needs of
7 specific user groups such as displaced farmers.

8 (3) Investments may be made only in agricultural
9 business incubators that are located in different geographic
10 areas of the state and that are not located in a
11 municipality with a population in excess of 15,000 people.
12 The municipality or community in which the incubator is
13 located must provide funding or contributions of a value at
14 least three times the amount of the investment under this
15 section. Contributions by applicants may include land,
16 buildings, or professional services.

17 NEW SECTION. Section 9. Return-on-investment
18 agreements. The council shall enter into
19 return-on-investment agreements for those products or
20 processes that are to be developed and commercialized as a
21 result of an investment under [sections 2 through 13]. As a
22 part of such an agreement, the council shall require payment
23 of a return that it considers commensurate with the risk of
24 its original investment.

25 NEW SECTION. Section 10. Appropriation authority and

1 funding -- prohibited investments. (1) The council has
 2 authority to accept and expend all funds received by it as
 3 grants, donations, or other private or public income,
 4 including amounts repaid as principal and interest on
 5 investments made by the council. These funds are statutorily
 6 appropriated to the council as provided in 17-7-502.

7 (2) No investment may be made in projects for which
 8 matching funds or participation of financial intermediaries
 9 is required until such funds have been committed.

10 (3) Council members may not personally apply for or
 11 receive council investment funds. If an organization with
 12 which a member is affiliated applies for council funds, the
 13 member must disclose the nature of the affiliation and may
 14 not participate in the decision of the council regarding the
 15 application.

16 NEW SECTION. Section 11. Accountability. (1) The
 17 council shall develop independent review and audit
 18 procedures to ensure that investments made by it are used
 19 for the purposes identified in its investment agreements.

20 (2) The council's investment agreements must contain
 21 provisions considered necessary by the council to ensure the
 22 proper inspection and review of projects, the attainment of
 23 project goals, and the maintenance of adequate financial
 24 records by recipients of council funds.

25 NEW SECTION. Section 12. Agricultural marketing

1 enhancement. The council shall assist in identification and
 2 development of new domestic and foreign markets for Montana
 3 agricultural products. The council shall:

4 (1) place one full-time professional marketing person
 5 in Japan to develop export marketing opportunities in the
 6 Pacific region;

7 (2) provide assistance for appropriate trade missions
 8 of Montana producers, processors, or distributors of
 9 agricultural products on a cost-share basis; and

10 (3) assist in other appropriate means of enhancing
 11 domestic markets for Montana agricultural products.

12 NEW SECTION. Section 13. Export finance assistance.
 13 The council shall provide professional assistance to persons
 14 who apply for financial assistance for the purpose of
 15 developing export sales of Montana agricultural products.

16 NEW SECTION. Section 14. Appropriation. There is
 17 appropriated \$1 million from the coal severance tax trust
 18 fund established in 17-6-203(5) to the Montana agriculture
 19 development council for the biennium ending June 30, 1989,
 20 as follows:

21 (1) to the agriculture seed capital account
 22 established under section 7, \$350,000;

23 (2) to the agricultural business incubator program
 24 account provided for under section 8, \$250,000;

25 (3) for the marketing enhancement activities of the

1 council under section 12(1), \$200,000;
 2 (4) for the marketing enhancement activities of the
 3 council under section 12(2), \$50,000;
 4 (5) for the marketing enhancement activities of the
 5 council under section 12(3), \$50,000;
 6 (6) for export finance assistance provided by the
 7 council under section 13, \$50,000; and
 8 (7) for administrative cost of the council, \$50,000.
 9 NEW SECTION. Section 15. Three-fourths vote required.
 10 Because this act appropriates money from the coal severance
 11 tax trust fund, Article IX, section 5, of the Montana
 12 constitution requires a vote of three-fourths of the members
 13 of each house of the legislature for passage.
 14 Section 16. Section 17-7-502, MCA, is amended to read:
 15 "17-7-502. Statutory appropriations -- definition --
 16 requisites for validity. (1) A statutory appropriation is an
 17 appropriation made by permanent law that authorizes spending
 18 by a state agency without the need for a biennial
 19 legislative appropriation or budget amendment.
 20 (2) Except as provided in subsection (4), to be
 21 effective, a statutory appropriation must comply with both
 22 of the following provisions:
 23 (a) The law containing the statutory authority must be
 24 listed in subsection (3).
 25 (b) The law or portion of the law making a statutory

1 appropriation must specifically state that a statutory
 2 appropriation is made as provided in this section.
 3 (3) The following laws are the only laws containing
 4 statutory appropriations:
 5 (a) 2-9-202;
 6 (b) 2-17-105;
 7 (c) 2-18-812;
 8 (d) 10-3-203;
 9 (e) 10-3-312;
 10 (f) 10-3-314;
 11 (g) 10-4-301;
 12 (h) 13-37-304;
 13 (i) 15-31-702;
 14 (j) 15-36-112;
 15 (k) 15-70-101;
 16 (l) 16-1-404;
 17 (m) 16-1-410;
 18 (n) 16-1-411;
 19 (o) 17-3-212;
 20 (p) 17-5-404;
 21 (q) 17-5-424;
 22 (r) 17-5-804;
 23 (s) 19-8-504;
 24 (t) 19-9-702;
 25 (u) 19-9-1007;

