

**Agency Legislative Budget**

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	111.54	2.00	2.50	116.04	2.50	2.50	116.54	116.54
Personal Services	4,073,972	960,408	252,574	5,286,954	973,257	504,793	5,552,022	10,838,976
Operating Expenses	1,960,713	720,862	60,330	2,741,905	585,904	39,200	2,585,817	5,327,722
Equipment	156,990	155,280	100,000	412,270	127,663	0	284,653	696,923
Grants	3,097,778	4,377,893	0	7,475,671	870,198	0	3,967,976	11,443,647
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$9,289,453</b>	<b>\$6,214,443</b>	<b>\$412,904</b>	<b>\$15,916,800</b>	<b>\$2,557,022</b>	<b>\$543,993</b>	<b>\$12,390,468</b>	<b>\$28,307,268</b>
General Fund	598,135	15,772	240,148	854,055	(22,986)	133,292	708,441	1,562,496
State/Other Special	7,578,716	1,856,203	148,155	9,583,074	1,830,710	350,528	9,759,954	19,343,028
Federal Special	827,084	4,263,019	11,891	5,101,994	667,534	30,827	1,525,445	6,627,439
Proprietary	285,518	79,449	12,710	377,677	81,764	29,346	396,628	774,305
<b>Total Funds</b>	<b>\$9,289,453</b>	<b>\$6,214,443</b>	<b>\$412,904</b>	<b>\$15,916,800</b>	<b>\$2,557,022</b>	<b>\$543,993</b>	<b>\$12,390,468</b>	<b>\$28,307,268</b>

**Agency Description**

The Department of Agriculture, required by Article XII, Section 1, of the Montana Constitution, was established to encourage and promote the interests of agricultural and allied industries in Montana. To this end, the department:

- o Strengthens and diversifies the Montana agriculture industry through private-public partnerships
- o Collects and publishes agricultural production and marketing statistics relating to agricultural products
- o Assists, encourages, and promotes the organization of farmers institutes, agricultural societies, fairs, and other exhibition of agriculture
- o Adopts standards for grade and other classifications of farm products
- o Coordinates the planning and maintenance of economical and efficient marketing distribution systems
- o Gathers and distributes marketing information concerning supply, demand, price, and movement of farm products
- o Regulates production and marketing of food and fiber products
- o Registers pesticides and fertilizers and enforces laws pertaining to them

**Agency Highlights**

<b>Department of Agriculture Major Budget Highlights</b>
<p>Total funding increases of \$9.7 million over the FY 2004 base year are due to the following:</p> <ul style="list-style-type: none"> <li>◆ Statewide and other present law adjustments of \$8.2 million include:                             <ul style="list-style-type: none"> <li>• The cooperative agreement with USFS in the 2007 biennium for noxious weed control (\$3.6 million)</li> <li>• Increases in grants to universities and professional societies for research and marketing activities (\$1.3 million)</li> <li>• Statewide present law adjustments (\$1.3 million)</li> <li>• State grain lab appropriation for potential increases in expenditures associated with more normal moisture levels, as base year expenditures reflect reduced activity caused by the extended drought conditions (\$515,126)</li> </ul> </li> </ul>

- ◆ New proposals of \$956,897 include:
  - The analytical lab in Bozeman received additional funding for new equipment and 2.50 FTE for expanded testing of bovine spongiform encephalopathy (\$338,334)
  - \$568,564 to implement HB 447 statewide pay plan
- ◆ The legislative budget includes an additional 4.50 FTE for the Organic Program and the EPA Homeland Security Program

### Summary of Legislative Action

The legislature added 5.00 FTE and \$9.7 million over the FY 2004 base expenditures to the Department of Agriculture. Of the \$9.7 million in increases, general fund accounts for \$366,226, state special revenue for \$4.1 million, federal special revenue increases \$5.0 million, and proprietary for \$203,269.

The increases in general fund of \$366,226 consist of additional funding for the analytical lab in Bozeman for BSE testing of livestock feed in the amount of \$338,334 and \$35,106 for funding of HB 447, the statewide pay plan.

