



**BOARD OF LIVESTOCK  
MINUTES  
July 29, 2014  
Helena, MT 59601**

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Tuesday July 29, 2014

9:05 a.m.

Called to Order

Board Members Present:

Jan French, Chair, cattle producer  
John Lehfeldt, sheep producer  
Linda Nielsen, cattle producer

Jeffery Lewis, dairy producer  
John Scully, cattle producer

Board Members Absent

Brett DeBruycker, cattle producer

Ed Waldner, swine producer

Staff Present:

Christian Mackay, Executive Officer  
Dan Turcotte, Milk & Egg Bureau  
Tahnee Szymanski, Animal Health  
Steve Merritt, Public Information  
Gary Hamel, Meat Inspection  
George Edwards, Livestock Loss Board  
Paul Johnson, District Investigator

Sherry Rust, executive assistant  
George Harris, Centralized Services  
Dr Marty Zaluski, Animal Health  
Eric Liska, Animal Health  
Marty Clark, Brands Enforcement  
Chad Lee, Milk Control Bureau  
Dr Bill Layton, Veterinary Diagnostic Lab

Public Present:

John Steuber, Wildlife Services  
Chelcie Cremer, MT Farm Bureau  
Deidra Murray, Legislative Audit  
Gene Curry, MT Stockgrowers Assn  
Tom Linfield, USDA-APHIS-VS  
Les Graham, MT Livestock Market Assn  
David J Hofer, MT Pork Producers  
Halie Shipp, Northern Ag Network  
Taylor Brown, SD 28  
Eric Sommer, USDA NASS  
Rachel Abeh, Congressman Daines Ofc  
Debby Barrett, SD 36  
Errol Rice, MT Stockgrowers Assn

Brent Roeder, MT Woolgrowers Assn  
John Youngberg, MT Farm Bureau  
Debra Butler, Legislative Audit Division  
Roger Lloyd, Legislative Fiscal Division  
John Rauser, MT Pork Producers  
Karen Simpson, Legislative Audit Division  
Joe P Hofer, MT Pork Producers  
Dave McEwen, MT Woolgrowers Assn  
Quentin Kujala, Fish, Wildlife, & Parks  
Katheryn Quannelah  
Ed Greef, Representative HD 90  
Mary Caferro, SD 40  
Charlene Rich

Board Communications:

- Jan French, Hobson
  - just starting first cutting, lots of hay and feed
  - calves look good
  - there is so much optimism in the beef industry



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- Jeff Lewis, Corvallis
  - starting second cutting today
- John Lehfeldt, Lavina
  - pasture is drying up
  - sheep look good, everything looks good
- Linda Nielsen, Nashua
  - right in middle of harvesting
  - it is dry, fairly good crops
  - big hail storm last week
- John Scully, Ennis
  - send rain, we need it

**Approval of Minutes:**

Jeff Lewis moved to approve the May board meeting minutes as presented. John Lehfeldt seconded. The motion carried unanimously.

**Interim Authorizations and Activities:**

There were no interim activities.

**Executive Officer Reports:**

John Lehfeldt moved to approve the executive officer reports as presented. Jeff Lewis seconded. The motion carried unanimously.

**Division Reports:**

**Centralized Services Division, George Harris**

- Brands deferred revenue update
  - MCA 17-8-107(2) disallows expending of deferred revenue for current year operations
  - the required deferred amount for Brands Division is \$3,936,219 (rerecord, new brands and transfers and mortgage renewals)
  - as of FYE 2014 the STIP Investments balance was \$3,091,460
  - the difference between required deferral and investment is (\$844,759)
  - Brand Cash available was \$691,276
  - authority and per capita fee cash of \$153,483 was transferred from other divisions during the 2014 FYE process to Brands Division, per the MCA above, STIP and Cash now meet the required deferral amount
- Veterinary Diagnostic Laboratory
  - at budget year end the lab was expended 100% expended in general fund
  - 135% expended in per capita fee
  - and 100% expended in lab fee



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- overall the lab was 113% expended and \$242,074 over budget in 2014 requiring authority and per capita funds to be transferred from other divisions
- this has caused a serious drain on the per capita fee cash and may require negative expending of per capita cash in September or October 2014 until our Per capita fee revenue comes in in November and beyond.
- such negative expending of authority is authorized in 17-2-107, MCA as long as the department has positive cash in total within all our state special revenue funds by fiscal year end
- over expending of lab per capita budget in FY 2014 cannot continue and immediate correction is required
- must reduce expenditures, raise fees or both
- it was noted that although the lab overspent their spending authority they still had funds available from fees which it can now use with 2015 spending authority
- Per Capita fee head counts and projected revenue
  - George reviewed prior year head counts and projected this year's preliminary headcount and revenue
  - last year's projected revenue was \$4,235,847
  - this year's preliminary is \$4,246,346, approximately \$10,399 higher than last year just on head count increase and no fee increase
  - total head counts increased from 2,647,382 all species to 2,701,720
  - an in depth analysis and recommendations will be presented at the September board meeting
- International Association of Milk Control Agencies meeting
  - George Harris and Chad Lee attended
  - Montana will host the next meeting at Grouse Mountain Lodge in September
  - 123 attendees from 15 states and all Canadian provinces
- Milk Control Bureau updates, Chad Lee
  - Milk Control Board met on June 10
    - discussed milk prices and procedures
    - recommends targeted information to adjust pricing
  - about 8% of the nation's milk is exported
  - board will meet again in August or September
- Livestock Loss Board, George Edwards
  - good news is that losses are down almost 30% for claims
  - Glacier County is highest due to grizzly losses
  - claims are running about even with past years