1 (v) 19-10-205;
 2 (w) 19-10-305;
 3 (x) 19-10-506;
 4 (y) 19-11-512;
 5 (z) 19-11-513;
 6 (aa) 19-11-606;
 7 (bb) 19-12-301;
 8 (cc) 19-13-604;
 9 (dd) 20-6-406;
 10 (ee) 20-8-111;
 11 (ff) 23-5-612;
 12 (gg) 37-51-501;
 13 (hh) 53-24-206;
 14 (ii) 75-1-1101;
 15 (jj) 75-7-305;
 16 (kk) 80-2-103;
 17 (ll) 80-2-228;
 18 (mm) 90-3-301;
 19 (nn) 90-3-302;
 20 (oo) [section 10];
 21 ~~(oo)~~(pp) 90-15-103; and
 22 ~~(pp)~~(qq) Sec. 13, HB 861, L. 1985.

23 (4) There is a statutory appropriation to pay the
 24 principal, interest, premiums, and costs of issuing, paying,
 25 and securing all bonds, notes, or other obligations, as due,

1 that have been authorized and issued pursuant to the laws of
 2 Montana. Agencies that have entered into agreements
 3 authorized by the laws of Montana to pay the state
 4 treasurer, for deposit in accordance with 17-2-101 through
 5 17-2-107, as determined by the state treasurer, an amount
 6 sufficient to pay the principal and interest as due on the
 7 bonds or notes have statutory appropriation authority for
 8 such payments."

-End-

APPROVED BY COMMITTEE
ON AGRICULTURE LIVESTOCK
& IRRIGATION

STATEMENT OF INTENT

HOUSE BILL 889

House Agriculture, Livestock & Irrigation Committee

A statement of intent is required for this bill because it directs the Montana agriculture development council created by the bill to adopt administrative rules to implement and administer the various agricultural investment and market enhancement programs established by the bill.

The breadth and complexity of these programs necessitate that the council have broad latitude in developing criteria, requirements, and procedures for carrying out this mandate. The legislature contemplates, however, that the council would, among other things:

(1) establish procedures for the conduct of council business;

(2) provide for agricultural investments that will:

(a) stimulate applied agricultural research and product development;

(b) transfer new technology and provide technical assistance to business and industry; and

(c) furnish "seed" funds which provide leverage for the investment of private capital in new agricultural enterprises;

(3) provide for the protection of the confidentiality

of trade secrets and business and financial information relating to applicants for investments;

(4) establish eligibility and selection criteria for agricultural investments;

(5) establish matching funding requirements for various types of investments; and

(6) provide for the enhancement and development of both foreign and domestic markets for current and new agricultural products.



1 HOUSE BILL NO. 889

2 INTRODUCED BY WINSLOW, ASAY, IVERSON, SPAETH,
 3 THOMAS, HOLLIDAY, MERCER, MANUEL, CODY, MARKS,
 4 NATHE, GILBERT, THOFT, MENKE, GIACOMETTO, GRINDE

5
 6 A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE A MONTANA
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 10 MARKETING, AND DISTRIBUTION AND IN ORGANIZATIONAL STRUCTURES
 11 OF AGRICULTURAL BUSINESSES; TO ASSIST IN DEVELOPING
 12 AGRICULTURAL BUSINESS INCUBATORS; TO ENHANCE DOMESTIC AND
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 14 EXPORTERS OF MONTANA AGRICULTURAL PRODUCTS; AND AMENDING
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21 consultation, accounting, and office space to eligible
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8 appropriated to the council as provided in 17-7-502.

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10 matching funds or participation of financial intermediaries
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13 receive council investment funds. If an organization with
14 which a member is affiliated applies for council funds, the
15 member must disclose the nature of the affiliation and may
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17 application.

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11 agricultural products on a cost-share basis; and

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21 development council for the biennium ending June 30, 1989,
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- 1 account provided for under section 8, \$250,000;
- 2 (3) for the marketing enhancement activities of the
- 3 council under section 12(1), \$200,000;
- 4 (4) for the marketing enhancement activities of the
- 5 council under section 12(2), \$50,000;
- 6 (5) for the marketing enhancement activities of the
- 7 council under section 12(3), \$50,000;
- 8 (6) for export finance assistance provided by the
- 9 council under section 13, \$50,000; and
- 10 (7) for administrative cost of the council, \$50,000.

11 NEW SECTION. SECTION 15. REPAYMENT TO COAL TAX TRUST
 12 FUND REQUIRED. THE MONTANA AGRICULTURE DEVELOPMENT COUNCIL
 13 SHALL REPAY \$1 MILLION TO THE COAL SEVERANCE TAX TRUST FUND,
 14 WITHOUT COMPUTATION OF INTEREST, WITHIN 20 YEARS AFTER THE
 15 EFFECTIVE DATE OF THIS ACT.

16 NEW SECTION. Section 16. Three-fourths vote required.
 17 Because this act appropriates money from the coal severance
 18 tax trust fund, Article IX, section 5, of the Montana
 19 constitution requires a vote of three-fourths of the members
 20 of each house of the legislature for passage.