The additional increases for state special revenue are due to the following:

- Increased grants from the Wheat and Barley Committee for marketing activities (\$1.3 million)
- Funding of state wide present law adjustments (\$1.1 million)
- Anticipated increases in expenditures for the state grain lab of \$515,000
- HB 447, the statewide pay plan (\$453,303)
- Increases in noxious weed grants (\$232,000)
- Funding of state wide present law adjustments

The major increases in federal special revenue are the continuation of the USDA federal mitigation of noxious weed impacts of \$3.5 million and EPA homeland security grants of \$600,000.

### Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as recommended by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Agency Program	Total Agency Funding					Total %
	2007 Biennium Legislative Budget					
	General Fund	State Spec.	Fed Spec.	Proprietary	Grand Total	
15 Central Management Division	\$ 319,516	\$ 1,267,387	\$ 180,000	\$ 129,000	\$ 1,895,903	6.70%
30 Agricultural Sciences Div.	541,016	10,482,959	6,220,637	-	17,244,612	60.92%
50 Agricultural Development	701,964	7,592,682	226,802	645,305	9,166,753	32.38%
Grand Total	<u>\$ 1,562,496</u>	<u>\$ 19,343,028</u>	<u>\$ 6,627,439</u>	<u>\$ 774,305</u>	<u>\$ 28,307,268</u>	<u>100.00%</u>

### Other Legislation

House Bill 170 – HB 170 changes the laws for fund transfers relating to certain vehicles taxes and fees. This bill will allow the Department of Agriculture to receive retroactive payments for transfers that could not legally be made during the 2005 biennium due to legal technicalities. It is estimated that revenues into the state special fund would be increased by \$147,546 in FY 2005.

House Bill 274 – HB 274 amends the Montana feed laws to set maximum and minimum licensing and registration fees. Feed licenses and product registration fees will increase by \$25.00 each year and the anticipated increase in state special revenue collections is \$98,125 annually.

House Bill 440 – HB 440 requires that the owner of an anhydrous ammonia tank place a lock on the storage tank. The purpose of the anhydrous ammonia tank lock program is to distribute high quality tank locks to retail vendors of

anhydrous ammonia to prevent theft of anhydrous ammonia for the purpose of making methamphetamine. The legislature appropriated \$80,000 for the biennium ending June 30, 2007 from the general fund to the Department of Agriculture to fund the purchase and distribution of anhydrous ammonia locks.

House Bill 482 – HB 482 increases the amount of coal severance tax revenues flowing into the “shared account” from 7.75 percent to 8.36 percent. The legislature approved \$77,921 in state special revenue funding for the Growth Through Agriculture Program to implement the provisions of HB 482.

### Executive Budget Comparison

The following table compares the legislative budget for the 2007 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2004	Executive Budget Fiscal 2006	Legislative Budget Fiscal 2006	Leg - Exec. Difference Fiscal 2006	Executive Budget Fiscal 2007	Legislative Budget Fiscal 2007	Leg - Exec. Difference Fiscal 2007	Biennium Difference Fiscal 06-07
FTE	111.54	113.54	116.04	2.50	114.04	116.54	2.50	
Personal Services	4,073,972	5,034,380	5,286,954	252,574	5,047,229	5,552,022	504,793	757,367
Operating Expenses	1,960,713	2,706,575	2,741,905	35,330	2,571,617	2,585,817	14,200	49,530
Equipment	156,990	312,270	412,270	100,000	284,653	284,653	0	100,000
Grants	3,097,778	7,446,663	7,475,671	29,008	3,938,155	3,967,976	29,821	58,829
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$9,289,453</b>	<b>\$15,499,888</b>	<b>\$15,916,800</b>	<b>\$416,912</b>	<b>\$11,841,654</b>	<b>\$12,390,468</b>	<b>\$548,814</b>	<b>\$965,726</b>
General Fund	598,135	613,907	854,055	240,148	575,149	708,441	133,292	373,440
State/Other Special	7,578,716	9,428,601	9,583,074	154,473	9,402,295	9,759,954	357,659	512,132
Federal Special	827,084	5,090,103	5,101,994	11,891	1,494,618	1,525,445	30,827	42,718
Proprietary	285,518	367,277	377,677	10,400	369,592	396,628	27,036	37,436
<b>Total Funds</b>	<b>\$9,289,453</b>	<b>\$15,499,888</b>	<b>\$15,916,800</b>	<b>\$416,912</b>	<b>\$11,841,654</b>	<b>\$12,390,468</b>	<b>\$548,814</b>	<b>\$965,726</b>

