



Montana Board of Livestock Conference Call Minutes

March 29, 2019

Montana Department of Livestock
Helena, Montana

Board Members Present

John Lehfeldt, Chairman (sheep producer)

Lila Taylor (cattle producer)

Ed Waldner (swine)

John Scully, Vice-Chair (cattle producer)

Nina Baucus (cattle producer)

Sue Brown (dairy and poultry)

(Brett DeBruycker was not present; Ed Waldner departed from the call at 10:39 am)

Staff Present

Mike Honeycutt, Executive Officer

Brian Simonson, Deputy Executive Officer

Donna Wilham, Administrative Assistant to EO

Dr. Tahnee Szymanski, Animal Health

Dr. Ann Forseth, Animal Health

Public Present

Kyle Chenoweth, Legal Services Division

Abby St. Lawrence, Rocky Mountain Stockgrowers

MEETING CALLED TO ORDER

8:35 AM

Chairman John Lehfeldt called the conference call to order at 8:35 AM

ROLL CALL

8:35 AM

John Scully requested a roll call of BOL members present for the conference call:

- BOL members present on the call were: John Lehfeldt, John Scully, Lila Taylor, Ed Waldner, Nina Baucus and Sue Brown

APPROVAL OF BOARD MINUTES

8:36 AM

John Lehfeldt requested a motion to approve the BOL minutes for the March 1, 2019 meeting:

- It was decided to address all action items on the agenda first, in case people had to leave the call before its completion

MOTION/VOTE

8:37 AM

Nina Baucus moved to approve the minutes for the BOL March 1, 2019 meeting. Sue Brown seconded. The motion passed.

NEW BUSINESS

8:36 AM

8:36 AM Out-of-State Travel Request for Pacific NW Economic Region Summit

Mike Honeycutt explained his reason for requesting out-of-state travel for himself to the Pacific Northwest Economic Region Summit, scheduled for July 21-25, 2019 in Saskatoon, Saskatchewan:

- Mr. Honeycutt said that he had attended the annual meeting in 2018 when it was held in Spokane, WA and discovered there were about 6 hours of conversation regarding livestock health and cross-border movements of livestock
- Mr. Honeycutt said that before the Spokane meeting, the Department of Agriculture represented the DOL at the annual meeting, but with the Saskatoon meeting agenda showing sessions on cross-border livestock issues and agricultural trade issues, he would like to represent the DOL himself
- Mr. Honeycutt mentioned that Montana Senator Mike Cuffe is currently the Vice Chair of the Pacific Northwest group, and in two years, the meeting will be hosted by him in Big Sky, Montana

MOTION/VOTE

8:38 AM

John Scully moved to approve Mike Honeycutt's out-of-state travel request to the Pacific Northwest Economic Region Summit, July 21-25, 2019 in Saskatoon, Saskatchewan. Ed Waldner seconded. The motion passed.

8:39 AM Hiring Request for Animal Import Technician

Mike Honeycutt reported that there currently is an opening in the Animal Import Office:

- Sam Novak, who was an Animal Import Technician, was the successful candidate for the Label Specialist position in the Meat & Poultry Bureau, recently vacated by Dani Jones

- Mr. Honeycutt reported that the vacant Animal Import Technician position is an entry-level position, one of the lower-paying positions in the DOL that has had quite a bit of turnover

MOTION/VOTE

8:41 AM

Lila Taylor moved to approve the hire of an Animal Import Technician in the Animal Health Bureau. Sue Brown seconded. The motion passed.