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**Brands Enforcement**

- Headwaters Livestock Market sale, Laura Hughes
  - received notice from Jerry France of a pending sale of the market
  - the minority owners have not signed off on it yet
  - there is also an offer from another licensed facility
  - the market entity was remiss in not notifying the department
  - recommends a letter be sent to the owners outlining their obligations
  - no changes are proposed in the operation (same sale day, etc)
  - Christian Mackay and Laura recommend that there is no need for hearing as both prospective purchasers are already licensed

**Budget Issues**

- John Scully asked when the budget proposals are due, suggesting the board budget subcommittee needs to bring some options to the board
  - George Harris said budget instructions are just coming out now
  - board budget subcommittee consists of John Scully, John Lehfeldt, Brett DeBruycker and Jeff Lewis
  - they will set a meeting date, include industry organizations
  - must be done by August end for the Economic Affairs Committee
  - must look at all options including reducing FTEs, fee increases and per capita fee increases

10:56 a.m. Recess

11:15 a.m. Reconvene

**Animal Health Division, Marty Zaluski**

- Action Items
  1. proposed change in anthrax administrative rule 32.3.1001 and 1002
    - minor changes to update the rule to modern procedures

John Lehfeldt moved to authorize publication for public comment. Linda Nielsen seconded. The motion carried.

2. Cervid testing for TB 32.3.221 and 32.3.602A
  - the proposal is to remove testing requirements based on state classification because no state is likely to be classified as TB Accredited Free for cervid tuberculosis
  - outlining procedure and requirements without specifics allows accommodation without changing the rule in the future
  - adding baseline requirements per federal guidelines



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John Scully moved to authorize publication for public comment. Linda Nielsen seconded. The motion carried.

3. Elephant TB test rule 32.3.227
  - the "stat pack" referred to in the rule is no longer used, amended specific areas enabling us to stay with changing protocol.

John Lehfeldt moved to authorize publication for public comment. John Scully seconded. The motion carried.

4. Adoption of the DSA boundary change as published is recommended
  - comment period ended July 10
  - concerns include cost of testing and wildlife exposure

John Lehfeldt moved to adopt the rule as proposed. John Scully seconded. The motion carried.

APHIS - new regulations regarding brucellosis

- discussion centered on what the new regulations coming from APHIS regarding brucellosis in the GYA will be and when they will be available. Should APHIS choose to rely on the states to maintain status the department needs to be aware and have proposals ready for the coming legislature.

John Scully moved for Christian Mackay and Dr Zaluski inquire when the APHIS new regulations regarding brucellosis will be coming out. Jeff Lewis seconded. The motion carried.

5. Vaccination Import requirement (brucellosis) 32.3.212 and 32.3.212A
  - recommends lifting vaccination requirements for brucellosis as the majority of neighboring states either provide exemptions or do not require adult vaccination on imported females
  - the board to designate 47 states as "class free" according to 32.3.212(1)(d) to maintain a brucellosis vaccination requirement for females imported in DSA counties.
  - importation of pregnant animals into the four counties allowed under long-term quarantine until they calve
  - female cattle imported into the rest of Montana will not have a vaccination or test requirement
  - it applies to adult cattle and calves, the proposal lifts the calfhooed vaccination requirement on calves from 'free states'
  - attorney suggested that specific criteria to designate 'free' states should be outlined in the rule

Linda Nielsen moved to authorize publication for public comment with additional criteria as discussed. Jeff Lewis seconded. The motion carried.



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**6. Out of State Travel Request**

- request that the three department veterinarians be authorized to attend the USAHA meeting in October.
- each veterinarian attends different meeting depending on their specialties
- paid for by various federal cooperative agreements

John Lehfeldt moved to authorize the travel as requested. John Scully seconded. The motion carried.

