



Montana Board of Livestock Meeting Minutes

January 23, 2018

MT Department of Livestock Board Room #319
301 N. Roberts, Helena, Montana

Board Members Present

John Scully, Vice-chair (cattle producer)

Lila Taylor (cattle producer)

Brett DeBruycker (cattle producer)

Nina Baucus (cattle producer)

Ed Waldner (swine producer)

John Lehfeldt and Sue Brown were not present

Staff Present

Mike Honeycutt, EO

Gary Hamel, Meat & Poultry Bureau

George Edwards, Livestock Loss Board

Evan Waters, Centralized Services

Leslie Doely, Brands Enforcement Division

Tom Shultz, Centralized Services

Donna Wilham, Adm. Asst. to EO

Dr. Marty Zaluski, Animal Health

Dr. Tahnee Szymanski, Animal Health

Dr. Eric Liska, Animal Health

Dr. Steve Smith, Diagnostic Laboratory

Dan Olson, Centralized Services

Public Present

Kraig Glazier, USDA Wildlife Services

Kelsie Harbert, MFBF

Race King, MSGA

Shane & Tanya Flowers, S&T Project Meats

Dr. Tom Linfield, USDA-APHIS

James Budd, Alpacas of Montana

Brian Engle, Pioneer Meats

Rob Stutz, Legal Services Division

Jacob Wurtz, Riverview Colony

Stuart Doggett, Brad DeGroot, MVMA

Jann Parker, Billings Livestock

MEETING CALLED TO ORDER

8:00 AM

Vice-Chairman John Scully called the meeting to order at 8:00 AM

BOL Member Reports

- Nina Baucus reported that she was loving all the snow, but not the ice
- Ed Waldner said there had been good moisture but he was concerned about how the ice would affect the winter wheat
- Lila Taylor said they had ice and lots of snow
- Brett DeBruycker said they had lots of ice and that calving had started

- John Scully reported that Chairman John Lehfeldt would not be present at the meeting today and Sue Brown would be absent as well due to being on a family vacation

APPROVAL OF BOARD ADMINISTRATIVE CONSENT ITEMS

8:03 AM

At the request of Lila Taylor, Mr. Scully removed from the Consent Agenda, the letter addressed to Chairman John Lehfeldt from the Montana Veterinary Medical Association for discussion later in the meeting

MOTION/VOTE

8:03 AM

Lila Taylor moved to approve the minutes from the December 6, 2017 meeting and the January 5, 2018 conference call. She also moved to approve Consent Agenda items, including reports from the Livestock Loss Board, Milk Control Bureau, Meat & Poultry Inspection Bureau and Out-of-State Travel Requests from the Animal Health and Food Safety Division. Nina Baucus seconded. The motion passed

Discussion of Montana Veterinary Medical Association (MVMA) Letter

Mike Honeycutt called on Stuart Doggett and Brad De Groot, who are part of the MVMA Diagnostic Laboratory ad-hoc Committee, to discuss the letter they had written to Chairman Lehfeldt:

- Mr. De Groot, also a veterinarian in Dillon, MT, offered the MVMA's expertise to the BOL and DOL
 - Member veterinarians could help assess what are the needs for diagnostic services in Montana
 - Member veterinarians could promote the VDL to veterinarians in Montana
- Mr. Doggett offered MVMA's partnership and reported that a survey of member veterinarians done a few years previous validated their support of the VDL
 - Support was for continuation of services at the VDL, especially for large animal veterinarians
 - Some of the surveyed veterinarians also offered political support and other resources to help enhance the VDL in changes as it moves forward
- New MVMA President Katie Ryan organized the Diagnostic Laboratory ad-hoc Committee
- During their winter meeting to be held this week, some MVMA members will be touring the VDL
- Mr. Honeycutt said he would be contacting Mr. Doggett in the future regarding holding a meeting with MVMA Diagnostic Laboratory ad-hoc Committee members and DOL staff to discuss VDL issues