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 3 effective, a statutory appropriation must comply with both
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- 6 listed in subsection (3).
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- 8 appropriation must specifically state that a statutory
- 9 appropriation is made as provided in this section.

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- 25 (n) 16-1-411;

1 (o) 17-3-212;
 2 (p) 17-5-404;
 3 (q) 17-5-424;
 4 (r) 17-5-804;
 5 (s) 19-8-504;
 6 (t) 19-9-702;
 7 (u) 19-9-1007;
 8 (v) 19-10-205;
 9 (w) 19-10-305;
 10 (x) 19-10-506;
 11 (y) 19-11-512;
 12 (z) 19-11-513;
 13 (aa) 19-11-606;^o
 14 (bb) 19-12-301;
 15 (cc) 19-13-604;
 16 (dd) 20-6-406;
 17 (ee) 20-8-111;
 18 (ff) 23-5-612;
 19 (gg) 37-51-501;
 20 (hh) 53-24-206;
 21 (ii) 75-1-1101;
 22 (jj) 75-7-305;
 23 (kk) 80-2-103;
 24 (ll) 80-2-228;
 25 (mm) 90-3-301;

1 (nn) 90-3-302;
 2 (oo) [section 10];
 3 ~~(pp)~~(pp) 90-15-103; and
 4 ~~(pp)~~(qq) Sec. 13, HB 861, L. 1985.
 5 (4) There is a statutory appropriation to pay the
 6 principal, interest, premiums, and costs of issuing, paying,
 7 and securing all bonds, notes, or other obligations, as due,
 8 that have been authorized and issued pursuant to the laws of
 9 Montana. Agencies that have entered into agreements
 10 authorized by the laws of Montana to pay the state
 11 treasurer, for deposit in accordance with 17-2-101 through
 12 17-2-107, as determined by the state treasurer, an amount
 13 sufficient to pay the principal and interest as due on the
 14 bonds or notes have statutory appropriation authority for
 15 such payments."

-End-

1 STATEMENT OF INTENT

2 HOUSE BILL 889

3 House Agriculture, Livestock & Irrigation Committee
45 A statement of intent is required for this bill because
6 it directs the Montana agriculture development council
7 created by the bill to adopt administrative rules to
8 implement and administer the various agricultural investment
9 and market enhancement programs established by the bill.10 The breadth and complexity of these programs
11 necessitate that the council have broad latitude in
12 developing criteria, requirements, and procedures for
13 carrying out this mandate. The legislature contemplates,
14 however, that the council would, among other things:15 (1) establish procedures for the conduct of council
16 business;

17 (2) provide for agricultural investments that will:

18 (a) stimulate applied agricultural research and
19 product development;20 (b) transfer new technology and provide technical
21 assistance to business and industry; and22 (c) furnish "seed" funds which provide leverage for
23 the investment of private capital in new agricultural
24 enterprises;

25 (3) provide for the protection of the confidentiality

1 of trade secrets and business and financial information
2 relating to applicants for investments;3 (4) establish eligibility and selection criteria for
4 agricultural investments;5 (5) establish matching funding requirements for
6 various types of investments; and7 (6) provide for the enhancement and development of
8 both foreign and domestic markets for current and new
9 agricultural products.

1 HOUSE BILL NO. 889

2 INTRODUCED BY WINSLOW, ASAY, IVERSON, SPAETH,
 3 THOMAS, HOLLIDAY, MERCER, MANUEL, CODY, MARKS,
 4 NATHE, GILBERT, THOFT, MENKE, GIACOMETTO, GRINDE

5
 6 A BILL FOR AN ACT ENTITLED: "AN ACT TO CREATE A MONTANA
 7 AGRICULTURE DEVELOPMENT COUNCIL; ~~TO APPROPRIATE MONEY FROM~~
 8 ~~THE COAL SEVERANCE TAX TRUST FUND TO THE COUNCIL;~~ TO PROMOTE
 9 INNOVATIONS IN AGRICULTURAL PRODUCTION, PROCESSING,
 10 MARKETING, AND DISTRIBUTION AND IN ORGANIZATIONAL STRUCTURES
 11 OF AGRICULTURAL BUSINESSES; TO ASSIST IN DEVELOPING
 12 AGRICULTURAL BUSINESS INCUBATORS; TO ENHANCE DOMESTIC AND
 13 FOREIGN AGRICULTURAL MARKETING OPPORTUNITIES; TO ASSIST
 14 EXPORTERS OF MONTANA AGRICULTURAL PRODUCTS; AND AMENDING
 15 SECTION 17-7-502, MCA."

16
 17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18 NEW SECTION. Section 1. Montana agriculture
 19 development council. (1) There is a Montana agriculture
 20 development council. The council is allocated to the
 21 department of agriculture COMMERCE for administrative
 22 purposes only, as provided in 2-15-121.

23 (2) The council is composed of seven members appointed
 24 by the governor, including the director of the department of
 25 agriculture, the director of the department of commerce, and

1 five members who are or have been actively engaged in
 2 agriculture. Members shall serve staggered 3-year terms
 3 commencing on July 1 of each year of appointment.

