



**BOARD OF LIVESTOCK  
MINUTES  
September 29 & 30, 2014  
Colonial Red Lion Legislative Room  
Helena, MT 59601**

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Monday September 29, 2014

1:00 p.m.

Call to Order

Board Members Present:

Jan French, Chair, cattle producer  
John Lehfeldt, sheep producer  
Linda Nielsen, cattle producer  
Ed Waldner, swine producer

Jeffery Lewis, dairy producer  
John Scully, cattle producer  
Brett DeBruycker, cattle producer

Staff Present:

Christian Mackay, Executive Officer  
Dan Turcotte, Milk & Egg Bureau  
Dr Marty Zaluski, Animal Health  
Eric Liska, Animal Health  
Dr Bill Layton, Veterinary Diagnostic Lab

Sherry Rust, executive assistant  
George Harris, Centralized Services  
Steve Merritt, Public Information  
Gary Hamel, Meat Inspection

Public Present:

John Steuber, Wildlife Services  
Chelcie Cremer, MT Farm Bureau  
Halie Shipp, Northern Ag Network  
Eric Sommer, USDA NASS  
Rachel Abeh, Congressman Daines Ofc  
Maia Aageson, Sen. Jon Tester Ofc  
Carla Lott, Sen. Jon Tester Ofc  
Ervin Carlson, ITBC

Jim Brown, MT Woolgrowers Assn  
Gene Curry, MT Stockgrowers Assn  
Errol Rice, MT Stockgrowers Assn  
Katheryn Qannayahee, EMWH.Org  
Robin Parker, Golden Bison Consolidated  
Nancy Schultz, GWA.org  
Magee Russell, IBC

Board Communications:

- Jan French, Hobson
  - have received a lot of rain, 6" in August, 2" last week
  - cattle look great, lots of grass
- Jeff Lewis, Corvallis
  - milk prices are up, so is feed
  - a bit dry for grass
- John Lehfeldt, Lavina
  - some reduction in numbers, age and predators are factors
  - price is reasonable
  - grass conditions are well, labor issues continue
- Linda Nielsen, Nashua
  - market numbers are down



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- sold yearlings last week and prices were good
- harvest nearly complete
- John Scully, Ennis
  - some in Gallatin and Madison counties have not got harvest in because of the rains
  - otherwise things look great
- Ed Waldner
  - swine hog prices are holding, mainly because of PED losses
  - harvesting is almost done

Approval of Minutes:

John Lehfeldt moved to approve the July board meeting, conference call, and August conference call minutes as presented. John Scully seconded. The motion carried unanimously.

Interim Authorizations and Activities:

1. Diagnostic Laboratory quality control manager to attend AAVLD Conference
2. Steve Merritt, public information officer, to attend a communication officers meeting in Jackson Hole

John Lehfeldt moved to approve interim authorizations as presented. Linda Nielsen seconded. The motion carried.

Executive Officer Reports:

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

Animal Health, Marty Zaluski

Action Items

1. Proposed variance ARM 32.3.244 - Domestic Bison
  - Dr. Robin Parker presented a request from a Montana bison producer to import non-calfhood vaccinates for adult vaccination in Montana post calving. The herd to be moved from South Dakota to property near Babb, Montana, consists of 267 cows and 24 bulls. Dr. Parker presented a management plan over a five year period similar to DSA herd management plans.
  - domestic bison are subject to 32.3.224 (OCV)
  - the board questioned if the board has authority to grant a variance to state law

Linda Nielsen moved to table the request pending attorney review. John Lehfeldt seconded. The motion carried.



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2. Intertribal Buffalo Council request for importation of non-vaccinated bison from the Badlands Nation Park to Fort Belknap, Fort Peck, and Blackfoot Reservations

- estimates of 25 to Fort Peck, 100 to Fort Belknap, and 120 to Blackfoot
- domestic bison are subject to 32.3.224 (OCV)
- bison will be going from one federal entity to another federal entity, merely transporting across Montana on Montana roads to management on federal tribal lands

Jeff Lewis moved to table the request pending attorney review. Linda Nielsen seconded. The motion carried.

3. NILE official order

- the NILE exemption provides for non-brucellosis vaccinated and no branded Canadian cattle to travel to the NILE in Billings, MT and return to Canada by October 30, 2014
- past procedure has been to allow exemption by Official Order issued by the Montana State Veterinarian
- the board questioned whether they or the State Vet have authority to waive state law

The board deferred to attorney opinion and tabled the issue pending attorney review.