OLD BUSINESS

8:13 AM

Personnel Committee Update – Deputy Executive Officer Position

Mr. Scully said that the Personnel Committee Update would be postponed until later in the meeting to give Mr. DeBruycker time to review an email from Mr. Honeycutt regarding the Deputy Executive Officer position

8:14 am - Legislative Audit Updates

Mike Honeycutt reported that the only active audit at the DOL currently, is the Brucellosis Performance Audit

- The Lab Audit Update has been dropped from the agenda for the time being. The report to the Legislative Audit Committee was submitted and the DOL awaits a final read-out to verify it
- The Financial Audit is in lag time until spring

Brucellosis Performance Audit Update

Mike Honeycutt gave a brief overview on the Brucellosis Performance Audit:

- A request has not yet been made to the DOL by Financial Audit for the final brucellosis audit report
- Dr. Liska has been working with producers on compliance issues in and adjacent to the DSA warning them of being cited if they are found in non-compliance
- Dr. Liska and Dr. Kaleczyc have made contact with 20 DSA producers who were found out of compliance to educate them
 - No egregious errors found in those producers who were out of compliance. Most issues were because tests were out-of-date
- Dr. Szymanski reported on three items Animal Health has put into place to deal with DSA compliance issues in a more efficient fashion
 - New brand books for all the brand inspectors have been printed with a check box to indicate when the inspection was done
 - DSA regulation cards that include a DSA map have been printed and distributed to all of the brand inspectors
 - Although the compliance evaluation has been completed for the previous fiscal year, the report has not been finalized
- To monitor testing in the DSA in a more timely fashion, it is now required that any testing done there must have a producer-defined lid listed on the test chart

8:23 AM – Meat & Poultry Inspection Process Improvement Committee Report

The last Committee report was given during the December 2017 BOL meeting and so reports on both the Appeal Process and Food Recall Process were given

Appeal Process

Mike Honeycutt reported on a revised Meat and Poultry Inspection Bureau Appeals Guidelines draft dated 1/23/18:

- The new draft changes address the processors' concerns about the August 30, 2017 version of the Appeals Guidelines
- Individuals may represent themselves in an appeal all the way up to the board level; appealing regulating parties must be represented by legal counsel through the 6th level of the chain of command
- Appeals must be filed in 60 days rather than 30 days from when an activity occurs
- The DOL's response to appeals for the first three levels (staff levels) must be made within two weeks; levels four and five (Division Administrator, Executive Officer) must be made within a month; level six (BOL) must be made within 60 days
- If DOL's response within the first three levels is stalled, going beyond the two-week timeframe, the appeal may be escalated to the next level with a decision from the Executive Officer

Food Recall Process

Mike Honeycutt reported on a draft for a meat recall process, derived from an FSIS food recall guidelines document and from the Minnesota State Meat and Poultry Inspection Program food recall guidelines:

- The draft document sets up a Recall Committee who will evaluate available information and make recommendations to the business about the need for a recall
 - Recall Committee members from outside the DOL would include: Meat Science Specialist, Microbiologist
 - Recall Committee members from within the DOL would include: BOL member or MDOL EO; MDOL Animal Health and Food Safety Division Administrator or MDOL Meat and Poultry Inspection Bureau Chief; MDOL Meat and Poultry Inspection Bureau Enforcement, Investigations and Analysis Officer (EIAO) or equivalent
- The recall draft also spells out the recall process if a problem is noticed by an inspector or through normal sampling at a plant
 - An investigation will occur with information from that finding then funneled to the Recall Committee who will make an initial recommendation to the establishment
 - The establishment has 48 hours after that recommendation is given to them to fax any evidence to the Recall Committee before the recommendation is finalized
 - If the Recall Committee's final recommendation is still to recall, and that is not accepted by the establishment, the Meat and Poultry Inspection Program may have to move forward with administrative action if the problem at the plant potentially puts people at risk
- If the plant chooses to voluntarily recall, the intent to do that must be communicated in writing

MOTION/VOTE

9:24 AM

Nina Baucus moved to approve the Meat & Poultry Inspection Bureau Appeals Guidelines, as corrected, to establish the way the Department of Livestock handles appeals. Brett DeBruycker seconded. The motion passed