4 NEW SECTION. Section 2. Short title. [Sections 2
 5 through 13] may be cited as the "Montana Growth Through
 6 Agriculture Act".

7 NEW SECTION. Section 3. Purpose. It is the purpose of
 8 [sections 2 through 13] to strengthen and diversify
 9 Montana's agricultural industry by establishing a
 10 public-private sector partnership to assist the development
 11 of innovative agricultural business organizational
 12 improvements and the commercialization and marketing of new
 13 agricultural products in order to keep pace with a
 14 transforming agricultural industry and to create new jobs
 15 and expand small business opportunities.

16 NEW SECTION. Section 4. Definitions. As used in
 17 [sections 2 through 13], the following definitions apply:

18 (1) "Agricultural business" means an enterprise
 19 engaged in the production, processing, marketing,
 20 distribution, or exporting of agricultural products. The
 21 term includes any related business the primary function of
 22 which is providing goods or services to such an enterprise.

23 (2) "Council" means the Montana agriculture
 24 development council established in [section 1].

25 (3) "Investment" means an award of money, with or

1 without repayment requirements, for the purposes provided
2 for in [sections 2 through 13].

3 NEW SECTION. Section 5. Council organization --
4 meetings. (1) The members of the council shall select a
5 member as chairman. In addition to the chairmanship, the
6 council may establish other offices and select council
7 members to fill these offices.

8 (2) The council shall meet quarterly and at other
9 times as determined by the chairman or a majority of the
10 council.

11 NEW SECTION. Section 6. Powers and duties of the
12 council. The council shall:

13 (1) establish policies and priorities to enhance the
14 future development of agriculture in Montana;

15 (2) make investments in agricultural development
16 projects that have a short- or long-term ability to
17 stimulate agriculture development and diversification in
18 Montana, including but not limited to:

19 (a) seed capital awards for development and
20 commercialization of new products and processes;

21 (b) agricultural business incubators;

22 (c) foreign and domestic market development
23 activities;

24 (d) applied technological research; and

25 (e) agricultural technology assistance and transfer;

1 (3) accept grants or receive devises of money or
2 property for use in making the investments described in
3 [sections 2 through 13];

4 (4) adopt rules necessary to implement the provisions
5 of [sections 2 through 13], including but not limited to
6 rules:

7 (a) governing the conduct of council business;

8 (b) establishing matching fund requirements for seed
9 capital investment programs;

10 (c) establishing criteria for determining the
11 eligibility of projects and programs for investments; and

12 (d) establishing methods of committing funds, types
13 and amounts of fees, return on investments, and types of
14 investments to be made.

15 NEW SECTION. Section 7. Agriculture seed capital
16 account -- matching funds -- preference. (1) There is an
17 agriculture seed capital account administered by the
18 council.

19 (2) The council may invest money from the agriculture
20 seed capital account to support research relating to
21 innovative organizational improvements in agricultural
22 businesses and to the commercialization and marketing of new
23 agricultural products or agricultural production processes.

24 (3) Investments from the account must be matched by at
25 least an equal amount raised by the applicant from sources

1 that are not state-appropriated.

2 (4) Preference must be given to applications that:

3 (a) can be reasonably expected to provide an economic
4 return to the applicant within a reasonable time;

5 (b) demonstrate a potential commercial value to other
6 entrepreneurs in Montana;

7 (c) require such a grant to obtain additional private
8 capital;

9 (d) involve processing or adding value to agricultural
10 commodities produced in Montana; or

11 (e) provide jobs that will be substantially filled by
12 current Montana residents.

13 NEW SECTION. Section 8. Agricultural business
14 incubator program -- criteria -- limitations. (1) There is
15 an agricultural business incubator program account in the
16 state special revenue fund. The council may invest from the
17 account an amount not to exceed \$100,000 each in
18 agricultural business incubators. The incubators must
19 operate as self-financing business development entities,
20 providing such services as training, management
21 consultation, accounting, and office space to eligible
22 agricultural businesses. Such agricultural businesses may
23 include but are not limited to marketing cooperatives and
24 associations.

25 (2) Investments under this section must be awarded by

1 the council, based upon its review of the following
2 criteria:

3 (a) the potential ability of the applicant to be
4 financially self-sufficient;

5 (b) identification of businesses or industries
6 targeted for development assistance;

7 (c) community support for the incubator program; and

8 (d) a plan to address business development needs of
9 specific user groups such as displaced farmers.

10 (3) Investments may be made only in agricultural
11 business incubators that are located in different geographic
12 areas of the state and that are not located in a
13 municipality with a population in excess of 15,000 people.
14 The municipality or community in which the incubator is
15 located must provide funding or contributions of a value at
16 least three times the amount of the investment under this
17 section. Contributions by applicants may include land,
18 buildings, or professional services.

19 NEW SECTION. Section 9. Return-on-investment
20 agreements. The council shall enter into
21 return-on-investment agreements for those products or
22 processes that are to be developed and commercialized as a
23 result of an investment under [sections 2 through 13]. As a
24 part of such an agreement, the council shall require payment
25 of a return that it considers commensurate with the risk of

1 its original investment.