- Mr. Honeycutt reported that the vacant Office Administrator position in the Animal Health Bureau is currently in the hiring process

OLD BUSINESS

8:44 AM

8:44 AM LEGISLATIVE UPDATES

8:44 AM Update on Policy Bills Initiated by the Department

Mike Honeycutt reported on the current status of House and Senate bills, initiated by the DOL, in the 2019 Legislative Session:

HB100

- HB100, a bill to take the dealer licensing fee and move that from rule to statute never officially got introduced

HB101

- HB101, a bill to change the date of the per capita refund to later in the Spring, coinciding it with the recording period, was carried for the DOL by Representative Casey Knudsen
- HB101 was signed by the Governor after having passed both houses

HB112

- HB112, a bill to modernize the DOL's semen import biologic import language, moving it all into one section of code, passed both houses
- HB112 had some controversy because there were groups who saw in the bill effects to movement of Yellowstone bison
 - Because of the opposition to HB112, the Governor did an amendatory veto, changing the wording from, "may not be brought into the state without a health certificate." to "may not be imported into the state without a health certificate."
 - The House failed to override the Governor's amendatory veto, so, it was heard in the Senate on March 28th and now is in a "limbo" state, having been returned to the House, not concurred in the Governor's proposed amendments

SB56 & SB57

- SB56 and SB57 are bills dealing with Meat and Poultry language that made it through the Legislative process and have been signed by the Governor
- SB56 changes the old, outdated appeal process language, utilizing input gained during work the DOL did with the industry on the appeal process language
- SB57 does away with some of the old pre-Meat Inspection Act language regarding home-grown and home-killed meats that did not follow with FSIS rules

SB67 & SB68

- SB67 and SB68 were carried by Senator Gillespie and regard aerial hunting
- SB 67, allowing the DOL to utilize aerial hunting application fees to offset costs to the program, had a recent hearing in House Ag, has gone through the Senate, had Executive Action taken this week, passed out of the House Ag Committee and is headed to the House floor
- SB 68 removed residency requirements for aerial hunting permits. The bill made it through the Senate, had a hearing in House Fish Wildlife and Parks on March 14th and is waiting for Executive Action to be taken on it
- SB68 had some opposition in House Fish, Wildlife and Parks from conservation groups and the Montana Woolgrowers Association and Mike Honeycutt was the only proponent of that bill during that hearing
- Abby St. Lawrence of the Rocky Mountain Stockgrowers, said that Ross Morgan, a Helena Valley rancher who is up on wolf issues, sent an email to the Committee regarding SB68

8:55 AM Update on Policy Bills Affecting the Department

Mike Honeycutt reported on the policy bills, currently being addressed at the 2019 Legislative Session, that will affect the DOL:

HB98

- HB98 will revise a peace officer statute, strengthening some of the requirements for them across Montana
- HB98 will bulk up the language around the mental health assessment, fingerprinting and background checks that need to be done for peace officers
- HB98 has made it through both houses and is close to being signed by the Governor
- Once HB98 becomes law, the DOL will have to make sure its hiring practices for peace officers conform to it

HB132

- HB132, clarifying the definition of bison, particularly wild bison, has been amended several times, and the amended version has passed through the Senate

HB291

- HB291, a bill brought by Representative Beard, would establish a voluntary wolf mitigation account with donations coming into that account through conservation license purchases and other mechanisms, such as on-line donations

- All donations to the wolf mitigation account would come to the DOL and then be dispersed to USDA Wildlife Services for wolf management work
- The bill states that “the DOL shall use the money collected, pursuant to this section, to contract for wolf management with the United States Department of Agriculture Wildlife Services, including, but not limited to, flight time, collaring and lethal control of wolves”
- Abby St. Lawrence said that unlike the Hunters Against Hunger Program bill that failed in the 2017 Legislative Session, HB291 does not endanger Pittman-Robertson funds for FWP because the DOL distributes the funds to Wildlife Services rather than FWP distributing the funds
- HB291 passed out of the Senate Fish and Game Committee and will be scheduled for a floor vote in the Senate soon

HB327

- HB327, the Real Meat Act, which was a bill brought by Representative Redfield, puts definitions, labeling requirements and sideboards around the potential production or introduction to the Montana marketplace, of cell-cultured meat
- HB327 has made it through the House and to the Senate. It has been amended and is back and concurred.

