



Montana Board of Livestock Meeting Minutes

January 25, 2019

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)

Ed Waldner (swine producer)

Sue Brown (dairy & poultry)

Brett DeBruycker (cattle producer)

(John Lehfeltd and Nina Baucus were not present)

Staff Present

Mike Honeycutt, EO

Brian Simonson, Deputy EO

Gary Hamel, Meat & Poultry Bureau

Dr. Emily Kaleczyc, Meat & Poultry Bureau

Evan Waters, Centralized Services

Dan Olson, Centralized Services

George Edwards, Livestock Loss Board

Donna Wilham, Adm. Asst. to EO

Dr. Marty Zaluski, State Veterinarian

Dr. Tahnee Szymanski, Animal Health

Dr. Eric Liska, Animal Health

Leslie Doely, Brands Administrator

Chad Lee, Milk Control Bureau

Public Present

Rob Stutz, Legal Services Division

Kyle Chenoweth, Legal Services Division

Dan Conn, Rocky Mountain. Stockgrowers

Matt Graveley Rocky Mountain Stockgrowers

Liv Stavick, MFBF

Jay Bodner, MSGA

Doreen Gillespie, Livestock Loss Board

MT Senator Bruce Gillespie

MEETING CALLED TO ORDER

8:02 AM

Vice-Chairman John Scully called the meeting to order at 8:02 AM

APPROVAL OF BOARD MINUTES

8:03 AM

MOTION/VOTE

8:03 AM

Lila Taylor moved to approve the BOL minutes, as corrected, for the December 5, 2018 meeting. Sue Brown seconded. The motion passed.

APPROVAL OF BOARD ADMINISTRATIVE CONSENT AGENDA ITEMS

8:04 AM

A request was made by John Scully and Lila Taylor to pull the Meat & Poultry Inspection Bureau Reports from the Consent Agenda

MOTION/VOTE

8:04 AM

Out-of-State Travel Requests for the Milk Lab and the Milk & Egg Bureau were voted on and passed unanimously by a vote of the BOL, however, no motion or second was made

REQUEST PERMISSION TO HIRE

8:05 AM

John Scully addressed the Meat & Poultry Inspection Bureau Request Permission to Hire segment that had been removed from the consent agenda

- Mike Honeycutt reported that a Meat Inspector had left a position within the last two weeks in the Southwest District, Hamilton area
- The position was requested to be filled right away to avoid disruptions in service

MOTION/VOTE

8:05 AM

Ed Waldner moved to approve the request for permission to hire the vacant Meat Inspector position in the Hamilton area. Sue Brown seconded. The motion passed.

OLD BUSINESS

8:05 AM

John Scully informed the BOL that Ed Waldner and Brett DeBruycker had requested to leave the meeting early, and so he requested that any action items be addressed before that time to assure that a quorum was present

- Lila Taylor requested that the Tuberculosis and Brucellosis segments of the Animal Health Bureau agenda be addressed before Ed Waldner and Brett DeBruycker left the meeting
- At Dr. Zaluski's recommendation, the BOL decided to contact Dr. Szymanski by phone around lunch time to report on Lila Taylor's requested agenda items. Dr. Szymanski was scheduled to be at a Montana Veterinary Medical Association meeting in Bozeman

NEW BUSINESS

8:10 AM

8:10 am – Debrief Discussion from Section C Subcommittee HB2 Hearings–

Mike Honeycutt reported on the HB2 hearings that had taken place the week of January 14, 2019:

- John Scully and Lila Taylor attended the meetings, along with DOL staff. The official hearing was on Tuesday, January 15, 2019 and a work session was held on Thursday, January 17, 2019
- Mr. Scully presented to the Committee on behalf of the BOL
- The base request for HB2 was new because the DOL was not on zero-based budgeting, as it was during the 2017 session
- The transposition errors made in the DSA program budget in the 2017 session were explained
- The increased request in personal services due to salary increases going into effect after snapshot, were presented at the hearing
- There was discussion regarding the union negotiations which drove the personnel budget up in the Meat & Poultry Bureau along with the two unfunded FTEs in that same Bureau
- Mr. Scully requested, what he called, an appropriate salary increase for Mr. Honeycutt, as he is a contracted employee
- A major topic of conversation was why the DOL would not use per capita to cover DSA expenses rather than general fund
 - The DOL defended its use of general fund expenditures and management of fund balances
- Executive action on what was presented by the DOL and movement onto the full Appropriations Committee is not expected until February, after all Legislative committees do their work

