

Department of Livestock

Agency Overview

August 2015

For the Economic Affairs Committee

Department Head: 7-member Board of Livestock (appointed by governor with Senate approval)

Christian Mackay, Executive Officer (appointed by Board of Livestock)

Description and Responsibilities:

- Seeks to control or eradicate animal diseases and prevent transmission of animal diseases to humans.
- Protects livestock industry from theft and predatory animals.
- Inspects and regulates meat, milk, and eggs.

Administratively Attached Entities:

- Livestock Loss Board, established in 2007, under 2-15-3110, MCA. Five-member board with 3 members actively involved in the livestock industry and with knowledge and experience of wildlife impacts or management and 2 general public members involved in wildlife conservation or management and with knowledge of livestock production or management.
- Board of Milk Control, established as a stand-alone board in 1935, then attached administratively to a department in 1971 under 2-15-3105, MCA, and assigned to the Department of Livestock in 1995. Five-member board, with no member involved in producing, processing, distributing, wholesaling, or retailing milk or dairy products.
- Livestock Crimestoppers Commission, established in 1983 under 2-5-3104, MCA. Five-member board, appointed by the Board of Livestock presiding officer. Members include the administrator of the brands enforcement division (or a designee), a member of the Board of Livestock (or a designee), a law enforcement official, and two members of the public appointed at large. No per diem is paid, according to Mr. Mackay, for meetings every 6 months to review tips that are reported to a 1-800 number.

Legislative Audits:

- [Recording of Livestock Brand Ownership](#), performance audit reported February 2010.
- [Financial-Compliance Audit](#), May 2014, for two fiscal years ending June 30, 2013. The report had three recommendations specific to the Department of Livestock finances: issuing payments only upon an appropriation made by law, setting livestock per capita fees, and using deferred revenues (from brand re-recording that takes place every 10 years) to fund current year operations.
- In process, biennial financial audit and performance audit of the Diagnostic Veterinary Laboratory.

Agency Bills Passed During 2015 Session:

- [SB 100](#) to generally revise laws related to the regulation of feral hogs.

Agency Bills That Failed During 2015 Session:

- None

Significant Non-Agency Bills During 2015 Session:

The following bills (with lead sponsor's name in brackets) were passed and became law:

- [HB 145](#) - Creates livestock loss restricted state special revenue account to be used to reduce predation by wolves and grizzly bears on livestock and reduce expenses incurred by livestock owners

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- in relation to predation. Terminates June 30, 2021.
- [HB 194](#) - Requires forage analysis as part of management plan before wild bison may be released or transferred onto private or public land in Montana.
- [HB 355](#) - Revises horse surrender process. Allows transfer at a mutually agreed place in addition to livestock markets.
- [HB 439](#) - Requires audio or video recording of Board of Livestock meetings.
- [HB 629](#) - Revises Board of Livestock laws to specify that the board may hire an executive officer who serves at the pleasure of the board. Provides an appropriation for legal consultation related to the executive officer's position.
- [SB 19](#) - Revises livestock special deputy fund laws. Increases from 50 cents to \$1 the per capita fee if requested by the county or district livestock protective fee and approved by the board of county commissioners.
- [SB 62](#) - Revises the reporting dates to March 1 and payment dates from November 30 to May 31 for per capita livestock fees.
- [SB 108](#) - Clarifies and revises the Department of Livestock per capita fee calculation to include investment income in the calculation of 110% of the revenue generated by the per capita fee.
- [SB 183](#) - Revises milk licensing assessments to require monthly rather than quarterly payments and allows reinstatement of revoked license upon payment of accrued assessments and a late fee.

Economic Affairs Interim Committee Areas of Interest:

- Budgetary issues were a main interest in 2013-2014 and remain so under the directive in HB 2 for the Department of Livestock to report after each fiscal year begins to the Economic Affairs Committee on the department's structural balance. Financing, in particular, as to uses of per capita fees or general fund is an issue to be studied and better understood. Much of the 2017 biennial budget is one-time only funding, which means that the Department of Livestock remains under budgetary scrutiny.
- Brucellosis remains a concern. In 2009-2010, the Economic Affairs Committee monitored the department's use of a designated surveillance area to help control brucellosis in cattle.

Budget

Under House Bill 2, the Economic Affairs Committee is required to hear reports after the start of each fiscal year in the biennium as to the condition of the Department of Livestock's structural balance, basically whether the money coming in is adequate for expenditures. The first meeting for this review is the August 31-September 1 meeting in 2015. The last meeting of the interim committee on August 30, 2016, also will feature a required structural balance review. One meeting in-between will have updates.