HB332

- HB332, a bill requiring County Commissioners to approve relocation of bison into their county, ended up being a controversial bill with a lot of tribal presence within the hearings
- HB332 has already made its way through the House, was heard for the first time in the Senate Agriculture Committee on March 26th, and is awaiting Executive Action

HB478

- HB478, a bill carried by Representative Tyson Runningwolf, would change MCA 81-2-120 to not require brucellosis-free certification from the State Veterinarian if the bison were going to the tribes for quarantine
- HB478 was heard by the House Ag Committee and was tabled by them on March 26th

Raw Milk Bills

- All raw milk bills were tabled prior to transmittal and did not make it through transmittal

HB586

- HB586, a bill carried by Representative Brad Hamlett, would revise laws related to State labs, creating an exemption that if you were going to build a co-located lab that worked on animal health, you would not, on a public/private partnership lease-type situation, need to come back to the Legislature for approval and not go through the long-range building process
- HB586 made it through the House, was amended in the Senate, adding language about there being an advisory committee, meaning, if the DOL, FWP and the Department of Ag work together on a lab, the DOA has to oversee the committee that would direct and guide the process of getting that done, leaving the door open for stakeholders to be brought into the conversation as well

- HB586, with the added amendment, passed third reading of the Senate and is on its way back to the House to see if they concur with the advisory committee amendment
- John Scully said that the amendment added to HB586 is different from when it first started, and, what it may do, is shift an obligation to the DOA for formulating such a lease as opposed to the initiative being driven by either the BOL or someone else in that arena

HB592

- The Montana Milk Processors Association worked with Representative Ross Fitzgerald to bring HB592, which changes the mechanisms for groups to make petitions to the Board of Milk Control to look at the statewide pool and whether there should be one. The Board of Milk Control would have to receive petitions made and would have to call for a referendum and a vote
- Through some controversial hearings, HB592 passed the House, was heard in the Senate Ag Committee last week and is awaiting Executive Action

Country of Origin Labeling (COOL) Bills

- All Country of Origin Labeling bills were tabled and have not moved forward

LC2556

- LC2556, a resolution to study meat inspection laws, was brought by Representative Theresa Manzella, based on some of the controversy that has happened at the Federal and State levels
- The State meat inspection program played only a minimal part of the hearing on LC2556 that had been held the previous week, with the conversation dealing mostly with Federally-inspected plants
- The House and Senate Agriculture Committees have agreed to join together to write a letter to the Montana Congressional Delegation, encouraging them to push forward an investigation into the Inspector General report about what happened at Riley Meats in Butte
- Executive Action has not taken place on LC2556, but if it passes, the DOL could potentially be participating in an interim study on meat and poultry inspection

SB133

- SB133, introduced by Senator Gillespie, would require the Livestock Loss Board to check if predation claimants have paid per capita before they would receive a reimbursement
- Amendments were made to the bill, making it amenable to tribes and assuring that the new requirement would not affect tribal cooperative agreements
- SB133 unanimously passed the Senate, moved out of the House Ag Committee and is headed to the floor of the House for a vote

SB307

- SB307, brought by Senator Jeffrey Welborn, was supported by the DOL because it would allow a more long-term financing situation for the new VDL building, offering a private enterprise option, other than only bonding or cash at the State level, for funding construction of it
- John Scully testified for the bill on the basis it gives additional flexibility for funding long-term building projects that is currently not there
- SB307 made its way through the Senate and is up for hearing April 2nd

SB320

- SB320, carried by Senator Salomon, deals with animal welfare situations and would allow County Attorneys to ask the livestock owner to put up a bond to pay for the animals' care while the investigation and process is ongoing or, to liquidate those animals to help offset the County costs
- SB320 requires that a DOL Livestock Investigator be present when the veterinary examination of the animals occurs
- SB320 passed through the Senate on its third reading, by a 48 to 1 vote and is scheduled for a hearing with House Agriculture next week
- There was concern raised that if SB320 is made law, that some of the current obligations of the Sheriff of the County, as Humane Officer, might be shifted to the DOL and paid for by the DOL rather than the County

9:49 AM Discussion on Grizzly Bear Advisory Council

Mike Honeycutt reported that the Governor announced his creation of a Grizzly Bear Advisory Council:

