MINUTES

MONTANA HOUSE OF REPRESENTATIVES
59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL RESOURCES AND COMMERCE

Call to Order: By **CHAIRMAN RICK RIPLEY**, on February 3, 2005 at 8:05 A.M., in Room 317-C Capitol.

ROLL CALL

Members Present:
Rep. Rick Ripley, Chairman (R)
Sen. Ken (Kim) Hansen, Vice Chairman (D)
Sen. Gregory D. Barkus (R)
Rep. Rosalie (Rosie) Buzzas (D)
Sen. Bob Hawks (D)
Rep. Walter McNutt (R)
Rep. John L. Musgrove (D)

Members Excused: None.

Members Absent: None.

Staff Present: Britt Nelson, Committee Secretary
Shane Sierer, Legislative Branch
Doug Schmitz, OBPP Representative

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

Committee Business Summary:
Hearing & Date Posted:
Executive Action: HB 2

EXECUTIVE ACTION ON THE DEPARTMENT OF AGRICULTURE: CENTRAL MANAGEMENT DIVISION

Motion/Vote: SEN. BARKUS moved that BASE BUDGET AND PRESENT LAW ADJUSTMENT BE ADOPTED. Motion carried unanimously by voice vote.

Motion: REP. BUZZAS moved that DP 1502 -- MICROSOFT OFFICE LICENSING BE ADOPTED AS AMENDED.

Discussion:

SEN. HAWKS recognized the advantages of updated programming however, he was unsure if it was advisable for the Department to get ahead of Technical Services especially if what is currently being used is sufficient.

Candi Mullenbach explained that they would not be purchasing the licenses unless the Department of Administration purchased the standard licensing package. She indicated that the DP was asking for an add on to the standard package. She maintained that they would wait until the Department of Administration had bought the standard licensing package and then they would update their computers so they would have the corresponding licenses.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 5}

SEN. HAWKS inquired what the probability would be of the Department of Administration purchasing the package needed this biennium.

Ms. Mullenbach assumed that the probability was high since they had placed the request.

REP. MUSGROVE asked Shane Sierer if it was a probability.

Mr. Sierer informed the committee members that Information Technology Service Division (ITSD) was contemplating the upgrade. He also noted that if ITSD did make these upgrades then there would be no charge.

SEN. MUSGROVE was unsure what the Department of Agriculture was asking for -- whether they would receive the package if ITSD decided to upgrade or not.

Mr. Sierer responded that it was his understanding that the upgrade the Department was looking for was 2003 Microsoft Suite. His comment had targeted the fact that ITSD had not decided to upgrade.

{Tape: 1; Side: A; Approx. Time Counter: 5 - 8.2}

Ms. Mullenbach replied that they were not requesting to purchase Microsoft Office Suite 2003. She explained that Access and Publisher would not be included in the licensing package they would receive from the Department of Administration so they would need to buy additional licensing packages. She estimated that 75% of the computers used Access and Publisher.

SEN. BARKUS inquired what the Department was publishing.

Ms. Mullenbach responded that Publisher was used to print publications, newsletters, promotional products, banners, and signs among other things.

CHAIRMAN RIPLEY wondered if there was something newer on the market that would be better equipped to handle the Department's needs.

Ms. Mullenbach explained that in order to have the Microsoft licensing on their desktops they had to the programs provided by Microsoft to make the licenses complete.

SEN. HANSEN asked if it would be a big problem if the Department of Agriculture did not receive the upgrade.

Ms. Mullenbach believed that it would be detrimental to the Department not to have the package.

REP. BUZZAS commented that she had used Publisher and Access and felt that it was very helpful to small agencies and valuable in getting things done.

{Tape: 1; Side: A; Approx. Time Counter: 8.2 - 15.1}

REP. MCNUTT noted that there would be no technical support from ITSD for Access or Publisher.

Ms. Mullenbach was unsure but thought that the lack of technical support only applied to the old version of the DP when they were asking for Microsoft Office Suite 2003.

SEN. BARKUS wondered if the DP should be one-time-only (OTO).

Mr. Sierer agreed that it could be OTO. He followed up on REP. MCNUTT'S question stating that ITSD would only support the state standard. He explained that the comment he had made was concerned with the original request for Microsoft 2003. He

asserted that Access and Publisher are both standard products and would be supported by ITSD.

{Tape: 1; Side: A; Approx. Time Counter: 15.1 - 20}

SEN. BARKUS wondered why, if other agencies had the software, ITSD didn't supply it to all of the agencies.

CHAIRMAN RIPLEY agreed with SEN. BARKUS noting how widely the programs are used.

SEN. HAWKS asked for clarification concerning the language of the DP.