9:25 AM - Overall DOL Appeal Rule

Mike Honeycutt said that Rob Stutz, per the BOL's request, reviewed the current DOL Appeal Rule and made corrections to reflect a chain of command activities:

- Because the current rule was difficult to interpret and apply, Mr. Stutz borrowed simplified language from FSIS regulations to assure that the appeal process is consistent and clear
- To keep the process timeline in this umbrella rule consistent with the Meat & Poultry Guidelines just passed, the time frame was changed from 30 days to 60 days
- If this Overall Appeal Rule for the DOL is passed, it would go through the regular rule-making process, with one change, that if 25 people request a hearing, one will be held, rather than 10% of the affected population, which is hard to determine in this case

MOTION/VOTE

9:24 AM

Lila Taylor moved to accept the Overall Department of Livestock Appeal Rule as clarified. Ed Waldner seconded. The motion passed

RECESS

9:32 AM

RECONVENE

9:40 AM

EXECUTIVE SESSION

9:40 AM

RECONVENE

10:05 AM

10:05 AM – Legal Counsel Update

Rob Stutz, DOL Legal Counsel, gave an update on legal issues in the DOL:

- Mr. Stutz said that there are currently three active lawsuits against the DOL
 - S&T Project Meats is seeking judicial review regarding the recall.
 - ✓ The DOL is waiting for a decision on their filing a motion to dismiss.

- ✓ That lawsuit is in front of Judge Moses in Billings
- The Coremark lawsuit is in Federal court
 - ✓ Expert disclosures have been done and sent to Discovery
 - ✓ Once the facts from experts have been received in Discovery, some re-judgement will be sought
- The Montana City Meats lawsuit is in Federal court and trial is set for March
 - ✓ Mr. Stutz said that for 1 ½ years he was named a witness in that case, but has been pulled from that position and can now talk to the DOL regarding that case. Mike Kaufman is outside counsel and is representing the DOL
- Jeff Hindoiien continues to be counsel for the Park Street Pasties case which had its administrative hearing rescheduled for January 30, 2018

Recommended Changes to Grazing Permit Rule Proposals

The BOL postponed making a decision on whether or not to accept the changes Rob Stutz had made in the proposed grazing permit rule that Leslie Doely had presented to him

ANIMAL HEALTH & FOOD SAFETY DIVISION REPORTS

10:10 AM

10:10 AM – Milk and Egg Bureau

General Updates

- Dan Turcotte said that dairy license renewals have been coming into the office and they have been using their old computer system and Excel to process them
- The Bureau has been exploring the possibility of utilizing USAPlants rather than USAHerds software. The Montana Department of Agriculture has offered to share their USAPlants version with the DOL
- The Bureau has reviewed plans for two Micro Grade A plants
 - One plant wants to pasteurize sheep milk and make sheep yogurt in St. Ignatius, MT
 - One plant wants to bottle goat's milk in the Gallatin Valley
- Two new sheep dairies will be coming on line that the Bureau has been working with since last year
- Lifeline Dairy out of Victor, MT currently has a grade A license and has made a request to be on the INS list so they can do out-of-state sales by this spring

Request for Exemption by a Milk and Egg Producer

DOL Legal Counsel Rob Stutz reported that a written request to the Milk & Egg Bureau from a producer for an exemption to a rule could not be granted by the BOL, but only by the Governor during a declared emergency

OLD BUSINESS CONTINUED

10:16 AM

10:16 AM – Recommended Changes to Grazing Permit Rule Proposals Continued

Rob Stutz reported that the changes he made to the grazing permit rule were required for clarity because of the legislation passed during the 2017 session and that Leslie Doely was comfortable with those changes.

RECESS

10:18 AM

RECONVENE

10:33 AM

10:33 AM – Recommended Changes to Grazing Permit Rule Proposals Continued

John Scully reported that during the recess an issue was raised as to whether or not there should be a notation in the reason section of the proposed new grazing permit rule that the DSA rules and other health division rules supersede the rule:

MOTION/VOTE

10:33 AM

Nina Baucus moved to clarify Grazing Permit Rule #1. Lila Taylor seconded.