- The Grizzly Bear Advisory Council will be housed under FWP for formulating a plan for when and if grizzly bears are delisted and how to deal with issues that arise from that
- Mr. Honeycutt said he has received numerous contacts from people who are requesting that the DOL support them in their efforts to be part of that Council
- Mr. Honeycutt encouraged people with an interest to apply to be part of that council, although State employees will not be considered for membership

9:50 AM Update on Fiscal Bills

Mike Honeycutt reported on the current status of Fiscal Bills the DOL is part of in the 2019 Legislative Session:

HB2

- HB2, the DOL's overall budget, came out of subcommittee with about half of the request for additional funds for the DSA cut, an FTE in the VDL was cut, a request for funding for a Public Information Officer (PIO) was cut
- The DOL, in working with Representative Holmlund, Chairman of Section C, who then worked with the House Appropriations Committee, helped return some of the DSA funding request for the second year of the biennium.
- An amendment to the DOL's HB2 funding request passed unanimously by the Senate Finance and Claims Committee to reinstate the FTE at the VDL, but the request for the PIO remained cut
- The amended HB2 request will now move to the Senate floor

HB3

- HB3, is the DOL's \$390,000 supplemental request - \$383,000 to deal with a DOL salary issue; \$7,000 to cover legal fees for the Milk Control Board
- HB3's request passed through the House completely intact, but by the time it got to the Senate, an amendment was requested to cover a litigation issue for another \$190,000

- HB3 passed out of Committee with the original \$390,000 plus the amended extra \$190,000 request and is on its way to the Senate floor
- John Scully requested that the \$190,000 request, a small portion of the original litigation file that took place over a 10-year period of time, be written up for the final BOL meeting before action is taken on the documentation
 - Brian Simonson reported that the DOL did get help from Rob Stutz on getting the language into Senate Finance and Claims Committee Chair Osmundson and Representative Holmlund before Executive Action was taken on the bill

HB5

- HB5 contains the long-range building request of \$100,000 to do architectural rendering and design for the new VDL complex
- HB5 passed out of the Senate and will be in front of the Senate Finance and Claims Committee on April 1st

HB10

- HB10 contains the IT State plan, the DOL's authority for doing IT upgrades in the Department, a request for \$650,000 for each year of the biennium
- The House Appropriations Committee took Executive Action on HB 10 the afternoon of March 22nd after the DOL request had been tabled in the morning and it was passed on the House floor earlier this week
- HB10 will be going before Senate Finance and Claims on April 1st

Abby St. Lawrence thanked Mike Honeycutt and John Scully for their inclusion of Rocky Mountain Stockgrowers and said that Mr. Honeycutt has been great to work with during this Legislative Session

COMMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

10:04 AM

John Lehfeldt did not receive any comments from the public on non-agenda items, at this time

LEGAL COUNSEL UPDATE

10:07 AM

Kyle Chenoweth had not yet arrived at the DOL to be part of the conference call, and so it was discussed as whether or not to have conversation regarding ongoing litigation activity that Mr. Scully had been involved in since the last BOL meeting:

- Mr. Scully said that there has not been a document come forward for the BOL to approve or disapprove that is either going to be signed by or presented to the judge for the current litigation case and so he suggested waiting to hear from Kyle Chenoweth to discuss litigation strategy

CENTRALIZED SERVICES DIVISION REPORTS

10:11 AM

10:11 AM FISCAL BUREAU

10:11 AM March 2019 – June 2019 Expenditure Projections

Brian Simonson discussed the projected expense budget ending in February 2019:

- Mr. Simonson commented that he likes how his communication and briefs sessions during the past month have progressed with the Bureau Chiefs that were available
- The negative \$145,915 in Personal Services for the DOL is about \$24,000 worse than last month because \$29,000 was added to that for a new hire in the Milk & Egg Bureau
- The total DOL Operations figure of \$40,235 is a little over a \$4,000 improvement over last month
- Considering vacancy savings, cost overruns in personnel and tracking what the DOL has been doing for the year, the DOL is just under \$100,000 in the negative for total budgeted funds
- Mr. Simonson pointed out that looking at figures for the DOL, especially in Centralized Services and in Brands, the DOL is a little over \$400,000 in personnel overruns, again showing the need for HB3 dollars being added to the budget
- Mr. Scully reminded the BOL that the \$400,000 isn't actually personnel overruns, but expenses anticipated and the shortfall is in the manner in which it was funded, which will be corrected by the mistake made at the end of the last session in HB3