ANIMAL HEALTH & FOOD SAFETY DIVISION

8:26 AM

8:26 AM – ANIMAL HEALTH BUREAU

Dr. Tahnee Szymanski had not yet left for her meetings in Bozeman and stayed to report on the Tuberculosis Animal Health Bureau agenda item

8:26 AM – Tuberculosis (TB)

Dr. Szymanski reported on the current epidemiologic work that began in October 2018 associated with the detection of TB in a steer at a kill plant in South Dakota:

- South Dakota was able to trace the positive steer and its pen mates to an individual in South Dakota who had assembled a herd of approximately 400 head, with sales of those cattle beginning in April 2017
- The individual had assembled his herd of 400 head from sale barns in Montana and North & South Dakota – 99 potential source herds from five different states, including Montana, North & South Dakota, Wyoming and Minnesota
- The DOL's initial approach was to do a risk assessment with source herd producers to determine if testing would be needed, but USDA's direction was that State Animal Health Officials test all herds, with all tests to be completed by April 2019, if possible
- After conducting risk assessments of the 17 Montana source-herd producers, the herds were determined to be extremely low risk. One Montana producer was totally ruled out because the animal sold was a red-hided animal and the animals at slaughter were all black-hided
- Although some source herds were able to be tested, some had already been sold, some to other countries and some were too close to calving, so two of the herds were given a pass until Fall 2019
- If there is any positive detection found in any of the source herds, adjacent herds as well as movements in and out of the source operation for the past five years will be done

Dr. Szymanski reported that North Dakota announced that they have a new TB detection:

- Five cows, traced back to a ranch in Fodder County, North Dakota, and sold to slaughter, had tested positive for TB. They came from a herd of about 50 head
- Dr. Susan Keller, North Dakota State Veterinarian, found that the isolates of the TB in the herd indicate that the strain had been in the herd for an extended period of time and had only been seen in regions of Mexico that the US does not import or no longer imports cattle from
- Dr. Szymanski said that it is still not known why TB has been found with increased frequency, but it could be that with its long incubation period, clinical signs in cattle are not seen and it may go for a very long time without being detected

NEW BUSINESS CONTINUED

8:50 AM

8:50 am – Update on Primary Budget Hearing and Work Session

Mike Honeycutt reported that the Committee discussed making a couple of the DOL's proposed ongoing item requests as one-time-only items:

- There was discussion by the Committee that the \$50,000/year requested for a Public Information Officer (PIO) be made one-time-only or that the Department of Agriculture could possibly give a quarter of their PIO to the DOL
- A request by the DOL for a \$300,000 increase in funding for the DSA - \$100,000 tied into the current expansion in Beaverhead County and \$200,000 for the possibility of additional expansion that may come in mid-biennium – had the Committee leaning towards the \$200,000 being a one-time-only designation so the funding would have to be proven in the 2021 session

Jay Bodner commended the DOL and John Scully for their fine job in explaining things to the Committee during the hearing

- Mr. Bodner said that MSGA had done some followup work with the Committee and that the Committee is impressed with what the BOL and the DOL have done with budgets
- Mr. Bodner said that MSGA will continue to work with the Committee to make sure the DOL budget gets passed through Committee

8:56 am – Update on Work Session on State Labs

Mike Honeycutt reported on the State Labs work session and the joint hearing held at the Legislative assembly concerning the findings of the Legislative Lab Study Committee:

- The DOL was part of the work session, along with the Ag Analytical Labs, some MSU Extension Labs and the FWP Region 3 Lab
- Shauna Albrecht of Legislative Services, gave a full report on the proposed Lab complex to the Legislative Appropriations Committee, similar to the one given to the BOL, previously
- Mike Honeycutt said there was a strong will among those in the room to do something about the Lab situation this session, but the issue was not knowing where resources would come from to support it
- Mr. Honeycutt said the reasoning behind the DOL's HB3 request for Lab funding was presented to the Committee
- Concerns were discussed regarding the risks to the community of Bozeman and the Gallatin Valley with an affluent animal lab in the area

Dr. Marty Zaluski presented to the Committee, focusing on the reasons a new State Laboratory would be advantageous to Montana

- If tests are outsourced to out-of-state labs, producers cannot make the best decisions for their animals because information is not readily available. In-state lab testing can provide same-day test analysis
- During emergency disease outbreaks, if samples are outsourced to out-of-state labs, Dr. Zaluski expects that those states would prioritize their own state samples first
- Sending samples out of state does not necessarily provide cost savings to veterinarians

