

MINUTES OF THE MEETING
AGRICULTURE, LIVESTOCK AND IRRIGATION
STATE CAPITOL BUILDING

March 20, 1985

The Agriculture, Livestock and Irrigation Committee meeting was called to order on the above date in Room 415 of the State Capitol Building at 1:00 p.m.

ROLL CALL: Senators Galt and Severson excused. All other members present.

HB 401: Representative Rex Manuel, HD 11. The bill was at the request of the Milk Control Bureau. Line 16 changes the word from "shall" to "may" and it adds a new section.

PROPOSERS: Bill Ross, Milk Control Bureau. Exhibit #1.

K. M. Kelly, Montana Dairy Industry Processors, supported the bill and Mr. Ross' comments. Exhibit #2.

George Schultz, Montana Dairyman's Association, asked to go on record in support of the bill.

Alan Eck, Montana Farm Bureau Federation, supported the bill. Exhibit #3.

OPPOSERS: None.

Representative Manuel, in closing, said the Livestock Department presently does the testing so milk is being tested. This change was for a duplication.

DISPOSITION OF HB 401: Senator Kolstad moved HB 401 BE CONCURRED IN. Motion carried. Senator Kolstad will carry the bill on the Senate floor.

HJR 34: Representative Tom Asay was in another hearing and unable to be present for his bill. Senator Boylan called on proponents and opponents present to give their testimony and we will hear Representative Asay's presentation when he is able to give it.

PROPOSERS: Dave Donaldson, Montana Association of Conservation Districts, supported the bill. Exhibit #4.

Stuart Doggett, Montana Stockgrowers, Montana Association of Grazing Districts and Montana Conservation Districts, supported the bill.

Margie MacDonald, Northern Plains Resources Council, supported the bill for the reasons given by the conservation districts. The Montana State University Cooperative Extension along with the Agriculture Economics Department, put together a very good study of which Senator Lybeck has a copy. She said she will deliver copies to the committee at a later time. It tells

about incentives on converting rangeland to cropland and has figures entering into that. You can really see how the tax system is feeling the process. She said grasslands are too valuable for us to just sit back and let them be destroyed.

Janet Ellis, Montana Audubon Council. Testimony, Exhibit #5.

OPPONENTS: None.

Committee questions: Senator Bengtson to Margie - Before the Senate Taxation Committee they presented testimony where the tax system actually contributes toward sod busting? Margie thought it was through SB 460 where it dealt specifically with a sliding scale system of capital gains at the State level. He asked economists from MSU to put together a program showing how capital gains effect sod busting. You are taking range land at a low level and turning it over into crop land at a much higher level; 60% of that net gain is not taxable. They had a booklet they passed out. Senator Bengtson - Other than capital gain, are there other sections of tax law identified as being contributing factors to sod busting. Margie - They listed several. Three of them were capital gains, investment credit and accelerated depreciation. Capital gain was the most significant. In agriculture most people who own and operate ranches are not in the 50% tax bracket. Some are, but it puts those who are not in the the 50% tax bracket at a competitive disadvantage. It is contributing to overproduction of livestock, cattle feeding and crop production.

Senator Hammond wished to speak as an opponent because he felt there were a lot of things here that took away from the free operation of a person's place. He was concerned about who is going to determine which is marginal. He said some of the best land in his area was in grass and he didn't think there was an acre in Montana which wasn't improved by being broken up and seeded back to grass. He thought the land would be more productive and there are a lot of people who need to tear up land and reseed.

Representative Bengtson asked what he would suggest about people like Graytack. Senator Hammond replied that land will be seeded back to grass sometime. If you have foxtail or blue joint, the first grass that shows up is a hybrid grass which is high in protein and you don't have to reseed most of these places, the grass comes back by itself.

Margie answered that the concern isn't so much the conservation practices someone like he is doing with seeding rangeland. It is the concern for some of the ranches that were broken up and put into grain. That wasn't being done so much for productivity. There were large ranches converted to grain and plowed under then sold which are a problem now. They have started to blow and are causing problems for the neighbors with fences going under and things like that.

Senator Hammond was concerned with who was going to make the determination on whether you were a sodbuster or not. He was afraid if you were going to have government people coming out and making the determination, then you were going to have trouble. Margie answered that this wouldn't be subsidized by taxpayers.

Senator Williams thought that in Petroleum County anything they break up in excess of 200 acres on any given farm has to be approved by the county commission.

Donaldson - The word isn't to stop farming. It is if you break up more than 200 acres you have a farming plan that will prevent erosion. One of the largest concerns in Petroleum County is the water situation. If you break up anything over 200 acres you have to work with the soil conservation service and have them assist you in developing your farming and follow your plan. If you don't follow your plan there are provisions in the law now that you are required to put that land back into grass or native type conditions.

Senator Williams didn't see how anyone would know if they plan to retain ownership or know if they would put this back. He thought that was assuming a lot.

Senator Boylan told the committee that, since Representative Asay wasn't here to present or defend his bill, the committee would adjourn and take this up again on Friday when the Representative could be present.