The legislative budget is approximately \$966,000 higher than the executive proposal. General fund is increased by \$373,440 over the biennium. Major changes from the executive budget include the following:

- The legislature approved \$230,300 in FY 2006 and \$108,034 in FY 2007 of general fund for the analytical lab in Bozeman for operational costs and the purchase of lab equipment. The package adds 1.00 FTE and adjusts 4.00 FTE to full-time from part-time
- The legislature increased the executive proposal for Growth Through Agriculture funding from the coal severance tax shared state special revenue account by \$58,829 over the biennium
- The legislature passed HB 447, the state pay plan bill, which increased the following authority over the biennium: General fund – 35,106; state special revenue - \$453,303; federal special revenue - \$42,718; and proprietary funding - \$37,436

**Program Legislative Budget**

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	13.00	0.00	0.00	13.00	0.00	0.00	13.00	13.00
Personal Services	637,009	48,844	20,381	706,234	47,465	52,719	737,193	1,443,427
Operating Expenses	200,050	15,302	25,000	240,352	(38,786)	25,000	186,264	426,616
Equipment	7,930	5,000	0	12,930	5,000	0	12,930	25,860
<b>Total Costs</b>	<b>\$844,989</b>	<b>\$69,146</b>	<b>\$45,381</b>	<b>\$959,516</b>	<b>\$13,679</b>	<b>\$77,719</b>	<b>\$936,387</b>	<b>\$1,895,903</b>
General Fund	168,116	10,172	401	178,689	(28,289)	1,000	140,827	319,516
State/Other Special	528,913	57,243	40,839	626,995	41,809	69,670	640,392	1,267,387
Federal Special	91,979	(1,979)	0	90,000	(1,979)	0	90,000	180,000
Proprietary	55,981	3,710	4,141	63,832	2,138	7,049	65,168	129,000
<b>Total Funds</b>	<b>\$844,989</b>	<b>\$69,146</b>	<b>\$45,381</b>	<b>\$959,516</b>	<b>\$13,679</b>	<b>\$77,719</b>	<b>\$936,387</b>	<b>\$1,895,903</b>

**Program Description**

Central Management Division (CMD) performs technical, fiscal, and administrative support functions for the department's internal operations and related programs. Responsibilities include accounting, budgeting, payroll, personnel, purchasing, property control, data processing, systems analysis and computer programming, equal opportunity administration, and legal support to all programs within the department. Included in this division is the director's office, which provides overall policy development for the department.

**Program Highlights**

Central Management Division Major Budget Highlights
<ul style="list-style-type: none"> <li>◆ The approved budget includes increases for computer software upgrades, server upgrades, and continued development on electronic government applications according to the department's technology plan</li> <li>◆ Other expenditures are primarily due to statewide present law adjustments and funding of the statewide pay plan</li> </ul>

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table Central Management Division					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 168,116	19.9%	\$ 178,689	18.6%	\$ 140,827	15.0%
	01100 General Fund	168,116	19.9%	178,689	18.6%	140,827	15.0%
02000	Total State Special Funds	528,913	62.6%	626,995	65.3%	640,392	68.4%
	02040 Wheat & Barley Research & Mktg	93,721	11.1%	122,818	12.8%	125,301	13.4%
	02068 Noxious Weed Admin Account	82,550	9.8%	79,288	8.3%	82,226	8.8%
	02071 Anhydrous Ammonia Account	1,210	0.1%	901	0.1%	878	0.1%
	02192 Pesticide Groundwater Account	91,102	10.8%	112,375	11.7%	114,791	12.3%
	02193 Pesticide Account	159,615	18.9%	118,783	12.4%	121,367	13.0%
	02198 Fert. Groundwater Account	2,986	0.4%	3,310	0.3%	3,227	0.3%
	02265 Fsi Produce	-	-	26,071	2.7%	26,724	2.9%
	02266 Commodity Dealer/Warehouse	9,153	1.1%	8,247	0.9%	8,369	0.9%
	02267 Nursery Account	14,637	1.7%	16,100	1.7%	16,338	1.7%
	02268 Produce Account	25,837	3.1%	75,026	7.8%	76,744	8.2%
	02269 Seed Account	1,775	0.2%	10,438	1.1%	10,504	1.1%
	02341 Weed Seed Free Forage Account	3,732	0.4%	-	-	-	-
	02452 Commercial Fertilizer	17,492	2.1%	19,167	2.0%	18,682	2.0%
	02454 Commercial Feed	25,103	3.0%	27,218	2.8%	27,842	3.0%
	02792 Apiary Account	-	-	7,253	0.8%	7,399	0.8%
03000	Total Federal Special Funds	91,979	10.9%	90,000	9.4%	90,000	9.6%
	03120 Agriculture Cmd Federal	91,979	10.9%	90,000	9.4%	90,000	9.6%
06000	Total Proprietary Funds	55,981	6.6%	63,832	6.7%	65,168	7.0%
	06052 Hail Insurance	55,981	6.6%	63,832	6.7%	65,168	7.0%
Grand Total		<u>\$ 844,989</u>	<u>100.0%</u>	<u>\$ 959,516</u>	<u>100.0%</u>	<u>\$ 936,387</u>	<u>100.0%</u>