John Scully reported on his presentation at the Committee hearing regarding the proposed Lab:

- Mr. Scully said he told them that a Lab committee had been established, and that they concurred with the Legislative Lab Study Committee relative to design choice of the new Lab
- He did recognize the issue of land and the incinerator
- He added that the VDL, as “anchor” tenant, did not isolate itself from other possible participants like the Department of Agriculture or FWP
- He discussed with the Committee, the possibility of acquiring money from HB3 rather than HB5, which would mean the money could be used in the current biennium
 - Other financing probabilities were discussed outside the Committee hearing, including bond and funding by private enterprise, similar to the way the DNRC building was funded
- He stressed the importance of taking the current building design and making it into something that could be taken to somebody for financing and to maintain safety for those who work there in regards to ventilation, electrical issues, etc.
- He told them that a decision was made by the Lab Committee to send a small group of the Committee to the President of MSU to discuss the Lab
- Mr. Scully mentioned a December 20, 2018 letter from the President of MSU to the EQC, with Mike Honeycutt copied that says in one paragraph: As for MSU and the Montana University System, neither has the financial capacity nor the authority to construct labs for use by independent State agencies, no matter how worthy the cause

9:11 am – Update on HB3, HB5 and HB10 Progress

HB3

- HB3 is up for hearing on January 29, 2019 in House Appropriations
 - John Scully said that HB3 is retroactive financing for this fiscal year issues that have not been anticipated, which is where the DOL salary issue is
 - HB3 will be presented by the Governor’s office
- HB3 is being carried by Representative Holmlund from Miles City
- HB3 is where the supplemental for this fiscal year is being requested

HB5

- Brian Simonson was currently at a hearing for HB5 along with OBPP staff in case there are specific questions regarding the \$100,000 request for doing some architectural design and renderings with the new Lab
- HB5 is being carried by Representative Jim Keene

HB10

- No hearing has been scheduled yet for HB10
- HB10 is being carried by Representative Holmlund
- HB10 is the State IT plan

9:16 am – Legislative Activity Update

Department-Initiated Legislation

HB100

- HB100 is a bill to revise certain livestock fees, namely, the \$50 livestock dealer fee that is currently in statute and change language to have that fee set in rule
- HB 100 is being carried by Representative Casey Knutson
- Concerns regarding removing the power of the Legislature to set those fees were mentioned by Mr. Honeycutt and Mr. Knutson also shared with Mr. Honeycutt some concerns other Legislative members had with the bill.
- Mr. Honeycutt said that the bill has not moved forward in any activity so far, and he said he told Mr. Knutson that the DOL can live with it not moving forward

HB101

- HB101 moves the deadline date for refund for per capita fees to be in line with the reporting period
- HB 101 is being carried by Representative Casey Knutson
- HB101 has been through its committee in the House Agriculture Committee and has passed unanimously through the House of Representatives
- Currently, HB101 is set for a hearing in the Senate on January 29, 2019

HB112

- HB112 are the DOL importation requirements that will streamline statute language, moving all importation language into one section, whether it's importation of live animals, semen or biologics
- HB 112 is being carried by Representative Alan Redfield
- HB112 is set for a hearing on January 29, 2019
- There is some controversy with the bill because some groups have taken it to mean that it will prevent Yellowstone bison from coming into Montana

SB56

- SB56 is the appeal of the DOL Meat & Poultry Inspection appeals process to be in line with FSIS rules
- SB56 is being carried by Senator Janet Ellis from Helena
- SB56 has made it through Committee and on January 23, 2019, it passed its third reading in the Senate. It is now on its way to the House

SB57

- SB57 changes the language in a statute about home-grown and home-killed meats being delivered into any city in Montana. New language, which would be in line with FSIS rules, would not allude to openness that people can sell uninspected meat products under commerce in Montana State law
- SB57 is being carried by Senator Janet Ellis from Helena
- SB57 got through committee and this week passed the Senate unanimously. It is now on its way to the House

SB67

- SB67, regarding aerial hunting, would allow the fees paid to the DOL from the application of aerial hunting permits to be used to cover administrative costs for the DOL rather than go into a predatory control account
- SB67 is being carried by Senator Bruce Gillespie
- SB67 got through Committee and this week passed through the Senate with no objection. It is now on its way to the House