REP. BUZZAS replied that it would be OTO and that the language should reflect that the request was strictly for Access and Publisher and not for the entire 2003 suite.

Vote: Motion carried 6-1 by voice vote with SEN. BARKUS voting no.

{Tape: 1; Side: A; Approx. Time Counter: 20 - 22.8}

Motion: REP. MUSGROVE moved that DP 1504 -- OPERATIONS AND EQUIPMENT BE ADOPTED.

Discussion:

SEN. HAWKS asked for a justification of the increased travel expenses.

Ms. Mullenbach was unsure of the accounting for the Division so was not able to answer the question.

CHAIRMAN RIPLEY wondered if there was any additional information on the two foreign trips the Department had planned.

Ms. Mullenbach reported that there were three mission trips to the Pacific Rim, Mexico, and Canada proposed. She explained that they would be based on available funds.

REP. MUSGROVE wanted Mr. Schmitz to explain more about the travel expenses.

Mr. Schmitz responded that the Department was looking for base adjustments to bring them up to past levels. He believed that there were a couple of trips that were not taken or the numbers

were reduced because of the funding problems last biennium. He reiterated that the request was to give them the authority for what they had available this biennium.

CHAIRMAN RIPLEY inferred that the 14% increase over fiscal year 2004 was just a return to past amounts.

Mr. Schmitz explained that it was over the amount that they actually spent; not what was appropriated.

CHAIRMAN RIPLEY followed up asking about the 45% increase.

Mr. Sierer responded that the 45% increase was also over the actual expenditures from the past five years.

CHAIRMAN RIPLEY expressed concern over the fact that if the five year average was 45% less than what they were asking for their request was an inflated number.

REP. MUSGROVE commented that he felt it would be the exact opposite and there was actually a deflation and that they were just now coming back to the original level. He added that any time Montana could go to where the markets are and attempt to create goodwill the expenditure would be worth it.

Director Peterson asserted that there had been direction given to the Department of Agriculture by the administration to increase goodwill missions to foreign markets.

{Tape: 1; Side: A; Approx. Time Counter: 22.8 - 32.2}

REP. MCNUTT supported the DP. He mentioned his trip to Japan and Taiwan where he saw the market openings Montana could fill. He felt that it would be worthwhile for Montana's economy to make the connection with these markets.

SEN. HAWKS wondered if the travel expenses of the Governor were also included in the Department's budget.

Ms. Peterson answered that it was not included.

Vote: **Motion carried unanimously by voice vote.**

{Tape: 1; Side: A; Approx. Time Counter: 32.2 - 35}

Motion: **SEN. HANSEN moved that DP 1503 -- ELECTRONIC GOVERNMENT BE ADOPTED.**

Discussion:

SEN. HANSEN commented that the Department was dealing with many issues especially noxious weeds and they needed to be able to do their job.

Vote: **Motion carried unanimously by voice vote.**

{Tape: 1; Side: A; Approx. Time Counter: 35 - 37}

EXECUTIVE ACTION ON THE DEPARTMENT OF AGRICULTURE: AGRICULTURAL SCIENCES DIVISION

Motion: **REP. BUZZAS moved that DP 3001 -- USDA FEDERAL MITIGATION OF NOXIOUS WEED IMPACTS BE ADOPTED.**

Discussion:

REP. MCNUTT expressed concern with how the Department was accumulating so many funds over time without spending them.

CHAIRMAN RIPLEY related that they had informed the committee that all of the grant money had been allocated out but had not been spent. He wanted to know how producers or counties became aware of the fund and who was qualified for the grant.

Greg Ames reported that the Noxious Weed Program was typically made public at the county level by the Weed Supervisor and the extension agents. Entities within the county would be made aware of the grant as they would any other extension program. He explained that it was widely used throughout the State and commonly known among the farming, ranching areas. He mentioned that they also informed the public by attending fairs, brochures, mailing lists, placemats in restaurants, and various other methods. He noted that they receive more grant applications than they can actually fund.

He informed the committee that in 2001 they had received a Forest Service grant for $2.1 million. They awarded all of the money to grantees during the first year. Because it had been only one year since the 2000 fire season only $78,000 was used due to conditions. In 2002 they received $830,000 from the Forest Service and awarded all of that out in grants as well. The grantees only expended $381,000 out of that amount. Because the grantees have not spent all of the money awarded there is unspent appropriations authority. He explained that the $2.1 million grant continued until 2005 and they just spent the last $5,000 to $10,000 from 2001.

{Tape: 1; Side: A; Approx. Time Counter: 37 - 51.4}

REP. BUZZAS asked if they had quarterly grant audits so that they would know when the money was being spent and on what so that if there was going to be unspent money they could award that to another program or person.