- Pet Sheltering, Dr. Jeannie Rankin
  - MDOL is responsible for pets as well as livestock under Montana's Animal Emergency Management and Security - Emergency Support Function (ESF) 11
  - Power Point presentation reviewing Montana ESFs, department jurisdiction and partners
  - working with Dr. Eric Liska, MDOL Animal Health, as part of agro-security on an ESF11
  - need an animal sheltering plan in place for better response and reimbursement from FEMA following an emergency

2:42 p.m. Recess

3:00 p.m. Reconvene

Veterinary Diagnostic Lab, Dr Bill Layton

- Accreditation Site Visit, August 11
  - report will be given at the next AAVLD on October 15 or 16
- Reduction Plan
  - not hiring open position (\$44,000)
  - close lab the day after Thanksgiving, Christmas, and New Year holidays



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(\$approximately \$5,500/day total \$16,000)

- milk lab - charge per square footage (\$11 to \$15,000)
- Fee Increases
  - ARM notice of proposed fee changes published on September 22
  - comment period ends October 20
  - fee change will be effective November 7
- Annual Report and User Guide
  - now available on the Lab website
  - includes user guide for tests
- Laboratory Tour and Economic Interim Committee
  - asked for percent of tests potentially zoonotic
  - took DPHHS and DOL disease lists to estimate over 40 percent including milk lab
- Laboratory Numbers
  - last two months about even with last year
  - clinical pathology and exception - declined last year and maintained this year - small animals
- New Lab discussion/progress
  - over \$13 million recommended for long range building plan for lab - not including land with FWP merge
  - square footage estimate 2,600 to 3,200 average
  - MSU Innovation Committee is interested on their land
- LIMS progress
  - VADS (contractor) beginning install this month, projected complete June 2015
  - they seem happy with it, he is waiting

#### Restructure Discussion

- board looking at restructuring situation
  - lack of general fund, get ready for Legislature
  - brand fees to be raised at the objection of producers
  - lab fees not meeting lab fund requirements
  - problem fix immediate to meet shortfall through January
  - long term restructure to avoid more shortfalls
  - need positive input information to show the value of the lab vs private labs

#### USDA Wildlife Services, John Steuber

- budget
  - looking okay this year, no cuts, no increases
- predator information
  - Wyoming wolf plan was denied in federal court



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- wolf damage has gone down this year in Montana and Idaho
- last month one mountain lion caused huge damage
- grizzly bear damage major near Red Lodge
- aircraft updates
  - 2 super cubs available now
  - DOL helicopter, Stockgrowers helping with repair and painting
    - new blue and gold paint, should be back next week

Producer Organization Updates

- Montana Woolgrowers, Jim Brown - annual convention in Billings December 4 and 5
- Montana Stockgrowers, Errol Rice - annual convention in Billings December 12 and 13
- Montana Farm Bureau, Chelsie Cramer, annual convention November 9 thru 12, Billings
- U.S. Senator Tester office, Carla Lott,- sending letter to EPA regarding Waters of America to provide clarity and remove ambiguity on what is good for Montana
- Montana Beef Council, Chaley Harney, things are going well, new contract begins in October

Public Comment

- Gene Curry - regarding the lab
  - looking at privatization of lab, as one of many alternatives to assure producers continue to have lab access
  - Stockgrowers are prepared to meet with legislators to support the lab once a plan is in place
- Majel Russell, confused about the process for transporting bison into tribal lands
  - NILE - will be in Montana jurisdiction for a time and then leave
  - Intertribal are only in jurisdiction while on Montana roads
  - private request again long term jurisdiction

5:02 p.m.

Adjournment

8:00 a.m.

Call to order

Board Members Present:

Jan French, Chair, cattle producer

Jeffery Lewis, dairy producer



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John Lehfeldt, sheep producer  
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Ed Waldner, swine producer

John Scully, cattle producer  
Brett DeBruycker, cattle producer

Staff Present:

Christian Mackay, Executive Officer  
Dan Turcotte, Milk & Egg Bureau  
George Edwards, Livestock Loss Board  
Marty Zaluski, Animal Health  
Ernie McCaffrey, Animal Health

Sherry Rust, executive assistant  
George Harris, Centralized Services  
Steve Merritt, Public Information  
Gary Hamel, Meat Inspection  
Chad Lee, Milk Control Board

Public Present:

John Steuber, Wildlife Services  
Chelcie Cremer, MT Farm Bureau  
Errol Rice, MT Stockgrowers Assn  
Maggie Nutter, Marias River Livestock Assn

Jim Brown, MT Woolgrowers Assn  
Gene Curry, MT Stockgrowers Assn  
Carla Lott, Sen. Jon Tester Ofc

Division Reports Continued

Centralized Services, George Harris

- Per Capita fee collection
  - Department of Revenue is putting Per Capita fee collection system online allowing producer payment through Montana Interactive
  - producers will report at the usual time but pay in May rather than later
- FY 2016-17 Executive Budget Request
  - reduced per capita in the lab, replaced it with general fund
  - added funding to brands
  - submitted a structurally balanced budget
  - similarly funding for brands must be stabilized or we will be in a similar situation in a few years

John Scully stated that the industry must be aware that the budget and plan going forward depends on relief from the legislature regarding the lab and in the future, brands

- Revenue Analysis FY 2015
  - presented analysis of per capita, brands, and animal health funds
- FY 2015 Budget Status/Revenue Update
  - reviewed FY2015 cash/revenue status by division and program
- Action Item Per Capita Fee analysis/setting FY 2015
  - FY 2012 through 2014 the department collected an average of \$4,127,044 in per capita based on headcount only
  - the department may collect 110% of the previous 3 year average
  - per statute the board is limited to increase the per capita fee no more than \$4,539,748 (less the 2% DOR fee for collection leaving \$4,448,952)





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- based on headcount only the maximum allowed increase in revenue from FT2014 to 2015 is \$155,955
- suggested two options for per capita per species:
  - flat percent per species
  - rounding each species fee (3 cents to 5 cents, etc)

John Scully moved to use the flat percent per species to implement the per capita fee increase to the maximum amount allowed. Brett DeBruycker seconded. The motion carried unanimously.

