SENATE AGRICULTURE
EXHIBIT NO. 13
DATE 4-2-2009
BILL NO. HB 553

Testimony to Senate Agriculture Committee
April 2, 2009

For the record, my name is Billie Lee. I am Executive Director of Lake County Community Development Corporation located in Ronan, Montana. The Organization is a Certified Regional Development Corporation serving Lake, Lincoln, Mineral and Sanders Counties. We also host the only food processing incubation center in the state, known as the Mission Mountain Market, first established in 1999, along with a cooperative development program primarily serving western Montana. We are also the Bio-product innovation center for western Montana. In 2003, we collaborated with MSU to write a grant that resulted in bringing $1 million to Montana as one of only 10 states authorized under a federal program instigated by Congressman Rehberg. This provided the initial funding for 6 centers known as the Montana Agriculture-Innovation Center Network, formally established in 2004. The purpose of the initial funding is best expressed in the introduction to the application, written by then-MSU Dean of Agriculture, Sharon Quisenberry.

> *"The College of Agriculture/Agriculture Experiment Station is dedicated to broadening and building on its existing food and fiber systems in a way that develops and revitalizes Montana's rural economies. Montana's new frontier in agriculture needs to be more than production and commodity oriented. It needs to be expanded to include cost efficient food production systems, diversification of crops, end-use and bio-based product development, with a focus on value-added products and a variety of integrated marketing strategies. In order for such expansion to occur, producers need access to cutting-edge, science-based food science and technology, risk assessment and market research, education, extension outreach and access to technical expertise in the area of general business and cooperative development. It is the intent of the Montana Agriculture Innovation Center Network to make these programs widely accessible to Montana's 28,000 independent producers."*

While the program was initially intended for additional federal funding at $1 million for 5 years, the program subsequently went unfunded at the federal level after the first year; however, in Montana, we stretched the funding to cover these centers activities another 2 years. What we found over that time was that, while the program was flawed in that it gave very little latitude to the centers in both how and what assistance could be delivered under the program; it did reveal the great need for services to assist producers and other involved in our ag-economy to better develop their value-adding opportunities and to help them take advantages of our changing economies and markets. A similar bill was proposed during the last session, but after high endorsements in this body, was taken back out in the last minute budget negotiation. However, a study of the system was authorized under the SJ 13 initiative. While that was happening, there remained some funds available through the state's Bio-Wired Program (again, federal funds), which kept the Eastern Montana centers active, and to some extent the center in Western Montana to provide food development education and training in the 32-county area. Through these centers, we have been involved with everything from helping develop gluten-free grains, to on-farm wind power, to energy products, to bottled oils and dried cherries – and everything in between. You have already heard about the results of our efforts, so I will not further dwell on those.

I do want to point, however, that, with this federal funding, we have developed a trained group of individuals, programs and infrastructure to support this initiative and it would really be shameful to

disassemble a proven program at this point, losing the human and physical infrastructure that has been developed. Through long-standing federal-state partnerships, we have long funded and supported technical assistance and business support to the non-ag businesses (widget manufacturers, service companies, electronics, bio-technology, etc). All of us local development organizations have those at our core. In that arena, it is about more immediate expectations of job creation, retention, recruitment and growth. But we have not, in Montana, successfully recognized or supported the economic potential that exists from value-adding to agriculture as an economic driver. Until the state is willing to make this investment, we will be unsuccessful in attracting additional federal to create the partnership that is needed. The state has not yet been at the table to invest in this important portion of our economy, despite the many studies that have indicated that it is the path of the future. We first want to judge the program success in this area against those same measurements used in our other industries, despite the fact that we all know that in agriculture, it is all about time. It takes time to establish new crops or breeding lines; to make production changes; to move from experimental plots at an ag research station to full production in the field. It takes time, with value-adding, to develop the product, find markets, enter markets and move to a high enough volume of production that then supports new jobs and increased values. The ag-innovation (or bio-products) centers have, so far, had to rely on meager federal funding, with the state continuing to stand by and evaluate its program merits. We force companies wanting to develop processed foods from our agriculture to seek food science from outside the state instead of having it available to our producers; value-adding entrepreneurs face an ever increasing regulatory environment that must be complied with in order to compete in national and international markets; and, where food is concerned, consumers want to buy from local sources – or minimally know where their food is coming from!

When states all around us have figured out that value-adding to agriculture – in state – increases profits all the way down the line, in addition to providing producers a way to participate in a local food system, as well as world markets, it is a continual wonderment as to why Montana lags so far behind in this arena. This is not to say that commodities do not remain as a core portion of our economy – but economists have long touted the ability to diversify and react to market forces as the real key to long-term prosperity. For instance, these other states have invested in food science and development within their universities – are active promoters of value-adding and leading the way to development of processing within their states.

We urge your full support for this bill and making value-adding of agriculture a strongly supported investment in Montana's future economy. Further, we submit that using Growth-thru-Agriculture funds or robbing other funds that may reduce Montana's agriculture producers from obtaining needed seed capital for product development and entering new markets, is a poor substitute for "investment". Pitting program areas against each other makes no sense whatsoever as we strive to build a future sustainable agriculture economy. We hope that the committee will enthusiastically pass this bill and allow us to work further with Senate Finance and Claims to find a more suitable source of funding for this program.