SB68

- SB68 removes the residency requirement on aerial hunting
- SB68 is being carried by Senator Bruce Gillespie
- Last year there were only 24 registered aerial hunting pilots in Montana, not enough to cover the counties requesting pilots. Out-of-state pilots through this bill would not be limited to just border counties
- This bill has been delayed because of some groups requesting amendments, specifically that aerial hunting is for coyotes, foxes and exclude game species. That amendment has been added to the bill
- SB 68 had executive action on January 24, 2019 and will be leaving the Senate Ag Committee and be on its way to the Senate floor soon
- Some comments brought to the BOL were that DOL information is incorrect, regarding the number of available pilots. DOL reminds those pilots that if they are doing aerial hunting unregistered, there are serious penalties

Introduced Legislation Affecting Department

HB97 and HB98

- HB97 & 98 regard Peace Officer Standards training. The bills would require more training and standards for law enforcement officers statewide

HB132

- HB132 adds to the definition of wild buffalo or wild bison that currently says those animals have never been subject to the per capita fee under MCA 15-24-921 and are not owned by a person. The new language would reinforce that if a buffalo has been a domestic bison and paying per capita, their designation can't be changed to wild
- HB132 is being carried by Representative Ken Holmlund
- Mike Honeycutt said that from a government standpoint and from FWP's standpoint they didn't see how HB132 was changing current practice

HB227

- HB227 would remove the restriction on possession of certain animals as pets and would allow DPHHS to create a vaccination schedule for a number of species of animals people may want to keep as pets
- The DOL opposed the bill, providing support for the VMA and DPHHS who are also against the bill. The DOL voiced that vaccination schedules for animals should probably be the duty of the State Veterinarian and added that there are no labeled vaccines for the animals requested to be kept as pets

SB133

- SB133 would revise the eligibility for Livestock Loss payments, requiring that checks be made on people who make livestock predatory claims as to whether or not they paid per capita on their animal and encourage or require them to pay the per capita fee before they can receive a reimbursement from the Livestock Loss Board
- SB133 is being carried by Senator Bruce Gillespie
- George Edwards reported that one-fourth of the claims for 2018 had not been paying per capita on their livestock
- An amendment was added to SB133 by Senator Solomon that stated the livestock loss claimant would have had to pay per capita up to the point of when that claim was submitted

HB278

- HB278 would revise the laws relating to the enforcement power of the DOL, significantly narrowing the authority of the DOL's District Investigators and also narrow their ability in a "need" situation
- HB278 is being carried by Representative Dale Mortenson of Billings
- Mike Honeycutt said that his feedback so far is that the bill is not popular among the DOL's industry organizations

MOTION/VOTE

10:04 AM

Lila Taylor moved that the BOL not support HB278, Revising Laws Relating to the Enforcement Power of the DOL. Brett DeBruycker seconded. The motion passed.

Important Drafts Not Yet Introduced

LC0040

- LC0040 is a study resolution on the value and costs of wolves and grizzlies
- LC0040 is being carried by Senator Mike Phillips
- George Edwards' statistics may be used in discussion of the impact those species are making, the real cost to the livestock industry of these species

LC0041

- LC0041 would prohibit the hunting and trapping of wolves in certain hunting districts around Yellowstone National Park
- LC0041 is being carried by Senator Mike Phillips
- Although LC0041 has not been introduced yet, Mr. Honeycutt said that he has gotten questions from drafter regarding it and so he expects to see it coming

LC1392

- LC1392 is called the Real Meat Act which would put some laws into place before the introduction of cell-cultured edible products
- LC1392 is being carried by Representative Alan Redfield
- If cell-cultured edible products were to come into Montana, Mr. Honeycutt said he is not certain whether or not the DOL would be the agency to provide enforcement of it

LC2437

- LC2437 is a working animal protection act that would restrict ordinances that put severe limitations on service animals
- LC2437 is being carried by Representative Theresa Manzella of Hamilton
- Mr. Honeycutt said he is monitoring LC2437 because it would affect the use of guardian dogs

LC2892 (SB166)

- LC2892, now assigned the bill number SB166, is titled Revise Laws Relating to Livestock Loss Board Personnel and would basically create an exemption for the Livestock Loss Board to remain attached to the DOL, but, would be responsible for hiring their own personnel. This would allow the Livestock Loss Board to avoid vacancy savings, which is approximately an \$1800/year savings
- Doreen Gillespie, Livestock Loss Board member, said that the bill was voted on by their board and unanimously passed. She also said that the loss of money due to the vacancy savings has limited their board financially to only being able to hold one meeting last year
- (SB166) is being carried by Senator Bruce Gillespie
 - SB166 was unanimously supported by the members of the Livestock Loss Board
- Mike Honeycutt pointed out that MCA 2-15-121.2D states that an attached agency may not hire its own personnel, but SB166 would create an exemption to that portion of the statute

MOTION/VOTE

10:32 AM

Brett DeBruycker moved to oppose SB166, Revise Laws Related to Livestock Loss Board Personnel. Lila Taylor seconded. Ed Waldner abstained. The motion passed.