The question was raised as to what the plan is if the department does not receive general fund as requested in the proposed budget.

Christian Mackay replied that the department will look at when and what costs would be to shut down the lab. Projections should be ready at the November meeting. He added that the same procedure would be used in the DSA with producers paying for their own testing etc.

John Scully suggested the department would look at bringing brands employees to parity if any funding excess should be realized.

- Livestock Loss Board, George Edwards
  - head counts for reimbursement are down currently at 51
  - 29 wolves/22 grizzly losses reported
  - have requested \$400,000 general fund monies in the next budget

**Board Discussion:**

- New sources of revenue
  - Transfer fee, John Lehfeldt
    - possible new source of revenue
    - fee on sale of sheep and swine to generate revenue on species other than cows
    - example of 10 cents per animal using the sheep permit already in place
    - would need to implement a permit for swine and base it on that

Other suggestions included video market and sales in the country

Christian Mackay said brands division funding comes mainly from the markets, not much from the country. Department is looking at maintaining programs already in place, not adding programs. He added if there are programs no longer important to the industry let the department know and they will be eliminated.

A transfer fee would cover all sources, could strengthen the department.

- Reducing full time position as per budget committee mandate
  - The department budget committee had targeted the vacant IT position to not be filled



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- board members feel filling the IT position is imperative (currently only two IT staff in the department)
- in the process of a third recruitment - no qualified applicants first two rounds
- IT wages are very low in MDOL compared to other agencies

Christian to look at positions to prioritize and figure what the cost would be to raise IT wages to a comparative level

- Tabled Items

- Christian reported that the attorney said there is not exemption allowed if not noted in the rule
- Zaluski - there is an exemption in the Alternative Livestock rule
- could make changes in Administrative Rules, but not in time for NILE exemptions
- cannot do an emergency Administrative Rule (does not qualify), could renew the original Official Order

Christian will check with attorney on legality of providing exemptions and board authority regarding exemptions

Meat Inspection, Gary Hamel

- federal compliance audits
  - found "equal to" federal standards

Public Information, Steve Merritt

- traveling to Jackson Hole to attend conference
- feed grounds and brucellosis are items on the agenda

10:25 a.m. Recess

10:44 a.m. Reconvene

Brands Enforcement, John Grainger

- District Investigator Meeting Report
  - held last month and went well
  - questions answered from the meeting include
    - Can more than one permit be issued in the 12 month period to an owner of livestock?  
Yes, because the language of the statute connects the permit with the livestock. So if a livestock owner has a herd of 300 (or more) units, and





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three separate summer pastures in adjoining counties, he can in theory divide that herd into herds A, B, and C and get one permit for each (\$30 total). (Permits are issued at \$10 per pasture, so 300 (or unlimited) units going to one pasture would be \$10)

Define controlled land?

The owner of livestock must show that, if they do not own the property, they have the ability to allow entry and exit on and off the property. If an owner of livestock can present a lease or other contract with a landowner showing that the livestock owner can grant permission for others to come and go on and off the land, this will demonstrate control of the land.

- referenced to: 81-3-211, MCA; and ARM 32.18.202 and 32.18.109

- Action Item Brand Inspection Fees

- if board looked at doing change of ownership and not raising change of pasture the department loses \$40,000
- George Harris noted that the department submitted the budget based on the proposed fee increases
- John Scully said one option is to take the risk and not do the fee increase and show where the \$300,000 can be cut
- Christian reported that market income vs expenses shows cost per inspection at \$2.29, so we are still not covering expenses, the department needs the buck
- John Scully noted that George Harris advised the board a year and a half ago, we chose a half a loaf, now we are back for the other half
- the board received a letter from Stockgrowers against raising the change of pasture fee
- the board declined to vote on amending the proposal to raise fees

**Milk & Egg, Dan Turcotte**

- 12 Day Update
  - the ruling was made in the department's favor
  - retailers selling milk with two dates are not in compliance with state law
  - department must give 30 day notice to adhere to the single date rule
  - Dan Turcotte and the staff attorney will draft a letter to be mailed out
  - expect more litigation

**Public Comment**

Representative Nancy Ballance, department should have a contingency budget plan in place due to the large demands being made

Jim Brown, Woolgrowers, there are several bills in the hopper regarding merge with Agriculture



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The next Board of Livestock meeting:  
November 17 and 18, 2014

12:08 p.m.

Adjournment

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Jan French, Chair

DRAFT