10:19 AM February 28, 2019 Budget Status Report

Brian Simonson discussed the current budget comparison report:

- 59% of the budget year has lapsed with 60% of the budget expended
- The \$153,279 figure listed under Benefits in the Personal Services section is a negative number, a big jump from the previous month due to a "health care premium" holiday last year at this time that is not being experienced this year
- In the Operations sections for the DOL, the discrepancies in the DSA and the Federal Umbrella Program that showed up last month have been caught up because of the timing of those expenses, and now look normalized from this time last year
- Another timing issue is apparent in the Transfers section, where figures show \$129,562 less in expenses. There are payments to the DOR for \$100,000 and to FWP for elk collaring that have not yet been made and so those figures are tracking as expected

10:24 AM February 28, 2019 State Special Revenue Report

Brian Simonson pointed out that the numbers listed in the State Special Revenue Report are only showing to the end of February:

- Although the gap has closed more in Brands than in the last report, the Market Inspection Fees are still down \$210,000, possibly due to the weather conditions

10:25 AM Per Capita Fee Reporting and Collections Update

Brian Simonson explained that the Per Capita Fee Reporting and Collections Report has been broken down into three categories rather than just one, to show a better comparison:

- The per capita revenue coming into the DOL is currently at \$1.6 million, compared to last year's collection at this time of \$2 million and is expected by late May or early June to be close to \$4.9 million
 - Mr. Scully advised the DOL and BOL to monitor the \$400,000 shortage because it is money that would short the DOL during next year's operation
- Prior year funding, monies received after July 1st, have remained static from year to year
- Last month at this time, the DOL was down 39% in livestock reports filed, and since that time, that number has risen to 98.5% of livestock reports that have been filed since the same time last year – 13,818 filed in 2019 and 14,025 filed in 2018
- Total per capita fee reported is 101% compared to this time last year - \$4,239,995 in 2019 and \$4,186,935 in 2018
- There has been more money reported than money coming in, which could be attributed to the weather or the technology issue of reporting forms not going out and checks being bundled up with the reporting form and being mailed in

10:40 AM Governor's Award Discussion

- Each DOL Bureau, on an annual basis, selects an employee for special consideration for the good work they have done, as a nominee for a Governor's Award
- Of all Bureau nominees, the DOL then chooses one representative for the entire DOL as a recipient of the Governor's Award
- In 2018, Dr. Emily Kaleczyc was chosen for her work with the Department of Emergency Services, organizing hay donations for people who were having a tough time getting hay because of drought, fires and a hard winter
- The BOL plans to recognize Dr. Kaleczyc, as the Governor's Award recipient, at the next BOL meeting

LEGAL COUNSEL UPDATE CONTINUED

10:47 AM

- Mike Honeycutt reported that Kyle Chenoweth had arrived and that the BOL had already addressed as much as they could about litigation without having any Executive Session
- Lila Taylor requested that the BOL go into Executive Session as she also had an issue that she wanted to discuss
- The BOL decided to take a short recess before going into Executive Session

10:49 AM - Recess

11:00 AM – Reconvene

11:00 AM - Executive Session

11:46 AM – Reconvene

SET THE DATE FOR THE NEXT BOL MEETING

11:46 AM

The BOL set the date for their next meeting for Tuesday, May 14, 2019, in the Scott Hart Building, BOL conference room, starting at 8 am

MEETING ADJOURNED

11:49 AM

MOTION/VOTE

11:49 AM

Lila Taylor moved to adjourn the meeting. Sue Brown seconded. The motion passed

John Lehfeldt, Chairman