2 NEW SECTION. Section 10. Appropriation authority and
 3 funding -- prohibited investments. (1) The council has
 4 authority to accept and expend all funds received by it as
 5 grants, donations, or other private or public income,
 6 including amounts repaid as principal and interest on
 7 investments made by the council. These funds are stat. torily
 8 appropriated to the council as provided in 17-7-502.

9 (2) No investment may be made in projects for which
 10 matching funds or participation of financial intermediaries
 11 is required until such funds have been committed.

12 (3) Council members may not personally apply for or
 13 receive council investment funds. If an organization with
 14 which a member is affiliated applies for council funds, the
 15 member must disclose the nature of the affiliation and may
 16 not participate in the decision of the council regarding the
 17 application.

18 NEW SECTION. Section 11. Accountability. (1) The
 19 council shall develop independent review and audit
 20 procedures to ensure that investments made by it are used
 21 for the purposes identified in its investment agreements.

22 (2) The council's investment agreements must contain
 23 provisions considered necessary by the council to ensure the
 24 proper inspection and review of projects, the attainment of
 25 project goals, and the maintenance of adequate financial

1 records by recipients of council funds.

2 NEW SECTION. Section 12. Agricultural marketing
 3 enhancement. The council shall assist in identification and
 4 development of new domestic and foreign markets for Montana
 5 agricultural products. The council shall:

6 (1) place one full-time professional marketing person
 7 in Japan to develop export marketing opportunities in the
 8 Pacific region;

9 (2) provide assistance for appropriate trade missions
 10 of Montana producers, processors, or distributors of
 11 agricultural products on a cost-share basis; and

12 (3) assist in other appropriate means of enhancing
 13 domestic markets for Montana agricultural products.

14 NEW SECTION. Section 13. Export finance assistance.
 15 The council shall provide professional assistance to persons
 16 who apply for financial assistance for the purpose of
 17 developing export sales of Montana agricultural products.

18 ~~NEW SECTION. Section 14. Appropriation. There is~~
 19 ~~appropriated \$1 million from the coal severance tax trust~~
 20 ~~fund established in 17-6-203(5) to the Montana agriculture~~
 21 ~~development council for the biennium ending June 30, 1987~~
 22 ~~as follows:~~

23 (1) to the agriculture seed capital account
 24 established under section 7-3507000;

25 (2) to the agricultural business incubator program

1 ~~account provided for under section 87-\$250,000;~~
 2 ~~(3)--for--the--marketing--enhancement--activities--of--the~~
 3 ~~council--under--section--12(1);--\$200,000;~~
 4 ~~(4)--for--the--marketing--enhancement--activities--of--the~~
 5 ~~council--under--section--12(2);--\$50,000;~~
 6 ~~(5)--for--the--marketing--enhancement--activities--of--the~~
 7 ~~council--under--section--12(3);--\$50,000;~~
 8 ~~(6)--for--export--finance--assistance--provided--by--the~~
 9 ~~council--under--section--13;--\$50,000;--and~~
 10 ~~(7)--for--administrative--cost--of--the--council;--\$50,000;~~

11 ~~NEW SECTION. -- SECTION 15. -- REPAYMENT TO COAL TAX TRUST~~
 12 ~~FUND -- REQUIREB; -- THE MONTANA AGRICULTURE DEVELOPMENT COUNCIL~~
 13 ~~SHALL REPAY \$1 MILLION TO THE COAL SEVERANCE TAX TRUST FUND;~~
 14 ~~WITHOUT COMPUTATION OF INTEREST; WITHIN 20 YEARS -- AFTER -- THE~~
 15 ~~EFFECTIVE DATE OF THIS ACT;~~

16 ~~NEW SECTION. -- Section 16. -- Three-fourths vote required;~~
 17 ~~Because -- this act appropriates money from the coal severance~~
 18 ~~tax trust fund; -- Article -- IX; -- section -- 5; -- of -- the -- Montana~~
 19 ~~constitution requires a vote of three-fourths of the members~~
 20 ~~of each house of the legislature for passage;~~

21 Section 14. Section 17-7-502, MCA, is amended to read:
 22 "17-7-502. Statutory appropriations -- definition --
 23 requisites for validity. (1) A statutory appropriation is an
 24 appropriation made by permanent law that authorizes spending
 25 by a state agency without the need for a biennial

1 legislative appropriation or budget amendment.
 2 (2) Except as provided in subsection (4), to be
 3 effective, a statutory appropriation must comply with both
 4 of the following provisions:
 5 (a) The law containing the statutory authority must be
 6 listed in subsection (3).
 7 (b) The law or portion of the law making a statutory
 8 appropriation must specifically state that a statutory
 9 appropriation is made as provided in this section.
 10 (3) The following laws are the only laws containing
 11 statutory appropriations:
 12 (a) 2-9-202;
 13 (b) 2-17-105;
 14 (c) 2-18-812;
 15 (d) 10-3-203;
 16 (e) 10-3-312;
 17 (f) 10-3-314;
 18 (g) 10-4-301;
 19 (h) 13-37-304;
 20 (i) 15-31-702;
 21 (j) 15-36-112;
 22 (k) 15-70-101;
 23 (l) 16-1-404;
 24 (m) 16-1-410;
 25 (n) 16-1-411;