LC1119 (HB291)

- LC1119, now assigned the bill number HB291, is a new law that would establish a voluntary wolf mitigation account, funded by private donations
 - The monies would go through State agencies, some coming off of licenses at FWP some from a donation website, and those dollars would then be added to a cooperative agreement with USDA Wildlife Services and specifically earmarked for wolf management in the State of Montana

- OBPP said that because the bill did not include specific language saying that the DOL could take some indirect administrative costs off the donations to help fund the website, per capita funds would need to be utilized for that task
- HB291 is being carried by Representative Becky Beard from North Valley, Lincoln in Powell County at the request of the Rocky Mountain Stockgrowers
- It was suggested that the language be clarified to specify what “money collected pursuant to this section to contract for wolf management with the USDA” means by “wolf management”
- Dan Conn said that the intent of the bill is not for the monies to go to preventative work but lethal control

10:56 AM - RECESS

11:06 AM – RECONVENE

LEGAL COUNSEL UPDATE

11:06 AM

11:06 AM – Update from Legal Counsel, Rob Stutz

Rob Stutz gave an update on legal issues facing the DOL:

- S&T Project Meats
 - S&T Project Meats have filed a complaint for damages with the court
 - Risk Management and Tort Defense has hired Mike Kaufman, outside counsel
 - Mr. Stutz’s understanding is that when litigation becomes more active, S&T Project Meats, with Risk Management & Tort Defense’s approval, will dismiss the petition for judicial review that they filed against the BOL
 - Mr. Stutz filed a status report with the court, apprising the court that there is no action currently being taken while the parties work on a resolution
- K&C Meats
 - Mr. Stutz said, that at the direction of the BOL at the last meeting, his office has been pursuing their suggested approach
- Coremark
 - A hearing on the attorney fees is scheduled for the first week in February
 - The request for attorney fees and costs totaled somewhere north of \$400,000 and Kyle Chenoweth said that their office was attempting to reduce that to \$40,000
 - Mr. Chenoweth said that one of his office’s main arguments is that if Coremark dropped four out of five claims, why should the DOL be paying for them to prosecute those claims
 - Once litigation ends, Mr. Chenoweth said that Coremark may still appeal the fact that they lost their ability to not place a 12-day date on the milk

- Although a change in the requirement for what dates are required on milk would involve a rule change, Mr. Stutz said that rulemaking isn't necessary to implement a court order

11:20 am – Legislative Activity Update Continued:

LC2154

- LC2154 would generally revise laws regarding milk, which would add sideboards and regulations to safeguard the public in the event raw milk was legalized
- A draft for LC2154 is being worked on by Walt Sales out of Manhattan, with the help of Krista Lee Evans of the Montana Milk Producers Association and other groups

LC2897

- LC2897 would revise date terms for sales of milk
- LC2897 is being carried by Representative Ben Zurecki from Laurel

11:22 AM – PREDATOR CONTROL DISCUSSION

John Scully asked the BOL's thoughts, relative to predator control, and the idea of either the BOL or DOL hosting it or having the industry ask the industry to host their own work session, to discuss the ramifications of all the aspects of current predator control within the industry

- Brett DeBruycker said he agreed with the group mentality of figuring out what to do regarding predator control, but did not feel the BOL or DOL should be the one to facilitate the gathering but that industry should take that responsibility
- Lila Taylor agreed that a group session is probably the right thing to do and that the different industry organizations can figure out how to bring that together
- Ed Waldner felt the industry organizations should come together and include the Hutterite colonies
- Sue Brown believes there needs to be a lot of conversation regarding the predator issue, but that the meeting should not just include those who raise livestock but also from those groups whose aim is to support endangered species, especially since tourism is huge in Montana and those animals are what tourists want to see when they visit our state
- John Scully said that his job is to represent the industry because the DOL does that
- Jay Bodner did not feel that the DOL should be the facilitator of the work group gathering. He said he had been part of working groups similar to what Sue Brown spoke about but felt that it was more appropriate for the industry groups that attend the BOL meetings to start the gatherings
- Dan Conn felt the industry should take a lead on organizing the work session, but felt that before they meet that they should get their head wrapped around it before meeting with other groups