Mr. Ames answered that there was annual audits conducted in the summer.

REP. BUZZAS followed up noting that the fiscal year would be over during the summer, so they would not know how the money allocated during that fiscal year was being spent during until it was over.

Mr. Ames replied that the grant cycle began in March when they would hear the grant applications. They would then recommend those to the Department Director who would approve them or not and then the Department would make the grant awards. The one year grants would then be used for that season and would end around the fiscal year, June 30. Often there are extensions on the grants so that they could address the issues better. He related that environmental conditions often effected the use of the grants.

REP. BUZZAS interpreted this to mean that there was no control over how the money was being spent until the fiscal year was over. She suggested that they have the grantees reapply. She did not feel the need to carry so much money over if there was a way to monitor the spending throughout the fiscal year.

{Tape: 1; Side: B; Approx. Time Counter: 0 - 4.3}

SEN. HAWKS wondered if there was a four-year limitation on the overall grants.

Mr. Ames related that the Forest Service grants were awarded on a four-year basis and there were grants awarded by the Forest Service every year. He mentioned that there were reimbursement requests sent in every year as well which they monitored and awarded grant money to.

REP. BUZZAS asserted that it was not an issue of people abusing money but an issue of being able to track the money and being able to use it year to year and not have an accumulation.

Mr. Ames responded that once the grants were awarded they did not feel they had the right to pull the funding from grantees especially if they were in the middle of a project.

SEN. HAWKS attested that Mr. Ames was describing flexibility of the grants within the grant. However, he wondered if when they reached the end of the cycle on a particular grant would the funds then revert.

Mr. Ames reported that they had not reverted any funds. If a grant person hasn't used all of the funds, they inform the Department; and they re-award the reverted amounts if they have the appropriations authority to do so. The situation they end up in is that overtime they need to seek additional appropriations authority for the unused grant amounts.

{Tape: 1; Side: B; Approx. Time Counter: 4.3 - 9.8}

SEN. HAWKS did not understand how they did not have funds reverting when they come to the end of a cycle and they still had the internal grants not being used.

Candi Mullenbach clarified that they did not receive money from the Federal government until they request reimbursement so when grantees ask for reimbursement the Department goes to the Federal government and asks for reimbursement for the grant. She explained that they did not have $3.5 million stockpiled in a fund, all the DP was asking for was an appropriations request so when it was time to reimburse the grantees they would have the authority to make those payments. She noted that if they did get to the end of a Federal grant cycle and all of the funds had not been requested for reimbursement by the grantees they would lose the funding from the Federal government. However, since there is such a large time span, they have the ability to say; they have additional Federal funding and if a grantee feels that they could complete a project within a year's time they will award the money.

REP. BUZZAS heard that they wanted the additional authority because they have to turn down applicants. The question for her was; if they are able to monitor spending, wouldn't they be able to turn over the unspent money to people who weren't able to get the funding at the beginning?

{Tape: 1; Side: B; Approx. Time Counter: 9.8 - 14.7}

Ms. Mullenbach replied that there were many grants contained within this program so there could be a number of grants for the amount of money awarded. He understanding is that there is an agreement with the grantees that they have a time frame to spend the money.

REP. BUZZAS followed up by asking if different grants were awarded for different periods of time.

Ms. Mullenbach responded in the affirmative.

Shane Sierer commented that the committee needed to make the DP a biennial appropriation because as it was written the DP was only good for 2006.

Vote: **Motion carried unanimously by voice vote.**

{Tape: 1; Side: B; Approx. Time Counter: 14.7 - 18.1}

Motion/Vote: **SEN. HANSEN moved that DP 3002 -- PESTICIDE BASE BUDGET ADJUSTMENT BE ADOPTED. Motion carried unanimously by voice vote.**

{Tape: 1; Side: B; Approx. Time Counter: 18.1 - 18.9}

Motion: **REP. MUSGROVE moved that DP 3003 -- ORGANIC PROGRAM BE ADOPTED.**

Discussion:

SEN. HAWKS commented that he was pleased to see the Department carrying out the Organic Program.

Vote: **Motion carried unanimously by voice vote.**

{Tape: 1; Side: B; Approx. Time Counter: 18.9 - 20.1}

Motion: **REP. MUSGROVE moved that DP 3005 -- EPA HOMELAND SECURITY BE ADOPTED AS OTO WITH RESTRICTIVE LANGUAGE.**

Discussion:

REP. BUZZAS asked if there needed to be language contingent upon receiving the federal funds.