1 (o) 17-3-212;
 2 (p) 17-5-404;
 3 (q) 17-5-424;
 4 (r) 17-5-804;
 5 (s) 19-8-504;
 6 (t) 19-9-702;
 7 (u) 19-9-1007;
 8 (v) 19-10-205;
 9 (w) 19-10-305;
 10 (x) 19-10-506;
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 12 (z) 19-11-513;
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 20 (hh) 53-24-206;
 21 (ii) 75-1-1101;
 22 (jj) 75-7-305;
 23 (kk) 80-2-103;
 24 (ll) 80-2-228;
 25 (mm) 90-3-301;

1 (nn) 90-3-302;
 2 (oo) [section 10];
 3 ~~(pp)~~ 90-15-103; and
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5 (4) There is a statutory appropriation to pay the
 6 principal, interest, premiums, and costs of issuing, paying,
 7 and securing all bonds, notes, or other obligations, as due,
 8 that have been authorized and issued pursuant to the laws of
 9 Montana. Agencies that have entered into agreements
 10 authorized by the laws of Montana to pay the state
 11 treasurer, for deposit in accordance with 17-2-101 through
 12 17-2-107, as determined by the state treasurer, an amount
 13 sufficient to pay the principal and interest as due on the
 14 bonds or notes have statutory appropriation authority for
 15 such payments."

16 NEW SECTION. SECTION 15. COORDINATION INSTRUCTION. IF
 17 HOUSE BILL NO. 862 FAILS TO BE PASSED AND APPROVED, THIS ACT
 18 IS VOID.

-End-

1 HOUSE BILL NO. 889

2 INTRODUCED BY WINSLOW, ASAY, IVERSON, SPAETH,
 3 THOMAS, HOLLIDAY, MERCER, MANUEL, CODY, MARKS,
 4 NATHE, GILBERT, THOFT, MENKE, GIACOMETTO, GRINDE

5
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 7 AGRICULTURE DEVELOPMENT COUNCIL; ~~TO APPROPRIATE MONEY FROM~~
 8 ~~THE COAL SEVERANCE TAX TRUST FUND TO THE COUNCIL~~; TO PROMOTE
 9 INNOVATIONS IN AGRICULTURAL PRODUCTION, PROCESSING,
 10 MARKETING, AND DISTRIBUTION AND IN ORGANIZATIONAL STRUCTURES
 11 OF AGRICULTURAL BUSINESSES; TO ASSIST IN DEVELOPING
 12 AGRICULTURAL BUSINESS INCUBATORS; TO ENHANCE DOMESTIC AND
 13 FOREIGN AGRICULTURAL MARKETING OPPORTUNITIES; TO ASSIST
 14 EXPORTERS OF MONTANA AGRICULTURAL PRODUCTS; AND AMENDING
 15 SECTION 17-7-502, MCA."

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 22 purposes only, as provided in 2-15-121.

23 (2) The council is composed of seven members appointed
 24 by the governor, including the director of the department of
 25 agriculture, the director of the department of commerce, and

1 five members who are or have been actively engaged in
 2 agriculture. Members shall serve staggered 3-year terms
 3 commencing on July 1 of each year of appointment.

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 5 through 13] may be cited as the "Montana Growth Through
 6 Agriculture Act".

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 8 [sections 2 through 13] to strengthen and diversify
 9 Montana's agricultural industry by establishing a
 10 public-private sector partnership to assist the development
 11 of innovative agricultural business organizational
 12 improvements and the commercialization and marketing of new
 13 agricultural products in order to keep pace with a
 14 transforming agricultural industry and to create new jobs
 15 and expand small business opportunities.

16 NEW SECTION. Section 4. Definitions. As used in
 17 [sections 2 through 13], the following definitions apply:

18 (1) "Agricultural business" means an enterprise
 19 engaged in the production, processing, marketing,
 20 distribution, or exporting of agricultural products. The
 21 term includes any related business the primary function of
 22 which is providing goods or services to such an enterprise.

23 (2) "Council" means the Montana agriculture
 24 development council established in [section 1].

25 (3) "Investment" means an award of money, with or

1 without repayment requirements, for the purposes provided
2 for in [sections 2 through 13].

3 NEW SECTION. Section 5. Council organization --
4 meetings. (1) The members of the council shall select a
5 member as chairman. In addition to the chairmanship, the
6 council may establish other offices and select council
7 members to fill these offices.

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9 times as determined by the chairman or a majority of the
10 council.

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15 (2) make investments in agricultural development
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17 stimulate agriculture development and diversification in
18 Montana, including but not limited to:

19 (a) seed capital awards for development and
20 commercialization of new products and processes;

21 (b) agricultural business incubators;

22 (c) foreign and domestic market development
23 activities;

24 (d) applied technological research; and

25 (e) agricultural technology assistance and transfer;

1 (3) accept grants or receive devises of money or
2 property for use in making the investments described in
3 [sections 2 through 13];

4 (4) adopt rules necessary to implement the provisions
5 of [sections 2 through 13], including but not limited to
6 rules:

7 (a) governing the conduct of council business;

8 (b) establishing matching fund requirements for seed
9 capital investment programs;

10 (c) establishing criteria for determining the
11 eligibility of projects and programs for investments; and

12 (d) establishing methods of committing funds, types
13 and amounts of fees, return on investments, and types of
14 investments to be made.