- Brett DeBruycker added that, on Sue Brown's behalf, a long-term solution will be with the groups she described, but not before the industry is moving in one direction together first
- Doreen Gillespie said that she believes the industry needs to get together with the individuals Sue Brown described so they can understand who the industry is and come on our side

CENTRALIZED SERVICES DIVISION REPORTS

11:33 PM

1:33 PM – LIVESTOCK LOSS BOARD

- George Edwards and Doreen Gillespie said that, based upon their board's request, they would like the BOL to consider an increased budget request for the Livestock Loss Board of, at a minimum, \$12,000, and would like the BOL to support that increase in a Legislative framework

MOTION/VOTE

11:38 AM

Brett DeBruycker moved, based upon the Livestock Loss Board's request, to support the \$12,000 increase in the budget of the Livestock Loss Board. Sue Brown seconded. The motion passed.

Mr. Edwards reported that the Livestock Loss Board has about \$22,000 left in predator funds until June 2019, and that is because they will be operating on carryover funds

- Evan Waters predicted at a past BOL meeting that the Livestock Loss Board carryover funds would run out in 2020
- Mr. Edwards compared 2017 to 2018 predation claim numbers - wolves increased 17 head; grizzly bears increased 7 head and mountain lions increased 42 head
- Mountain lion predation payouts were not budgeted for in the last session, however, Representative Shaw may be asking for money to cover them in the 2019 Legislative Session

11:42 AM – MILK CONTROL BOARD

Chad Lee reported on activities at the Board of Milk Control meeting that was held on January 22, 2019:

- Action was taken to maintain the current milk control assessment rates for FY2020
- Two producers were appointed to fill the vacancies on the producer committee – John Waldner, Fairhaven Colony and Dan Dougherty, Charlo
- Action was taken to accept the Market Administration Industry Report for FY2018
- That report has been released and put on the Milk Control Bureau's web page

- No action was taken, but there was discussion regarding consideration of recommendations from the Montana Milk Market Regulation Study
- A discussion took place regarding a memo received from the Montana Milk Producers Association that involves disbanding the current pool structure
 - The Board of Milk Control cannot initiate that action, but it requires a petition from producers for the rescission of the statewide pooling arrangement, followed by a hearing by the Board of Milk Control, and if passed, extensive rulemaking
 - Reasoning behind the elimination of the State milk pool is because a particular group of producers feel they would be paid more without it
- There was discussion about responses received from a Board of Milk Control survey after the study was released and discussed
 - The survey was designed to help prioritize the study's recommendations
 - 13 producers responded to the survey, along with responses from members of the Board of Milk Control
 - Seeing survey responses, the Board of Milk Control is less inclined to start moving towards implementing the study's additional recommendations without consensus and support of producers

Chad Lee said that the Board of Milk Control has taken no position to support the general fund appropriation for the operation of the VDL services for testing

11:51 AM – PUBLIC COMMENT

Liv Stavick of the Montana Farm Bureau Federation commented that the funds the DOL has for predator control, even though they are a very finite resource, are being utilized well. She said that the MFBBF would participate in another working group meeting that she feels would be beneficial to really dive into how those funds are being used and where they are coming from

11:51 AM - LUNCH

12:37 PM – RECONVENE

CENTRALIZED SERVICES DIVISION REPORTS CONTINUED

12:37 PM

12:37 PM – FISCAL BUREAU

12:37 PM – January 2019 – June 2019 Expenditure Projections

Brian Simonson reported on the projected expense budget from January 2019 to June 2019:

- The projected budget expenditures number for the Department of a negative \$93,018 is an improvement in the budget from the October 31st status report of \$218,000 to the negative
 - The three high-paying positions at the VDL had been budgeted into the October 31st report to be filled in January, but they may not be filled until April 2019, and that is what helped to make the improvement in budget numbers
 - Mike Honeycutt said the three positions had not been filled because of lack of applicants, but the pathologist position finally received a couple applicants and may be filled sooner than April
- Mr. Simonson noted that the negative \$85,000 in CSD Personal Services and the negative \$296,000 in Brands personal services show there still is a problem, here is the problem and this is why the DOL is in need of HB3 dollars
- Mr. Simonson said that the negative total budget expenditures in the Meat & Poultry Inspection Bureau of \$153,000 came from a problem with being under-funded for the biennium and collective bargaining agreement changes
- The DOL is still operating under a 10% cut in this fiscal year but does have 6% vacancy savings