Doug Schmitz indicated that the OTO designation made it clear that the appropriation would not be in the base and if the agency did not receive the federal funds then they would not be able to use it for anything else.

REP. MCNUTT suggested that the committee restrict the DP.

REP. BUZZAS felt that the language should say, "contingent upon the EPA funds being received."

Vote: **Motion carried unanimously by voice vote.**

{Tape: 1; Side: B; Approx. Time Counter: 20 - 23.9}

Motion/Vote: **SEN. BARKUS moved that DP 3010 -- PRODUCE BASE BUDGET ADJUSTMENT BE ADOPTED. Motion carried unanimously by voice vote.**

{Tape: 1; Side: B; Approx. Time Counter: 23.9 - 24.8}

Motion: **SEN. HAWKS moved that DP 3011 BE ADOPTED.**

Discussion:

SEN. BARKUS expressed concern with the trend line for the revenues in the Feed Program.

Greg Ames contended that the best reason for the decrease in revenues was the drought and its long-term effects.

CHAIRMAN RIPLEY expressed concern with the fact that all agencies came up with different figures on costs for either leasing a vehicle from the motor pool or buying a vehicle.

Vote: **Motion carried unanimously by voice vote.**

{Tape: 1; Side: B; Approx. Time Counter: 24.8 - 30.3}

Motion: **REP. MCNUTT moved that DP 3012 -- MINT COMMITTEE BASE BUDGET ADJUSTMENTS BE ADOPTED.**

Discussion:

SEN. BARKUS again presented the decline in revenues for this Department. He wanted to know if the Department felt that the prices would increase since they were requesting restoration funding.

Mr. Ames answered that there was a decrease in the purchase of US mint. He noted that there was competition with unregulated third world countries that made it difficult for the US mint growers. They have been working on products which would create a new market or improve the current market for mint products. He

stated that if the project was successful then they would need the DP to provide the authority they would need.

SEN. BARKUS purported that even if the created a new use for mint it would still be a demand that could be served by foreign mint producers.

Mr. Ames responded that there were patents pending on the proposed projects.

SEN. HAWKS added that there was an overall push to find markets in all sectors of the agricultural economy.

{Tape: 1; Side: B; Approx. Time Counter: 30.3 - 38.9}

Director Peterson commented that there was direction from the administration to add value to commodities in the United States. She felt that the mint issue falls into this category. She reported that there were no manufacturing plants in Montana. However, if the project to add mint to diesel went through there would be a market in Montana.

{Tape: 1; Side: B; Approx. Time Counter: 38.9 - 43.6}

CHAIRMAN RIPLEY requested that the Department address the non-employee travel costs and the line item of consultant and professional services.

Mr. Ames indicated that the per diem amount was for the committee members to attend their meetings and the contracted services were for research at the Agriculture Experiment Station to conduct mint studies.

Vote: **Motion carried unanimously by voice vote.**

{Tape: 1; Side: B; Approx. Time Counter: 43.6 - 48}

Motion: **SEN. HANSEN moved that DP 3013 -- NOXIOUS WEED ADMINISTRATION BASE BUDGET ADJUSTMENTS BE ADOPTED.**

Discussion:

SEN. HAWKS asked about the importation of hay and other products that would have a major impact on the noxious weed issue. He wanted to know if there was a plan to control it.

Mr. Ames answered that the Department's authority lay with the weed seed free products and the authority that relates to

individuals who market their hay and certify it as weed seed free. Montana also has agreements with neighboring states pertaining to the importation of certified weed seed free products. The counties do have some authority; however, they lack resources to enforce the issue. He stated that the Department lacked authority other than that provided with the Weed Seed Free Program.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 2.4}

Ms. Peterson added that the Department was pursuing avenues which would create accountability, responsibility and reporting to the Governor's Office.

{Tape: 2; Side: A; Approx. Time Counter: 2.4 - 4.1}

SEN. HANSEN requested some numbers on the counties which do not participate in the grants and why they don't.

Director Peterson claimed that all 56 counties participate in the program through the requests of the Weed Districts. Her concern in the counties is that the Department would not have enough money for each of the Districts to have a full time Weed Supervisor.

{Tape: 2; Side: A; Approx. Time Counter: 4.1 - 6.9}

Mr. Ames added that in addition to the 56 counties the Department was working with the seven reservations. He noted that they had representatives who apply for the grants.