15 NEW SECTION. Section 7. Agriculture seed capital
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17 agriculture seed capital account administered by the
18 council.

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20 seed capital account to support research relating to
21 innovative organizational improvements in agricultural
22 businesses and to the commercialization and marketing of new
23 agricultural products or agricultural production processes.

24 (3) Investments from the account must be matched by at
25 least an equal amount raised by the applicant from sources

1 that are not state-appropriated.

2 (4) Preference must be given to applications that:

3 (a) can be reasonably expected to provide an economic
4 return to the applicant within a reasonable time;

5 (b) demonstrate a potential commercial value to other
6 entrepreneurs in Montana;

7 (c) require such a grant to obtain additional private
8 capital;

9 (d) involve processing or adding value to agricultural
10 commodities produced in Montana; or

11 (e) provide jobs that will be substantially filled by
12 current Montana residents.

13 NEW SECTION. Section 8. Agricultural business
14 incubator program -- criteria -- limitations. (1) There is
15 an agricultural business incubator program account in the
16 state special revenue fund. The council may invest from the
17 account an amount not to exceed \$100,000 each in
18 agricultural business incubators. The incubators must
19 operate as self-financing business development entities,
20 providing such services as training, management
21 consultation, accounting, and office space to eligible
22 agricultural businesses. Such agricultural businesses may
23 include but are not limited to marketing cooperatives and
24 associations.

25 (2) Investments under this section must be awarded by

1 the council, based upon its review of the following
2 criteria:

3 (a) the potential ability of the applicant to be
4 financially self-sufficient;

5 (b) identification of businesses or industries
6 targeted for development assistance;

7 (c) community support for the incubator program; and

8 (d) a plan to address business development needs of
9 specific user groups such as displaced farmers.

10 (3) Investments may be made only in agricultural
11 business incubators that are located in different geographic
12 areas of the state and that are not located in a
13 municipality with a population in excess of 15,000 people.
14 The municipality or community in which the incubator is
15 located must provide funding or contributions of a value at
16 least three times the amount of the investment under this
17 section. Contributions by applicants may include land,
18 buildings, or professional services.

19 NEW SECTION. Section 9. Return-on-investment
20 agreements. The council shall enter into
21 return-on-investment agreements for those products or
22 processes that are to be developed and commercialized as a
23 result of an investment under [sections 2 through 13]. As a
24 part of such an agreement, the council shall require payment
25 of a return that it considers commensurate with the risk of

1 its original investment.

2 NEW SECTION. Section 10. Appropriation authority and
3 funding -- prohibited investments. (1) The council has
4 authority to accept and expend all funds received by it as
5 grants, donations, or other private or public income,
6 including amounts repaid as principal and interest on
7 investments made by the council. These funds are statutorily
8 appropriated to the council as provided in 17-7-502.

9 (2) No investment may be made in projects for which
10 matching funds or participation of financial intermediaries
11 is required until such funds have been committed.

12 (3) Council members may not personally apply for or
13 receive council investment funds. If an organization with
14 which a member is affiliated applies for council funds, the
15 member must disclose the nature of the affiliation and may
16 not participate in the decision of the council regarding the
17 application.

18 NEW SECTION. Section 11. Accountability. (1) The
19 council shall develop independent review and audit
20 procedures to ensure that investments made by it are used
21 for the purposes identified in its investment agreements.

22 (2) The council's investment agreements must contain
23 provisions considered necessary by the council to ensure the
24 proper inspection and review of projects, the attainment of
25 project goals, and the maintenance of adequate financial

1 records by recipients of council funds.

2 NEW SECTION. Section 12. Agricultural marketing
3 enhancement. The council shall assist in identification and
4 development of new domestic and foreign markets for Montana
5 agricultural products. The council shall:

6 (1) place one full-time professional marketing person
7 in Japan to develop export marketing opportunities in the
8 Pacific region;

9 (2) provide assistance for appropriate trade missions
10 of Montana producers, processors, or distributors of
11 agricultural products on a cost-share basis; and

12 (3) assist in other appropriate means of enhancing
13 domestic markets for Montana agricultural products.

14 NEW SECTION. Section 13. Export finance assistance.
15 The council shall provide professional assistance to persons
16 who apply for financial assistance for the purpose of
17 developing export sales of Montana agricultural products.