12:42 PM – December 31, 2018 Budget Status Report

Brian Simonson reported on DOL budget expenses compared to this same time last year:

- The total budget funding number year-to-year comparison shows \$162,871 more in expenditures than last year because there was an extra pay period in December 2018
- Salaries show a \$140,000 increase compared to last year also includes benefits and that number is larger because of the 3rd pay period in December 2018
- Operations for the entire Department are tracking with this same time last year
- Operational Expenses for the DSA are running a negative \$92,000 because testing numbers are down
- In the Meat & Poultry Inspection program, the report shows that they are \$121,000 more in Other Expenses compared to last year because indirect costs were collected earlier

12:46 PM – December 31, 2018 State Special Revenue Report

Brian Simonson highlighted the State Special Revenue comparisons for FY2019 in the DOL:

- Total State Special Revenue in the Brands Enforcement Division is down \$200,000 compared to last year at this time
- Market inspections were down in October
- Local inspection were up probably because of people moving cattle, and so far, that trend is continuing

- Investment earnings in the per capita fee section is \$40,000 more than last year, because the balance grew \$2 million between last year and this year. That increased balance adds more interest to the earnings
- VDL lab fees are continuing to make positive gains and are \$15,000 to the good compared to last year
- It was requested to find out whether the gains at the VDL are because of an increase in the volume of testing or the increase in lab fees

12:50 PM – December 31, 2018 State Special Revenue Cash Balance Report

Brian Simonson reported that all numbers looked good in the State Special Revenue Cash Balances report as of December 31, 2018 and he highlighted a few of the numbers:

- The Inspection & Control number of \$1.3 million is what the end-of-year balance is expected to be, which doesn't include the unearned revenue because that is going to be spent next year and the year after
 - On Inspection & Control with new brands and transfers, the DOL shorts itself of spending authority to maintain a cash balance for the next rerecord period
- Per capita fee cash balance, if the budget holds on course, is about \$6.5 million at the end-of-year and does not include per capita fee gains for the next two years or the \$450,000 if the HB3 request is approved
- The \$168,000 number in the Diagnostic Lab Fees section is tracking about a \$72,000 net positive as income goes, to date

12:53 PM – Aerial Hunting License Renewal

Brian Simonson reported that the aerial hunting summary reports are due by January 31, 2019:

- There is a \$50 annual fee payable to the DOL for aerial hunting pilots to apply to do those services. Landowners requesting aerial hunters are also required to be registered with the DOL

12:54 PM – Investment Earnings and Per Capita Reporting Form Discussion

Per the request of Brett DeBruycker, Brian Simonson explained how investment earnings are handled in the DOL:

- Anything above a positive fund balance in any of the DOL funds, can be given to the Board of Investments to be put into a short term interest program
- The program is quite "liquid" and the DOL has transferred funds from it to assure the balance is zero in the fund balances
- Mr. Simonson explained that although there is some risk involved, in the six years he has been involved in it, he has never seen it go into a negative fashion

After concerns were raised regarding the on-line per capita reporting forms, Evan Waters reported that there has been around \$80,000 more in reported per capita this year, and 500 more people reporting per capita so far, to date.

- Mr. Waters did not have any statistics on how many of the per capita reports arrived at the DOR electronically, but did report that 1% that did report were having issues with reporting online

BRANDS ENFORCEMENT DIVISION REPORTS

1:08 PM

1:08 PM – Request to Hire Cattle Compliance Technician

Mike Honeycutt reported that he had spoken with Leslie Doely regarding filling two vacant positions in the Brands Enforcement Division:

- The Cattle Compliance Technician had been recently vacated because of a retirement on December 31, 2018

MOTION/VOTE

1:09 PM

Sue Brown moved to approve the hire of the vacant Cattle Compliance Technician in the Brands Enforcement Division. Ed Waldner seconded. The motion passed.