Vote: **Motion carried unanimously by voice vote.**

{Tape: 2; Side: A; Approx. Time Counter: 6.9 - 8.5}

Motion: **REP. MCNUTT moved that DP 3014 -- GROUNDWATER BASE BUDGET ADJUSTMENTS BE ADOPTED AS OTO WITH LANGUAGE REQUIRING THE STUDY OF PURCHASE COSTS VERSUS LEASE COSTS.**

Discussion:

SEN. BARKUS commented that he recognized the need for specific vehicles for testing and carrying of chemicals but there were fifteen passenger cars which after eight years had about 13,000 miles per year. He wanted to know why they didn't lease out those vehicles since it would be much cheaper.

Greg Ames replied that when vehicles are new they are placed in the area which would use them the most; however, after three or four years they are moved to areas that do not require as much travel.

{Tape: 2; Side: A; Approx. Time Counter: 8.5 - 14.1}

Vote: Motion carried unanimously by voice vote.

{Tape: 2; Side: A; Approx. Time Counter: 14.1 - 16.7}

Motion: REP. BUZZAS moved that DP 3015 -- CAPS BASE BUDGET ADJUSTMENT BE ADOPTED.

Discussion:

SEN. BARKUS wanted to know what the increased program was, if it was a new program.

Mr. Ames explained that during the base year of 2004 the Cooperative Agricultural Pest Survey (CAPS) Program was transferred from Montana State University to the Department of Agriculture and they dealt with the transfer by requesting a budget amendment. In order to get the spending authority completed they have to put the Program into the base budget.

Vote: Motion carried unanimously by voice vote.

{Tape: 2; Side: A; Approx. Time Counter: 16.7 - 19.6}

Motion: REP. MUSGROVE moved that NP 519 -- ANALYTICAL LAB COSTS ADJUSTMENTS BE ADOPTED AS AMENDED.

Discussion:

Mr. Sierer informed the committee that he had met with the Department of Agriculture and had additional information to impart to the committee. He reported that what has been occurring is that the border check stations are manned by Federal inspectors 24 hours a day, seven days a week, 52 weeks a year. The Department of Agriculture has spent 20 days at the check stations taking samples of livestock feed coming across the border. He indicated that LFD had several issues with the proposal. The first issue he brought up was the fact that the Department of Agriculture had done 32 inspections in 2003, taking 41 samples. With the 41 samples they conducted a feed check to indicate if there were any animal byproducts in the livestock feed. He noted that out of the 41 samples six of them had come

back positive indicating that there was some possible animal byproduct within the sample. From the six samples three samples were sent to the FDA lab and came back acceptable. The other three samples were sent to Windsor Labs. The USDA performed 26,000 inspections and had a greater than 99% compliance rate with their inspection of feed lots. He stressed that the Department was asking for $100,000 of equipment for essentially six tests. He was concerned if it would be worth the money to test the samples in a state lab.

{Tape: 2; Side: A; Approx. Time Counter: 19.6 - 26.5}

REP. MUSGROVE expressed a concern with the turnaround time that it takes to perform all of the functions Mr. Sierer put forth. He felt if there were not results available immediately there would be great risk.

Mr. Sierer responded that the FDA lab was not interested in performing random samples however if there was a risk associated or a certain need the FDA lab would perform the test. He cited that the Windsor lab had a week turn around time.

REP. BUZZAS wondered if there was a duplication of services if the State could get the same information from the FDA.

Mr. Ames clarified that while the FDA and USDA had a presence on the border and they check all the feed that comes through, they are looking for ingredients that are in the livestock feed; they do not sample every truck that comes across. He reiterated that there wasn't a need to make the sampling 100% but a need to increase the amount of sampling.

{Tape: 2; Side: A; Approx. Time Counter: 26.5 - 39.2}

SEN. HAWKS wondered if there was any reason why they couldn't ask for this type of service on a contract basis.

Mr. Ames explained that the Department worked closely with the Vet Analysis Lab at Montana State University (MONTANA STATE UNIVERSITY (MSU) but that they do diagnostic work as opposed to the analytical work that would be related to feeds. He indicated that the contamination issue was a major problem as far as the MONTANA STATE UNIVERSITY (MSU) lab was concerned.

Director Peterson discussed the discrepancy in the level of concern Montana faced as opposed to the other states bordering Canada. She expressed some of the pressing concerns Montana faces due to the Bovine Spongiform Encephelopathy (BSE) issue.

{Tape: 2; Side: A; Approx. Time Counter: 39.2 - 49.8}
{Tape: 2; Side: B; Approx. Time Counter: 0 - 1.7}

CHAIRMAN RIPLEY wanted to know why there had only been 32 samples taken when they had been stationed at the border for 20 days.

Mr. Ames replied that the number was based on the amount of trucks that base through the border when the Department staff are present.

CHAIRMAN RIPLEY was confused as to why they couldn't collect more than one sample a day when the FDA collects 26,000 samples a year.