10:40 AM Nina Baucus withdrew her motion

- Rob Stutz advised the BOL that from a legal perspective, specific rules are going to trump a more general rule
- Dr. Zaluski voiced a concern that adding the new language into this specific rule could set a precedent that requires that every rule have that notation added to it

MOTION/VOTE

10:40 AM

Nina Baucus moved that in the Grazing Permit application there be a statement added that states Animal Health rules supersede other rules. Lila Taylor seconded. The motion passed

MOTION/VOTE

10:41 AM

Brett DeBruycker moved that the proposed Grazing Permit rule be sent out for public comment. Ed Waldner seconded. The motion passed

CENTRALIZED SERVICES DIVISION REPORTS

10:42 AM

10:42 AM – Predator Control

Kraig Glazier reported on feral swine sitings in the state

- Some producer groups in northern Phillips County reported that feral swine from Canada had been spotted
- John Steuber secured \$5,000 from the Federal Swine Program that funded three flights in Phillips, Daniels and Valley counties, but no swine were seen

10:47 AM – Fiscal Bureau

General Discussion of DOL Financial Situation

- John Scully laid out the series of events regarding the DOL bringing their employees up to the 80% of market range in their salaries beginning in 2015
 - **January 2015:** During the 2015 Legislature, the DOL was asked for an analysis of the cost to raise salaries of employees under 80% of the 2014 market survey
 - **March 26, 2015:** Former EO provided a letter to lobbyists stating that the amount needed to raise those salaries was \$1,048,646
 - **April 2015:** A Legislative footnote passed that said if the DOL increased per capita fees, personal services appropriations would be increased by \$500,000 to raise the salaries of employees under 80% of the 2014 market survey
 - **Fall 2015:** During two board meetings, BOL approved and increased per capita fees for 2016 and 2017 reporting periods
 - **May 2016:** BOL approved salary increases for employees below 80% of 2014 market survey
 - **June 2016:** DOL completed wage calculations and implemented salary increases at the end of the month
 - **Fall 2016:** EPP request including the 80% salary adjustments was submitted to the Governor's office
 - **November 2016:** EO sent an email to the BOL informing them the EPP request was not picked up because they did not want a salary decision package outside the pay plan. However, they built Personal Services on the 2017 Standard Budgets and not the EPP request, which was based on FY16 actuals. Their analysis netted an 8% increase giving the DOL enough authority to cover it without a separate package
 - **Spring 2017:** A report of the LFD Fiscal Budget was present to the BOL following the 2017 Legislative Session. The lack of authority was not identified and relayed to the BOL

- **December 2017:** The budget appropriations shortfall for salary increases, as raised by the increase in per capita fees was brought to the attention of the BOL. The increase in PCF has raised adequate funds to sustain the salary increases
- Mr. Scully told the BOL that they are now tasked to work with Mike Honeycutt and Evan Waters to attain the statutory authority to spend those per capita funds for salaries
- Another increase in the salary of some employees occurred when a union contract was negotiated in the Meat and Poultry Investigation Division
- To update the BOL budget process, employee evaluations and other issues, Mr. Scully said that the BOL Procedures and Guidelines that had last been updated in October 2015, will be redone with new information
- Mr. Scully reminded the BOL again of the 4% vacancy savings issue and the Governor's request for a \$250,000 reduction in the DOL's general fund budget and said that if and when the per capita authority to spend is given, both of those financial obligations will be met
- Staff will be working to right the way the budget was tracked in one of the DOL Divisions that flipped its operations and personnel numbers
- Clarity was requested in the rules for utilizing the enterprise funds at the VDL
- Mr. Scully said that the DOL may again request an attorney position in the upcoming EPP budget
- Mike Honeycutt will be checking into trying to reinstate penalties for non-payment of per capita and followup on that, which had previously been removed from the DOR regulations

January 2018 – June 2018 Expenditure Projections

Evan Waters said that he had met with program managers the previous week to ask them about extra expenses, such as people retiring, so those numbers could be figured into projections