- Miscellaneous Updates
  - PED -limited to the original two premises
  - Western States meeting, held in Nevada weeks ago
    - states are looking at changes in the trich rules to create a standard
  - Free Roaming Bison committee
    - ag organizations favor no action policy
    - maintain private property and ability to keep bison off private property
    - oppose free roaming anywhere within the state

Legal Updates, Rob Stutz, Ben Reed

- Decisions
  - Cormark - the Supreme Court affirmed the board decision to maintain the 12 day rule - possibility of continuing litigation
  - Greenwalt - district court ruled the brand should be returned to Mr. Greenwalt, he is requesting court costs
  - discuss litigation strategy in executive session

12:42 p.m. Recess

Executive Session  
Legal strategy

1:50 p.m. Reconvene

USDA Wildlife Services, John Steuber

- wolf problems started out slow this year
- lots of grizzly work, Red Lodge and Augusta
- Everyone out for training August 18, 19, 20
- MDOL helicopter 62 Charlie being refurbished and repainted (blue & gold)



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Veterinary Diagnostic Laboratory Division, Dr Bill Layton

- Lab Statistics
  - review stat sheets from 2009 to present
  - less testing but about the same income
  - pooling tests has impacted income
  - reviewed tests, return by lab specialty
  - volume vs cost less overhead for ratio/margin
  - if raised fees everywhere needed it would cause negative impact
  - need to stay competitive with other labs
  - cannot close the funding gap with fees alone and without per capita cannot break even
- Accreditation Review
  - documents are being reviewed to see if lab is complying
  - second on-site visit will probably be August 11

Public Information Office, Steve Merritt

- Veterinary Diagnostic Laboratory survey
  - 500 surveys sent out, 136 respondents
  - 83% use the lab with 78% use the lab weekly
  - majority were positive responses

Meat Inspection, Gary Hamel

- Federal audit update
  - completed the federal audit with minimal findings
  - one inspector called it the best she has seen Montana program in in the last seven years
  - remaining steps include to develop an action plan and verification of actions
- Action Item - Administrative Rule Change
  - adopt scale testing rules by reference of federal rules

John Lehfeldt moved to authorize publication for public comment. Jeff seconded. The motion carried.

3:22 p.m. Recess

3:33 p.m. Reconvene



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Milk & Egg Bureau, Dan Turcotte

- completed State rating
  
- FDA rating is next month
- egg truck tipped over, came from the Great Falls facility
- total loss, insurance paid
- Salmonella testing program
  - doing 11 this year, no adverse actions thus far
  - if do another 11 next year everyone in the state will have been tested
  - may not return to the state for 5 years
- Raw Milk update
  - documents presented reviewed other states and policies
  - surrounding states are very scattered regarding testing, regulations and type allowed (cow-share, etc)
  - state insurance commissioner considers cow-share a financial security and must be registered
  - Senator Mary Caferro, Helena and Senator Ed Greef, Missoula spoke as advocates of legislative action, urged the board to participate in committee, feel their constituents want the opportunity to make a choice
  - presented a letter from Representative Nancy Balance, HD 89 requesting the MBOL take no action on raw milk sales prior to the 2015 legislature

Dan Turcotte, Milk and Egg Bureau Chief recommended that it be treated as raw food, it would go through DPHHS because they have lab facilities to test for human risk factors

Jeff Lewis, concern for dairy producers is that they not pay for raw milk ventures, if something happens the dairy producers take the hit from bad press of a raw milk incident

Shorty Hofer, Conrad, worked on HB630, cottage bill. At the end of the day, sanitarians did not want to deal with it as a public health issue

John Lehfeldt, there is just not funding

The board charged Christian Mackay to open communication with Senator Greef.

Producer Organizations

- Montana Farm Bureau Federation, Chelcie Cremer
  - John Youngberg is the new Executive of Operations with Jake Cummins retirement
- Montana Woolgrowers Association, Brent Roeder
  - September 5 and 6 Sheep Expo, board meeting
  - September 10 the first ever ewe sale and September 11 ram sale
  - supports the board for the legislative session



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- Montana Pork Producers, John Rouser
  - must keep monitoring PED cases, happy to have confined it to those two cases
  
- Pork Producers meeting scheduled in October
- willing to work for the board on budget
- Montana Stockgrowers Association, Gene Curry
  - thanked the board for encouraging organizations to participate in budget meetings
  - Errol Rice, appreciate leadership update from Christian and Jan's participation in the last Stockgrowers meeting
- Montana Livestock Market Association, Les Graham
  - the markets held their annual meeting
  - 35 people attended for the 13 Montana markets

Public Comments

- Errol Rice submitted comments from the Montana Agriculture Coalition Collaboration regarding MDOL economic affairs
- Senator Debbie Barrett, concerned with the DSA, it is not going away, DSA does not stop the disease, offered to work with other DSA states to obtain federal funds for the DSA
- Senator Taylor Brown, does not feel the board understands their position, breaking the law and violating the constitution, must study the audit and the economic affairs committee document, study the options, need to establish parameters. Other legislators are working on a merger bill, industry does not want that. Need a plan for long term financial stability
- Haley Shipp, Farm Bureau echoes what Errol said
- Les Graham, see a flow of urban legislators who swing back and forth, must have the work done prior to the session

Next Board Meeting

September 29 and 30, 2014

4:45 p.m. Adjournment

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Jan French, Chair