Mr. Sierer told the committee that he had taken the number of samples from the FDA site and it covered all of the border states, feed mills and processing plants.

Mr. Ames added that in 2004 the Department had done 209 feed inspections, collected 331 feed samples, 72 of which were livestock feed with animal protein. The 72 samples went through a feed check and then sent to the FDA or Windsor Lab. He expressed the desire to increase the number of inspections and sampling.

{Tape: 2; Side: B; Approx. Time Counter: 1.7 - 9}

SEN. BARKUS voiced that he understood the problem of BSE but asserted that only 3% of the beef that is used in Montana would be coming from Canada. He wanted to know why they didn't restrict Canadian feed imports or restrict and only allow certified feed come across the border.

Nancy Peterson replied that it was policy issue that was not in the Department's authority. She readdressed the information which Mr. Sierer provided.

{Tape: 2; Side: B; Approx. Time Counter: 9 - 12.6}

SEN. BARKUS followed up stating that he wouldn't want to risk the chance of this happening on luck. He stated that the budget did not provide assurances it only provided the Department a few more samples which would decrease the odds of being unlucky. He expressed that he did not feel that it was enough.

REP. BUZZAS asked if the USDA did inspections for content on the producers from Canada who shipped to the United States.

Mr. Sierer answered that it was his understanding that the USDA did not go into Canada but checking at the border. He reiterated that they check all feed mills and processing plants throughout the US on an annual basis.

{Tape: 2; Side: B; Approx. Time Counter: 12.6 - 16.4}

REP. BUZZAS inferred that the FDA and USDA did not perform DNA samples and that was the important procedure that the Department wanted to do.

Ms. Peterson emphasized that the testing and the inspections that are targeting the border yet it could be in some other place than a livestock feed truck coming from Canada.

{Tape: 2; Side: B; Approx. Time Counter: 16.4 - 20}

REP. BUZZAS reiterated her question. She inferred from the discussion that the USDA does test but the Department is not getting the analysis that they feel they need which is why they were proposing this particular DP.

Mr. Ames affirmed this statement.

REP. MUSGROVE commented that even if they ask for certified feed coming from Canada or interstate there would still be the same issues. He stated that if they want to certify it they would be able to do it through a committee bill but it would still not help with the timely testing.

SEN. HAWKS wondered if there was an agreement with the FDA at the borders when it came to sampling.

Ms. Peterson indicated that there was cooperative agreement with the FDA, the are reimbursing 45 BSE samples each year. However, she did not anticipate and increase in time, money or equipment.

{Tape: 2; Side: B; Approx. Time Counter: 20 - 30.8}

SEN. BARKUS requested that Mr. Harris from the Department of Livestock address the issue.

Mr. Harris, Administrator of the Centralized Services Division of the Department of Livestock, reported that the life-span of the PCR equipment would be about ten years but it takes a lot of training to use. The lab specialist for the Department of Livestock was not sure he would be able to handle the sample

testing with the lab equipment and training that he currently had.

REP. BUZZAS commented that she was concerned that the DP would only be a drop in the bucket. She thought that maybe there needed to be a look at the policy instead of focusing on the small details.

CHAIRMAN RIPLEY agreed.

REP. MUSGROVE asserted that there were two issues being dealt with: 1) the ability to do the testing, and 2) the ability to do the sampling. He agreed that there were problems with the sampling but if they can't test the samples they have now, there is a problem. He insisted that they could address the completeness of sampling through a different vehicle.

CHAIRMAN RIPLEY indicated that he would like to have more time to think and discuss the issue.

REP. MUSGROVE withdrew his motion to adopt NP 519 without objection.

{Tape: 2; Side: B; Approx. Time Counter: 30.8 - 42.4}

From this point forward REP. MUSGROVE voted for REP. BUZZAS by proxy vote.

Motion/Vote: REP. MUSGROVE moved that DP 5001 -- MONTANA AGRICULTURAL STATISTICS SERVICE GENERAL FUND APPROPRIATION BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 42.4 - 43.7}

Motion/Vote: SEN. HAWKS moved that DP 5002 -- MONTANA AGRICULTURAL STATISTICS-ALTERNATIVE CROP SURVEY BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 2; Side: B; Approx. Time Counter: 43.7 - 45}

Motion: SEN. HANSEN moved that DP 5003 -- STATE GRAIN LAB BUREAU BASE ADJUSTMENT BE ADOPTED.

Discussion:

SEN. HAWKS requested that someone from the Department respond to the long-term outlook. He noted that there was a loss of

activity to private testing. He wanted to know how they would make long term projection.