- Personal services for the DOL are projected to be a \$546,990 deficit over budget and Operations at \$162,545 under budget
 - A BCD will be done, moving Operations funds into Personal Services, and that will bring the Operations numbers to \$0
- Per Capita Funds show a deficit of \$410,860 because the 80% market increase in salaries could not be put back into the budget as authority had not been given
- A \$267,615 deficit is projected in general fund dollars due to the Governor's special session request of a 10% reduction in general fund dollars
- For CSD and BOL combined, there is a \$118,188 projected deficit in personal services, but that will be offset when a BCD is done, moving operations dollars into personal services
- Evan Waters said that he will be working with George Edwards to help him mitigate the Livestock Loss Board's 10% reduction in general fund of \$9,200
- The Milk Control Bureau is tracking right on schedule, and it is expected they will be under budget
- The VDL has payouts for four employees figured into their budget projections, a total of \$90,000-\$100,000 between January and the end of the year. They also

added to the personnel services costs a Board of Personnel wage appeal that raised the salaries of some VDL employees

- The Milk Laboratory includes extra expenses because of recharges and allocating operating expenses in sections of the VDL
- Some of the expenses in the State Veterinarian Import Office will be coded to the Federal program
- The DSA budget is running just a little over budget and there will be discussion at a future meeting regarding coding time properly, relative to the Federal grant
- The Federal Umbrella Program, an agreement that helps fund brucellosis management, shows a \$240,000 transfer to FWP to do collar work on elk
- The Milk & Egg Bureau has been running under budget partly because of an extra FTE that hasn't been filled. One mitigation strategy being considered is that if there are any Milk Inspection fees left unspent at the end of the year they may be used to mitigate a loss in the Milk Lab
- The Shielded Egg Grading Program (Great Falls Egg Plant) budget shows they are paying for their cost
- Brands Enforcement Personal Services expenditures are projected to be in excess of budgeted appropriations by \$283,987 because the 80% of market salary increases were not included in the 2018-2019 biennium budget
- Mike Honeycutt and John Scully explained why there was a \$239,447 budget shortfall in the Meat and Poultry Inspection Bureau
 - The Bureau relies heavily on general fund and received a \$91,000 cut in their budget.
 - The collective bargaining agreement added approximately \$100,000 in additional expense
 - Employee departures within the next two months
 - Legal fees associated with ongoing activity

December 31, 2017 Budget Status Reports

There were no questions on this report, so Mr. Waters did not go over the Budget Status Reports, which compare budgets from prior years to this year

Year-to-Date as of December 31, 2017 Revenue Comparison

Evan Waters briefly discussed the State Special Revenue Comparison for FY 2018

- Mr. Waters pointed out that updates were made in the New Brands and Transfers section of this spreadsheet and that as the 10-year rerecord cycle gets closer, those projections each year will be a bit higher than the prior year.
- Another five-year cycle will start this month in the Security and Interest Filing Fees, which are the mortgages on our brands

Introduction of New CSD Employee

Evan Waters introduced Glenna Kurns, the new Accounts Payable Clerk who had joined the DOL in December

Aerial Hunting Information

Evan Waters gave public notice regarding 81-7-501 MCA which discusses how to obtain aerial hunting permits each year and presented tables showing the number of registered pilots a hunting summary of types of animals taken in the aerial hunts and a map of which counties the pilots fly:

- Mr. Waters reported that the number of registered pilots requesting aerial hunting permits was 25 last year and had dropped to 11 this year

Refunds of Per Capita Fee for Livestock Moved Between States

Evan Waters announced that the DOR had sent out letters and per capita reporting forms to all livestock producers:

- Out of around 18,000 producers, 1,384 have reported for a total of about \$300,000. Reports are due by March 1, 2018

A cross-checking system for per capita was discussed

- Cross check those who currently receive per capita bills with those the DOL has provided inspections for on cows and horses
- The DOL must get an enforcement process in place that includes a penalty for non-payment of per capita fees