In reviewing the budgets below, the following information is pertinent:

- Special revenue funds, such as per capita fees listed below in "State Other," are intended by the Legislature to be spent before general fund, see 17-2-108, MCA.¹

¹17-2-108. Expenditure of nongeneral fund money first. (1) Except for the exemptions applicable to the Montana historical society in 22-3-114(5), the Montana state library in 22-1-226(5), the Montana school for the deaf and blind in 20-8-107(5), and the department of public health and human services in 53-1-612, an office or entity of the executive, legislative, or judicial branch of state government shall apply expenditures against appropriated nongeneral fund money whenever possible before using general fund appropriations.

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- Funding sources as pertains to the individual divisions or programs in the "State Other," include per capita fees, brand inspection fees, milk assessments, brand recording fees, laboratory fees. The "General Fund" includes statutory appropriations for the Livestock Loss Board (\$400,000/biennium).
- For the Livestock Loss Board, federal funds also have been available as have grants from nonprofit organizations. Payouts in the loss program are tallied on a calendar year basis. The latest [report](http://leg.mt.gov/content/Committees/Interim/2013-2014/Economic-Affairs/Meetings/September-2014/livestock-loss-report.pdf) <http://leg.mt.gov/content/Committees/Interim/2013-2014/Economic-Affairs/Meetings/September-2014/livestock-loss-report.pdf> indicates \$42,025.64 paid out from January-July 2014 and \$94,386.04 paid out in 2013.

Department of Livestock Full-Time Equivalent Positions By Agency, FY 2013-FY 2017

	FY 2013 Biennium	FY 2015 Biennium	FY 2017 Biennium
Central Services	16.28	15.25	13
Board of Milk Control	3.50	3.50	3
Livestock Loss Board	1.00	1.00	1
Diagnostic Laboratory	21.76	21.76	20.26
Animal Health Division	13.5	15.5	14
Milk and Egg Program	6.5	6.5	7
Meat/Poultry Inspection	20.5	21.5	22.5
Brands Enforcement	57.71	57.71	52.91
Predator Control*	0	0	0

*Handled under a contract with U.S. Department of Agriculture's Wildlife Services.

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Department of Livestock Fund Sources*: FY2013-17 Biennia Plus FY2013-15 Actuals

Divisions/Attached Entities	FY2013 Biennium Proposed		FY2013 Biennium Actual		FY2015 Biennium Proposed		FY2015 Biennium Actual		FY2017 Biennium Proposed	
	General Fund	State Other	General Fund	State Other	General Fund	State Other	General Fund	State Other	General Fund	State Other
Central Services		\$3,656.4 million	\$0	\$2,647.8 million	\$165,431	\$3,206.5 million	\$0	\$2,694.5 million		\$3,121.0 million
Board of Milk Control	\$0	\$426,712	\$0	\$377,796		\$414,564	\$0	\$425,831		\$562,748
Livestock Loss Board	\$400,000 statutory ap. + \$140,315 operations	Federal funds and grants	\$0	\$198,033 operations - payouts by calendar yr	\$400,000 statutory ap. + \$165,431 operations	Federal funds and grants		\$214,744 operations - payouts by calendar yr	\$400,000 statutory ap. + \$194,647 operations	Federal funds and grants
Diagnostic Lab	\$607,429	\$3,231.7 million	\$615,977	\$3,435.1 million	\$582,243	\$3,430.6 million	\$611,441	\$3,641.2 million	\$1,818.5 million	\$2,153.0 million
Animal Health*	\$563,369	\$2,072.4 million	\$213,318	\$3,435.1 million	\$1,600.9 million	\$1,394.8 million	\$1,301.5 million	\$295.4 million	\$1,600.9	\$1,394.8
Milk/Egg Program	\$0	\$953,814	\$0	\$772,557	\$0	\$1,241.1 million	\$0	\$860,618		\$1,241.0 million
Meat/Poultry Inspect.	\$1,228.2 million	\$11,434	\$1,280.4 million	\$11,643	\$1,289.4 million	\$11,435	\$1,364.7 million	\$11,435	\$1,652.5 million	\$11,436
Brand Enforcement*	\$5,886	\$6,453.4 million	\$3,843	\$6,779.0 million	\$3,170	\$6,751.2 million	\$0	\$6,595.7 million	\$0	\$7,454.5 million
Predator Control	\$0	\$700,000				\$700,000				\$700,000

*Federal Funding Available in Each Biennia for These Divisions and Programs:

Diagnostic Laboratory	\$29,000 in FY 2013	\$0 in FY 2015	\$119,012 in FY 2017
Livestock Loss Board	\$170,000 in CY 2013		
Animal Health	\$1,687,255 in FY 2013	\$1,485,340 in FY2015	\$1,897,274 in FY 2017
Milk and Egg Program	\$56,976 in FY 2013	\$56,980 in FY 2015	\$42,682 in FY 2017
Meat/Poultry Inspection	\$1,230,833 in FY 2013	\$1,288,962 in FY2015	\$1,490,588 in FY2017