There being no further business, the meeting adjourned.


PAUL F. BOYLAN, Chairman

ROLL CALL

AGRICULTURE, LIVESTOCK & IRRIGATION COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 3/20/85

SENATE SEAT

#

SENATE SEAT #	NAME	PRESENT	ABSENT	EXCUSED
1	SENATOR GARY AKLESTAD	✓		
27	SENATOR ESTHER BENGSTON	✓		
35	SENATOR JACK GALT			✓
34	SENATOR H. W. (SWEDE) HAMMOND	✓		
10	SENATOR ALLEN KOLSTAD	✓		
38	SENATOR LEO LANE	✓		
48	SENATOR RAY LYBECK	✓		
31	SENATOR ELMER SEVERSON			✓
39	SENATOR BOB WILLIAMS	✓		
29	SENATOR MAX CONOVER, V. CHMN.	✓		
50	SENATOR PAUL BOYLAN, CHAIRMAN	✓		

Each day attach to minutes.

Exhibit # 1
Mar. 20, 1985
HB 401

Mr. Chairman, members of the Committee. On behalf of the Department of Commerce I have asked House Bill 401 be introduced to amend Section 81-23-105, MCA, making the raw milk testing program discretionary. As the law currently reads, the program is mandatory and money has not been appropriated for milk testing since fiscal year 1983.

In the last Department of Commerce financial compliance audit the legislative auditors noted we were not complying with section 81-23-105, MCA. It was their recommendation we either test raw milk as required by law or evaluate the need for legislation to change the law regarding raw milk testing.

At the present time there is not a majority of the dairy farmers who wish to fund the milk testing program. However, a majority of the dairy farmers feel there may be a need to continue the program at some future date.

So in order for the Bureau to be in compliance with the law and to adequately protect the concerns of the dairy farmer, we feel this amendment is necessary.

NAME: K. M. Kelly DATE: 3/20/85

ADDRESS: Helena

PHONE: 458-5861

REPRESENTING WHOM? Montana Dairy Industry - Processors

APPEARING ON WHICH PROPOSAL: H13401

DO YOU: SUPPORT? AMEND? OPPOSE?

COMMENTS:

The processing end of the Dairy Industry supports this bill since it is a one word change from "shall" to "may" and preserves the right of the Board of Milk Control to institute a testing program if it becomes necessary.

K. M. Kelly

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



502 South 19th

Bozeman, Montana 59715

Phone (406) 587-3153

TESTIMONY BY: Alan Eck

BILL # HB-401 DATE 3/20/85

SUPPORT XXX OPPOSE _____

Mr. Chairman and members of the committee, for the record my name is Alan Eck. I'm testifying on behalf of the Montana Farm Bureau Federation. We would like to go on record as supporting House Bill 401 and would ask that the committee give this bill a "do pass" recommendation. Thank you.

Alan Eck
SIGNED

Exhibit # 4



Montana Association Of Conservation Districts

7 Edwards
Helena, Montana 59601
Ph. 406-443-5711

March 20, 1985

TO: The Honorable Paul Boylan, Chairman
Senate Agriculture, Livestock & Irrigation Committee

TESTIMONY ON HJR 34 URGING THE UNITED STATES CONGRESS TO REVISE
CERTAIN FARM PROGRAM AND INCOME TAX LAWS THAT PROVIDE MAJOR
ECONOMIC INCENTIVES FOR CONVERTING RANGELAND TO CROPLAND.

The Montana Association of Conservation Districts and the local Conservation Districts have been extremely concerned with the breaking of marginal rangeland into cropland. The Association has passed resolutions that address this problem at past annual meetings.

There is one Conservation District in Petroleum County that has passed an ordinance to try to stop the break-up of marginal rangeland into cropland without proper farming practices.

The Association encourages your support for HJR 34.

Dave Donaldson
Executive Vice President

DD:dv

NAME: Janet H. Ellis DATE: 3/20/85

ADDRESS: Helena

PHONE: _____

REPRESENTING WHOM? MT Audubon Council

APPEARING ON WHICH PROPOSAL: HJR 34

DO YOU: SUPPORT? AMEND? _____ OPPOSE? _____

COMMENTS: Abuses of the so called "sodbusting" ^{tax} incentives program
are well documented in harming our environment, as
well as our agricultural industry in Montana. In
light of the current economic plight of agriculture
in the state it is important to stop this abuse.
We urge your support of HJR 34

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

STANDING COMMITTEE REPORT

March 20

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MR. PRESIDENT

We, your committee on **AGRICULTURE, LIVESTOCK & IRRIGATION**

having had under consideration **HOUSE BILL** No. **401**

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Mannel (Kolstad)

MAKING RAW MILK TESTING PROGRAM DISCRETIONARY

Respectfully report as follows: That **HOUSE BILL** No. **401**

BE CONCURRED IN

~~DEXXX~~

~~YXXXXXX~~

DO NOT PASS

PAUL F. BOTLAS,

Chairman.