Leslie Doely returned to the BOL meeting and reported that she was not requesting to hire the Administrative Support Supervisor at this time, but would make the request in a future BOL meeting

ANIMAL HEALTH & FOOD SAFETY DIVISION REPORTS

1:10 PM

1:10 PM – MILK & EGG BUREAU

1:10 PM – ARM 32.8.205 Rule Change

Mike Honeycutt explained the requested changes in ARM 32.8.205 Manner, Size and Position of Labeling on milk that was given to him by Dan Turcotte:

- In the revised ARM, the sell-by date, that was currently upheld by the court, shall be located, above any other date code labels on molded plastic jugs
- In the revised ARM, labels on pure paks or similar containers must have the sell-by date label to the left side or above any other date code label
- In the revised ARM, no date code label shall be printed in a font size larger than the font of the label of the sell-by date
- Mr. Scully did point out that the changes were different than what had been presented to the judge
- Dan Turcotte had recommended creating the rule change, which does not mandate what other date someone else may use, but addresses size of the dates and location of the sell-by date which he needs for his staff to be able to properly do enforcement action

MOTION/VOTE

1:09 PM

Brett DeBruycker moved to move forward with the publishing of changes in ARM 32.8.205. Lila Taylor seconded. The motion passed.

1:18 PM – ANIMAL HEALTH BUREAU

1:18 PM – Brucellosis

Dr. Eric Liska gave highlights on the current status of Brucellosis activity in the DOL:

- Two animals were found to be suspect on Brucellosis tests in late October 2018 in Beaverhead County
 - The producer chose to send the two suspect animals to the VDL to collect tissue samples
 - Culture of the 20-25 tissues that were sent to NDSL in Ames, IA showed Brucella growth and so the producer's entire herd was quarantined and neighbors began the testing process on their herds
 - Further culture results showed the strain of Brucella was RB51, vaccine-strain, not field strain
 - A second set of suspect animals was found and after testing, one was found to be RB51, vaccine-strain Brucella, a result of a cross reaction with other ailments the animal could have had
- Dr. Liska said that there has been an increase in DSA producers who have chosen to test their entire herd annually, which has been a preventative for surprises, such as the Beaverhead County situation
 - Dr. Liska said his recommendation to DSA producers is to booster vaccinate heifers, giving the their initial and then another one four months or so later and to adult vaccinate in areas where there is a lot of exposure to sero-positive elk every two to three years. He also recommends those same producers herd test every Fall
- Dr. Liska said there are still no results for the FWP elk capture and collar that was just finished
 - Dr. Liska did report that an elk collaring study showed that elk in the DSA have a decreased pregnancy rate. He said that although the bison population in Yellowstone National Park are heavily infected with Brucella, their numbers are increasing logarithmically, but, there is an impact on bison abortion and decreased pregnancy rates

1:33 PM – COMMUNICATION FROM NINA BAUCUS

Mike Honeycutt said that he had received a communication from BOL member Nina Baucus, who was in attendance at the American Sheep Industry meetings in New Orleans:

- Ms. Baucus said that some Montana Woolgrowers members asked her to inform the BOL that the ASI Animal Health Committee were told that USDA APHIS would be discontinuing an important part of the US Scrapie Eradication Program
 - A State Veterinarian from one of the Western States was not in favor with aspects of the Program and encouraged APHIS to discontinue those aspects
 - The ASI Animal Health Committee members have been asking Western sheep producers to contact their State Veterinarians regarding the issue
 - Dr. Marty Zaluski said that one of the concerns from a variety of entities regarding the Scrapies Eradication Program are the exorbitant amount of dollars being spent on testing negative animals and whether or not that is the wisest use of funds
- The Scrapies program has also benefitted from the use of free ID tags, and that has also received a bit of scrutiny, because the cattle industry must pay for their tags
- Dr. Zaluski feels that Scrapies has not been totally eradicated, but feels it is close to being done and needs to be finished before ending the program

1:37 PM – BOL WRAP-UP

- Mike Honeycutt said that regarding the Federal shutdown, the DOL has not had impacts, even though there were concerns about reimbursements for the Federal cooperative agreements had the shutdown gone beyond April 1, 2019
- John Scully said that George Edwards wanted everyone to know that Wildlife Services were still examining predation kills in the field, even though they were not flying

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

1:38 PM

- Jay Bodner of the Montana Stockgrowers Association said that he did have an initial meeting with Leslie Doely regarding a policy that his organization just passed in December regarding brand law review. He said they will be forging ahead with that policy and plans to visit with Ms. Doely and other industry groups to input on any changes or updates that should be made

SET DATE FOR NEXT BOARD MEETING

1:39 PM

It was decided by the BOL to again schedule a meeting on a Friday, because that seems to be the slower day of the week during Legislative Session. The next BOL meeting was scheduled for Friday, March 1, 2019

MOTION/VOTE

1:42 PM

Lila Taylor moved to adjourn the BOL meeting. Ed Waldner seconded. The motion passed.

MEETING ADJOURNED

1:42PM



John Scully, Vice-Chairman