18 ~~NEW SECTION:--Section 14:--Appropriation:--There--is~~
19 ~~appropriated--\$1-million-from-the-coal--severance--tax--trust~~
20 ~~fund--established--in-17-6-203(5)-to-the-Montana-agriculture~~
21 ~~development-council-for-the-biennium-ending-June--307--1989,~~
22 ~~as-follows:~~

23 ~~(1)--to--the--agriculture--seed--capital--account~~
24 ~~established-under-section-77-9356,000;~~

25 ~~(2)--to-the-agricultural-business-incubator-program~~

1 ~~account provided for under section 87-\$25070007~~
2 ~~(3)--for--the--marketing--enhancement--activities--of--the~~
3 ~~council--under--section--12(1)7-\$20070007~~
4 ~~(4)--for--the--marketing--enhancement--activities--of--the~~
5 ~~council--under--section--12(2)7-\$5070007~~
6 ~~(5)--for--the--marketing--enhancement--activities--of--the~~
7 ~~council--under--section--12(3)7-\$5070007~~
8 ~~(6)--for--export--finance--assistance--provided--by--the~~
9 ~~council--under--section--137-\$5070007--and~~
10 ~~(7)--for--administrative--cost--of--the--council7-\$5070007~~
11 NEW SECTION7--SECTION 157--REPAYMENT TO COAL TAX TRUST
12 FUND7--REQUIRED7--THE MONTANA AGRICULTURE DEVELOPMENT COUNCIL
13 SHALL REPAY \$1 MILLION TO THE COAL SEVERANCE TAX TRUST FUND7
14 WITHOUT COMPUTATION OF INTEREST7 WITHIN 20 YEARS7 AFTER THE
15 EFFECTIVE DATE OF THIS ACT7
16 NEW SECTION7--Section 167--Three-fourths vote required7
17 Because7 this act appropriates money from the coal severance
18 tax trust fund7 Article 177 section 57 of the Montana
19 constitution requires a vote of three-fourths of the members
20 of each house of the legislature for passage7
21 Section 14. Section 17-7-502, MCA, is amended to read:
22 "17-7-502. Statutory appropriations -- definition --
23 requisites for validity. (1) A statutory appropriation is an
24 appropriation made by permanent law that authorizes spending
25 by a state agency without the need for a biennial

1 legislative appropriation or budget amendment.
2 (2) Except as provided in subsection (4), to be
3 effective, a statutory appropriation must comply with both
4 of the following provisions:
5 (a) The law containing the statutory authority must be
6 listed in subsection (3).
7 (b) The law or portion of the law making a statutory
8 appropriation must specifically state that a statutory
9 appropriation is made as provided in this section.
10 (3) The following laws are the only laws containing
11 statutory appropriations:
12 (a) 2-9-202;
13 (b) 2-17-105;
14 (c) 2-18-812;
15 (d) 10-3-203;
16 (e) 10-3-312;
17 (f) 10-3-314;
18 (g) 10-4-301;
19 (h) 13-37-304;
20 (i) 15-31-702;
21 (j) 15-36-112;
22 (k) 15-70-101;
23 (l) 16-1-404;
24 (m) 16-1-410;
25 (n) 16-1-411;

1 (o) 17-3-212;
 2 (p) 17-5-404;
 3 (q) 17-5-424;
 4 (r) 17-5-804;
 5 (s) 19-8-504;
 6 (t) 19-9-702;
 7 (u) 19-9-1007;
 8 (v) 19-10-205;
 9 (w) 19-10-305;
 10 (x) 19-10-506;
 11 (y) 19-11-512;
 12 (z) 19-11-513;
 13 (aa) 19-11-606;
 14 (bb) 19-12-301;
 15 (cc) 19-13-604;
 16 (dd) 20-6-406;
 17 (ee) 20-8-111;
 18 (ff) 23-5-612;
 19 (gg) 37-51-501;
 20 (hh) 53-24-206;
 21 (ii) 75-1-1101;
 22 (jj) 75-7-305;
 23 (kk) 80-2-103;
 24 (ll) 80-2-228;
 25 (mm) 90-3-301;

1 (nn) 90-3-302;
 2 (oo) [section 10];
 3 (pp) 90-15-103; and
 4 (qq) Sec. 13, HB 861, L. 1985.

5 (4) There is a statutory appropriation to pay the
 6 principal, interest, premiums, and costs of issuing, paying,
 7 and securing all bonds, notes, or other obligations, as due,
 8 that have been authorized and issued pursuant to the laws of
 9 Montana. Agencies that have entered into agreements
 10 authorized by the laws of Montana to pay the state
 11 treasurer, for deposit in accordance with 17-2-101 through
 12 17-2-107, as determined by the state treasurer, an amount
 13 sufficient to pay the principal and interest as due on the
 14 bonds or notes have statutory appropriation authority for
 15 such payments."

16 ~~NEW SECTION.--SECTION 15.--COORDINATION INSTRUCTION.--IF~~
 17 ~~HOUSE BILL NO. 862 FAILS TO BE PASSED AND APPROVED, THIS ACT~~
 18 ~~IS VOID.~~

-End-

STANDING COMMITTEE REPORT

SCRHB889

SENATE

.....April 15,..... 1987.....

MR. PRESIDENT

Finance & Claims

We, your committee on.....

having had under consideration..... House Bill..... No..... 889

third reading copy (blue) color

MONTANA GROWTH THROUGH AGRICULTURE ACT

WINSLOW (JERGESON)

Respectfully report as follows: That.....House Bill..... No...889.....

BE AMENDED AS FOLLOWS:

- 1. Page 12, line 16 through 18. Strike: lines 16 through 18.

KMC AND AS AMENDED BE CONCURRED IN

~~DO PASS~~

~~DO NOT PASS~~

.....
Chairman.

Senator Regan

4/15/87
10:10
JRS