Office Budget and Program Planning Calendar

Evan Waters and Mike Honeycutt discussed some highlights of the Office of Budget and Program Planning Calendar:

- July 17, 2018 is the snapshot date for DOL
- February 14-15, 2018 are the days OBPP issues instructions to agencies for Legislation Proposals for the 2019 Session and for the EPP process

LUNCH

11:50 AM

RECONVENE

12:44 PM

ANIMAL HEALTH AND FOOD SAFETY DIVISION REPORTS

12:44 PM

12:44 PM – Animal Health Bureau

Update on Preparation for 3-Day Functional FMD Exercise

Emily Kaleczyc provided the latest preparedness activities for the 3-Day Functional FMD Exercise in May 2018

- A table-top exercise was held on January 9, 2018
- Exercise focused on the process to request a national emergency management team from USDA
- Exercise also filled in more details on an in-state command structure to use in Montana's response to a large-scale animal disease outbreak

- The DOL would need to rely on other State agencies to fill certain roles during the emergency due to lack of staff available

Chronic Wasting Disease Update

Dr. Tahnee Szymanski provided information on CWD, in response to a BOL request for a report on it:

- CWD is a transmittable spongiform encephalopathy (TSE) caused by a prion, which is a misfolded protein
- CWD in particular, affects cervids and when clinical signs of it start to develop, it is nearly always fatal
- CWD is a neuro-degenerative disease, and is transmitted directly between animals, directly from dam to offspring or transmitted into the environment by feces and urine
- The contamination from CWD is long-lived and very hard to remove
- The CDC and our State Public Health has very specific recommendations in regards to how meat is processed and consumed from animals in endemic areas
- There is mandatory CWD surveillance in all of the state's alternative livestock barns
- Requirements and recommendations for CWD-suspect deceased animals
 - Animals 12 months of age and older that die are required to be tested for CWD
 - It is recommended that any positively tested carcasses be disposed of in Class II landfills
 - CWD tests on animals taken in the CWD special hunt are being sent to Colorado State University with results received in 2-3 weeks
- Alternative livestock herds are supplied a monitored status based upon their compliance with those recommendations
- 24 states and two Canadian provinces have detected CWD in their wild species; 17 states and three Canadian provinces have detected CWD in their captive populations
- There have been no reports of CWD in bison, although they are susceptible; and there have been no reports of CWD in humans

1:07 PM – Veterinary Diagnostic Lab

Options for Pathologist Contract Work

Dr. Steve Smith discussed the situation in the Pathology section of the VDL:

- The VDL is short-staffed in the Pathology section and January-April are the busiest time of year in that area
 - The minimum two-day turnaround for pathology cases has been a week or more
- Options suggested by Dr. Smith to alleviate the shortages in the Pathology section include
 - Fill the vacant permanent position (Lab Director), which is right now saving the DOL approximately \$9,000/month while it remains open
 - Use current open FTEs within the VDL to create an aggregate position

- Negotiate with one or more contract pathologists on a per-case basis
 - ✓ Dr. Smith requested \$9,000 to pay for the contract pathologists' anticipated 900 cases, until the end of the fiscal year

MOTION/VOTE

1:24 PM

Brett DeBruycker moved that the Veterinary Diagnostic Lab be given \$9,000 to cover contracted pathology work until the end of FY18. Ed Waldner seconded. The motion passed

Dr. Smith told the BOL that American Association of Veterinary Laboratory diagnosticians (AAVLD) is requiring the VDL to have a board-certified veterinary microbiologist on staff and that he will be requesting that in the next EPP

CENTRALIZED SERVICES DIVISION REPORTS CONTINUED

1:33 PM

Personnel Committee Report

There was discussion regarding moving forward with searching for a Deputy Executive Officer:

- Mike Honeycutt said the Deputy EO position has been classified by State Human Resources
- Brett DeBruycker said the ability to hire this position is within the DOL's appropriation budget
- Mr. Honeycutt requested that if the motion to move forward passed, that the BOL contemplate what their involvement will be so they could plan a timeline