Joel Clairmont replied that there had been a task force put together to look at the issue. He indicated that there had not been enough time to compile the data but they were working on it.

SEN. HAWKS reiterated that he was wondering about the long term projection for funding.

Mr. Clairmont responded that they needed the spending authority to cover the anticipated cost.

Doug Schmitz commented that there would be support for the continued operation of the State Grain Lab even if the industry had to supply money to keep it running.

CHAIRMAN RIPLEY reiterated Mr. Schmitz' comment.

Mr. Schmitz added that the Lab was funded by State Special Revenue thus there would be no chance to approve a budget amendment.

Vote: Motion carried unanimously by voice vote.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 3.5}

Motion/Vote: SEN. BARKUS moved that DP 5004 -- MONTANA STATE HAIL INSURANCE PROGRAM BASE ADJUSTMENTS BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 3; Side: A; Approx. Time Counter: 3.4 - 4}

Motion/Vote: SEN. HANSEN moved that DP 5005 -- WHEAT AND BARLEY BUREAU BASE ADJUSTMENT BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 3; Side: A; Approx. Time Counter: 4 - 4.6}

Motion/Vote: REP. MUSGROVE moved that DP 5009 -- FEDERAL MARKETING APPROPRIATION AUTHORITY BE ADOPTED. Motion carried unanimously by voice vote.

{Tape: 3; Side: A; Approx. Time Counter: 4.6 - 5.2}

Motion: REP. MCNUTT moved that NP 509 BE ADOPTED.

EXHIBIT(jnh27a01)

Discussion:

REP. MCNUTT explained why he wanted to move NP 509. He wanted it approved even though it would cause the need for adjustments, because it would help out so many counties.

SEN. BARKUS wondered why it was not brought forward under the Department of Commerce.

REP. MCNUTT commented that it had been suggested that he bring it forth with the Department of Agriculture.

Mr. Schmitz interjected that it was usually contained within the Department of Natural Resources and Conservation, the Conservation and Resource Development Division to be specific.

{Tape: 3; Side: A; Approx. Time Counter: 5.2 - 8.8}

Mr. Sierer conveyed that he believed it was introduced with the Department of Agriculture because of the previous history of the Program. They felt that the program would fall under the Growth Through Agriculture Program (GTA).

Mr. Schmitz explained that by adding DP 509 they would be reducing the amount of money that the Growth Through Agriculture Council would have to distribute for the agricultural products by $50,000.

REP. MCNUTT described two appropriations that would go to the GTA Program: 1) $1.25 million statutory, and 2) House Bill 2. Therefore, he felt that the $50,000 would not be a major detriment to the Program.

Mr. Sierer indicated that there was a $2.5 million statutory appropriation for GTA in addition to the $954,000 share of the Coal Tax Shared Account. At this time he discussed a package of papers that he had handed out listing the DPs that had been funded by the Coal Tax Shared Account.

EXHIBIT(jnh27a02)

{Tape: 3; Side: A; Approx. Time Counter: 8.8 - 12.3}

Ms. Peterson asked if any of the other dollars granted in the shared account required a dollar-for-dollar match like the GTA Program. The second question she had concerned how many of the

grant dollars also require a return on investment for at least a portion of the funds.

CHAIRMAN RIPLEY answered that he could not think of any program which required a dollar-for-dollar match and that he was unsure of the second question. He commented that he was impressed with how much the program had done for the eastern communities with so little money.

SEN. BARKUS noted that in DP 6003 there were $927,000 of the Coal Tax Fund to give to local coal communities. He felt that this would be a duplication.

REP. MUSGROVE replied that the communities used that money for projects dealing with impact from coal mines and wouldn't be as good of a match as money from a different area.

{Tape: 3; Side: A; Approx. Time Counter: 12.3 - 17.3}

SEN. BARKUS voiced his concern about adding another DP to the Coal Tax Shared Account and making their decisions about what to cut in order to balance the budget more difficult.

REP. MUSGROVE inquired if REP. MCNUTT would consider General Funds as a funding source.

REP. MCNUTT responded that he would not consider it at this time.

Mr. Sierer pointed out that the Coal Tax was General Fund.

Vote: Motion carried 6-1 by voice vote with SEN. BARKUS voting no.

There was a discussion about in which department REP. MCNUTT wanted to include the DP. The final conclusion was to keep it in the Growth Through Agriculture Program in the Department of Agriculture. The final balance of the Coal Tax Shared Account was determined after the last DP was passed as well as the effect the passage of DPs from the Education Subcommittee.

{Tape: 3; Side: A; Approx. Time Counter: 17.3 - 32}

Motion: REP. MUSGROVE moved that DP 5020 -- MONTANA AGRICULTURE DEVELOPMENT COUNCIL GRANTS BE ADOPTED.

