

SB 345 INTRODUCED BY LYBECK
ESTABLISH A MINIMUM PRICE FOR CERTAIN AGRICULTURAL
COMMODITIES IN MONTANA

2/14 INTRODUCED
2/14 REFERRED TO AGRICULTURE, LIVESTOCK &
IRRIGATION
2/14 FISCAL NOTE REQUESTED
2/18 HEARING
2/19 ADVERSE COMMITTEE REPORT ADOPTED 43 5
2/20 FISCAL NOTE RECEIVED

1 Senate BILL NO. 345
2 INTRODUCED BY Sykes

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A MINIMUM
5 PRICE FOR CERTAIN AGRICULTURAL COMMODITIES SOLD WITHIN THE
6 STATE; PROVIDING FOR SUPPLY MANAGEMENT AND ORDERLY
7 MARKETING; GRANTING THE DEPARTMENT OF AGRICULTURE RULEMAKING
8 AUTHORITY; PROVIDING PENALTIES; AND PROVIDING AN EFFECTIVE
9 DATE PROVISION AND A TERMINATION DATE."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 Section 1. Legislative findings. The legislature finds
13 that agriculture in Montana is of the public interest
14 insofar as it affects the employment and livelihood of a
15 substantial portion of the state population and supplies
16 essential goods vital to the public health and welfare. The
17 legislature further finds that the inability of individual
18 producers to secure a reasonable return for their
19 agricultural products threatens the entire economy of the
20 state and has resulted in an economic emergency. Therefore,
21 [this act] is enacted under the powers of the state to
22 protect and promote the health and welfare of its citizens.

23 Section 2. Definitions. As used in [this act], unless
24 the context indicates otherwise, the following definitions
25 apply:

1 (1) "Agricultural commodity" means wheat, barley, rye,
2 oats, corn, sugar beets, peas, dry beans, and sorghum
3 grains.

4 (2) "County loan rate" means the amount of money the
5 United States department of agriculture will loan per bushel
6 on an agricultural commodity in a county of the state.

7 (3) "Department" means the department of agriculture
8 provided for in 2-15-3001.

9 (4) "Statewide average county loan rate" means the
10 average of all county loan rates in the state.

11 (5) "World carryover stocks" means the total quantity
12 of world stocks of an agricultural commodity in excess of
13 world use.

14 (6) "World use" means the total world consumption or
15 use of an agricultural commodity on an annual basis.

16 Section 3. Minimum price of agricultural commodities
17 -- establishment -- rulemaking. (1) The department shall
18 establish the minimum price of all agricultural commodities
19 in accordance with this section. The minimum price
20 established by the department must apply to all grades and
21 types of the commodity produced, bought, and sold in the
22 state, subject to normal price differentials reflecting
23 grades and quality.

24 (2) The minimum price of an agricultural commodity is
25 effective when at least 60% of the domestic production of



1 the commodity, including the volume of that commodity
2 produced in this state, is subject to a minimum price
3 established by states that have enacted similar legislation
4 providing for a minimum price equal to that established in
5 this state.

6 (3) The statewide minimum price for any agricultural
7 commodity may not be less than 90% of parity as defined in 7
8 U.S.C. 1301.

9 (4) The minimum price of an agricultural commodity for
10 each county of the state may not be less than the statewide
11 minimum price for the commodity, divided by the statewide
12 average county loan rate, with the resulting quotient
13 multiplied by the county loan rate for each respective
14 county.

15 (5) The department shall establish by rule the minimum
16 price for agricultural commodities within 10 days after [the
17 effective date of this act], based on the parity prices in
18 effect on or before February 1 of the year of enactment and
19 on or before February 1 of each year thereafter.

20 Section 4. Supply management and orderly marketing.

21 (1) If the world carryover stocks as a percent of the total
22 world use for any agricultural commodity exceed by 25% the
23 previous 25-year average of world carryover stocks as a
24 percent of total world use of the commodity, the department
25 shall by rule establish supply management or orderly

1 marketing procedures within 24 months.

2 (2) Notwithstanding subsection (1), the department
3 shall establish supply management and marketing procedures
4 if it is determined that the volume of production of an
5 agricultural commodity threatens or is likely to threaten
6 the productivity of the state's agricultural land and is
7 disrupting or is likely to disrupt normal marketing
8 patterns.

9 Section 5. Enforcement. (1) The department shall
10 monitor commodity transactions, including commodity
11 exchanges and other markets. If the department has reason to
12 believe that an ongoing violation of [this act] is
13 occurring, it shall issue an order to restrain the
14 violation, which order must remain in effect for 10 working
15 days, during which time the department shall seek a
16 permanent restraining order in a court of proper
17 jurisdiction.

18 (2) Within 60 days of a reported violation of [this
19 act], the department shall initiate proceedings to determine
20 if a violation has occurred. If a violation has occurred,
21 the department may negotiate a settlement with the offending
22 party, including payment of a civil penalty in an amount not
23 less than the difference between the lower price and the
24 established minimum price for the agricultural commodity
25 involved in the case, in addition to the fine provided for

1 in [section 7].

2 Section 6. Prohibited acts. No person may sell to or
3 buy from another person any agricultural commodity for a
4 price less than the minimum price established under [section
5 3].

6 Section 7. Penalties. Any person who violates the
7 provisions of [this act] is guilty of a misdemeanor and upon
8 conviction shall be fined not more than \$10,000 or
9 imprisoned in the state prison for a term not to exceed 1
10 year, or both.

11 Section 8. Effective date. This act is effective when
12 at least 60% of the domestic production of an agricultural
13 commodity is subject to a minimum price established by
14 states that have enacted similar legislation applying to the
15 commodity under consideration for that year.

16 Section 9. Termination. This act terminates July 1,
17 1990, unless upon that date a sufficient number of states
18 that produce at least 60% of the domestic production of an
19 agricultural commodity have passed similar legislation to
20 establish a minimum price for the same commodity.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB345, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act establishing a minimum price for certain agricultural commodities sold within the state; providing for supply management and orderly marketing; granting the Department of Agriculture rule-making authority; providing penalties; and providing an effective date provision and a termination date.

ASSUMPTIONS:

1. The Department of Agriculture will enforce, monitor and investigate all suspected violations.
2. The Department of Agriculture will audit statewide to assess compliance of commodity buyers and sellers.
3. The Department of Agriculture will be responsible for all legal action and prosecution for violations.
4. The Department of Agriculture will establish minimum prices on all affected commodities -- by grade, etc.
5. The Department of Agriculture is responsible for supply management/marketing procedures based upon world carryover, etc.
6. Malt barley only product close to parity at this time.
7. Assume general fund support.
8. Assume program become effective July 1, 1987.

FISCAL IMPACT:

	FY88			FY89		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
FTE	0	6.25	6.25	0	6.25	6.25
<u>Expenditures:</u>						
Personal Services	\$ 0	\$ 144,410	\$ 144,410	\$ 0	\$ 144,410	\$ 144,410
Operating Expenses	0	46,060	46,060	0	36,260	36,260
TOTAL	\$ 0	\$ 190,470	\$ 190,470	\$ 0	\$ 180,670	\$ 180,670
<u>Funding:</u>						
General Fund						
TOTAL	\$ 0	\$ 190,470	\$ 190,470	\$ 0	\$ 180,670	\$ 180,670

David L. Hunter DATE 2/20/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

Ray Lybeck DATE 2/21/87
 RAY LYBECK, PRIMARY SPONSOR

Fiscal Note for SB345, as introduced.

SB 345