MOTION/VOTE

1:34 PM

Brett DeBruycker moved to begin the search for a Deputy Executive Officer. Ed Waldner seconded. The motion passed

RECESS

1:42 PM

RECONVENE

1:48 PM

BRANDS ENFORCEMENT DIVISION REPORTS

1:48 PM

Animal ID Management Software

Leslie Doely introduced Race King, LaCense Montana and MSGA, who would be doing a demonstration of a type of software that collects animal data:

- Software and a hand-held wand system is manufactured by a company called AllFlex and can be bought off the shelf
- The wand reads EID and RFID tags and collects the information that then can be synchronized to a Trimble Archer or smart phone or transferred directly to an Excel program
- Once the software is purchased for around \$1,300, different apps are available for various applications at no extra cost

2:43 PM - Market Data Information

Leslie Doely presented Montana cattle market data she had put together, per the request of the BOL:

- Data compared 2016-2017 cattle sold through MT livestock markets by gender
- Cows and calves make up the bulk of cattle that went through the MT markets with the largest groups going through were Chinook, Glasgow and Miles City
- The number of female cattle leaving Montana from livestock markets increased 11%, while the number with a Montana destination increased by 17%
- The Fall Run numbers show that there was a big jump from 2016-2017 on cows and calves particularly
- Brett DeBruycker said that if the data is correct, Montana is at full production, utilizing the grass the state has and is at a head count the state can handle
- John Scully said that he was surprised that the differential between markets and local is almost constant
- Ms. Doely said that between 2010-2017 per capita increased 8%

2:51 PM – Single Character Brands

Leslie Doely brought forward some new information she found on single-iron brands:

- Ms. Doely said in her research, she found that a decreased number of single character brands were issued going through time
- On cattle, there are six positions for the brand, but only 26 letters in the alphabet and so all of the single iron brands have been issued
- Ms. Doely's theory is that because there aren't any single iron brands left to issue, that turned into "we don't issue them anymore"
- Mr. Honeycutt said that in the future, when all brands and positions become short, it may have to be that those that haven't reported any cattle for the last 20 years may not have the right to a brand anymore

COMMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS/COMMENTS FROM PRODUCER ORGANIZATIONS

3:02 PM

James Budd, Alpacas of Montana, Bozeman, commented on the current per capita fee for alpacas:

- Mr. Budd explained that the per capita tax on alpacas is \$9.73/head while sheep and cows are just 54 cents/head
- Mr. Honeycutt told Mr. Budd that the reason the alpaca per capita tax is so high may be because they are not a species subsidized by the Federal Government like cattle are
- Mr. Budd said that his profit margin is not justified by the cost of his 215 animals
 - According to Mr. Budd, the average selling price of alpacas has gone down considerably in 12 years, from thousands of dollars down to hundreds of dollars
 - Mr. Budd also said that the cost of processing the alpaca fiber is \$30-\$38/pound compared to processing of sheep wool at \$18/pound
- It was requested that Mr. Budd pull some value numbers together and bring them back to the BOL to present at a July/August meeting

Jan Parker, Horse Sale Manager at the Billings Livestock Commission, told the BOL that she was not pleased that MCA 81-8-253, the ownership rule when ownership is in doubt, was now going to be enforced:

- Ms. Parker said that the Billings Livestock Commission had made their horse sale the largest in the US, but that enforcement of this rule will make it difficult, with only 30-days to prove ownership, especially on high-end horses, because those horses are not usually brought to the sale by their owners
- Mr. Honeycutt informed Ms. Parker that a staff turnover brought the situation to light and that she would need to reach out to Legislators in her area and have them carry a bill to change the statute because the DOL not following statute could lead to a finding in a financial audit
- Mr. Honeycutt questioned whether Ms. Parker is wanting the DOL to support the new legislation. If so, it would first have to be approved by the Governor for the DOL to do so

SET DATE FOR NEXT BOARD MEETING

3:29 PM

The next BOL meeting was scheduled for Wednesday, February 21, 2018 in the DOL Conference Room

MEETING ADJOURNED

3:30 PM



John Scully, Vice-Chairman