Discussion:

CHAIRMAN RIPLEY asked if DP 5020 passed and there was an adjustment of all of the percentages accordingly to balance the bottom line, would there be no change for the State Library.

Shane Sierer responded that it was his understanding that the Natural Resources and Commerce Subcommittee (NRC) would have no authority over the Education Subcommittee's actions. He noted that there was essentially $108,000 over appropriated by the NRC Subcommittee. He stated that all DPs were included in the analysis of the Coal Tax Shared Account except for DP 509 which was the DP REP. MCNUTT had just brought forth. He also noted that DP 5020 was not included in the analysis because there had been no Executive Action taken although the amount was included in the final balance of the Coal Tax Shared Account budget as part of the Growth Through Agriculture budget.

{Tape: 3; Side: A; Approx. Time Counter: 32 - 38.5}

REP. MUSGROVE wanted to know what would happen if they left the $156,803 as it was so that it would come out of the General Fund leaving it up to others to make the final decision.

CHAIRMAN RIPLEY agreed that REP. MUSGROVE'S idea would be one solution or they could reduce each department's budget by approximately 3% and leave it to the departments to handle.

Barbara Smith addressed the Department of Natural Resources and Conservation's (DNRC) Decision Packages. She reminded the committee members that the rangeland position had originally asked for Resource Indemnity Trust (RIT) dollars but in the last biennium it was partially funded by a GTA grant. She explained that although the Reclamation and Development Account status was questionable they might be able to move a portion of the position into the account or chose not to fund the position. She also noted that Salinity Control was also a last minute addition, giving the program an increase that they hadn't had since 1999. She suggested that they could also ask DNRC to come up with half of the rangeland FTE.

{Tape: 3; Side: A; Approx. Time Counter: 38.5 - 43.2}

Mr. Schmitz commented that DNRC had to apply for the GTA grant for the position.

CHAIRMAN RIPLEY brought the conversation back to DP 5020.

Mr. Sierer reconfirmed that DP 5020 was included in the budget analysis indicating that the base for the Department of Agriculture, GTA Program is $443,466 in 2006 and $443, 314 in 2007.

SEN. BARKUS assumed that if DP 5020 was not approved, the balance for the Coal Tax Shared Account would go below $100,000.

CHAIRMAN RIPLEY confirmed this assumption.

REP. MUSGROVE asserted that if they did approve DP 5020, DNRC would be able to ask for a grant.

Mr. Sierer conveyed that the committee would not be able to obligate GTA to grant money to DNRC.

REP. MCNUTT replied to Director Peterson's question about matching funds. He indicated that all the grants for DP 509 were one-to-one grants.

Vote: **Motion carried 6-1 by voice vote with REP. MCNUTT voting no.**

CHAIRMAN RIPLEY directed the committee to address the Coal Tax Shared Account since they were over by $156,803 dollars or approximately 3%.

Motion: **REP. MUSGROVE moved that THE DEPARTMENTS PROVIDE INFORMATION IN ORDER TO ALLOW THE NRC SUBCOMMITTEE TO MAKE A DECISION CONCERNING A 3% REDUCTION ACROSS THE BOARD.**

Discussion:

SEN. HAWKS asked if this meant that the departments were open.

CHAIRMAN RIPLEY responded that it only meant they wanted information in order to make the decision and the departments would remain closed until they decided otherwise.

Vote: **Motion carried unanimously by voice vote.**

{Tape: 3; Side: B; Approx. Time Counter: 0 - 6.5}

Mr. Sierer requested guidance on when they would like to discuss the Coal Tax Shared Account.

CHAIRMAN RIPLEY decided that it would be best to address the Coal Tax Shared Account with the remaining Livestock and Agriculture DPs.

There were some final comments made concerning the Growth Through Agriculture Program and the 3% reduction. CHAIRMAN RIPLEY maintained that there had been no decisions made as of now. Mr. Schmitz introduced Eileen Rose who took over for him as OBPP Representative.

Barbara Smith provided handouts concerning the Fish, Wildlife and Parks Department which would be discussed over the next few days.

EXHIBIT(jnh27a03)
EXHIBIT(jnh27a04)
EXHIBIT(jnh27a05)
EXHIBIT(jnh27a06)

{Tape: 3; Side: B; Approx. Time Counter: 6.5 - 12.1}

ADJOURNMENT

Adjournment: 11:00 A.M.

_____
REP. RICK RIPLEY, Chairman

_____
BRITT NELSON, Secretary

RR/bn

Additional Exhibits:

EXHIBIT(jnh27aad0.PDF)