The Central Management Division (CMD) is funded with a mixture of general fund, state and federal special revenue, and proprietary funds, through assessments on the programs it supports. State and federal special revenues and proprietary funded programs are assessed 20 percent of personal services and 2.5 percent of grants in order to compensate CMD for its services. General fund is used to account for any differences between the assessed amounts on the two functional divisions and the amount requested in the budget for CMD.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

	-----Fiscal 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Present Law Adjustments										
Personal Services					77,423					75,986
Vacancy Savings					(28,579)					(28,521)
Inflation/Deflation					(140)					(135)
Fixed Costs					(15,596)					(53,651)
<b>Total Statewide Present Law Adjustments</b>					<b>\$33,108</b>					<b>(\$6,321)</b>
DP 1502 - Microsoft Office Licensing-OTO	0.00	0	14,556	0	16,038*	0.00	0	0	0	0
DP 1504 - Operations & Equipment	0.00	5,000	13,615	0	20,000*	0.00	5,000	13,615	0	20,000*
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$5,000</b>	<b>\$28,171</b>	<b>\$0</b>	<b>\$36,038*</b>	<b>0.00</b>	<b>\$5,000</b>	<b>\$13,615</b>	<b>\$0</b>	<b>\$20,000*</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$69,146*</b>					<b>\$13,679*</b>

DP 1502 - Microsoft Office Licensing-OTO - The legislature approved additional state special revenue and proprietary funding of \$16,038 in FY 2006 to purchase Microsoft Office Access and Publisher software licenses. This appropriation would pay for 50 licenses.

DP 1504 - Operations & Equipment - The legislature approved additional general fund, state special revenue, and proprietary fund authority for the following:

- o Increase in travel (\$20,000 over biennium)
- o Education and training (\$10,000 over biennium)
- o Server upgrade (\$10,000 over biennium)

### New Proposals

Program	-----Fiscal 2006-----					-----Fiscal 2007-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1503 - Electronic Government	15	0.00	0	22,690	0	25,000*	0.00	0	22,690	0	25,000*
DP 6010 - 2007 Biennium Pay Plan - HB 447	15	0.00	401	18,149	0	20,381*	0.00	1,000	46,980	0	52,719*
<b>Total</b>	<b>0.00</b>	<b>\$401</b>	<b>\$40,839</b>	<b>\$0</b>	<b>\$45,381*</b>	<b>0.00</b>	<b>\$1,000</b>	<b>\$69,670</b>	<b>\$0</b>	<b>\$77,719*</b>	

DP 1503 - Electronic Government - The legislature approved a request for state special revenue and proprietary funding authority to continue working on developing electronic government applications according to the department's comprehensive technology plan. The applications are for crop hail insurance and other agriculture related services such as beekeeper registration, feed and fertilizer, organic, grain, and pesticide. Funding is derived from a proportional assessment on all state special revenue funds in the department, including wheat and barley, noxious weed, pesticide and pesticide groundwater, and several others.

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

**Program Legislative Budget**

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	59.16	2.00	2.50	63.66	2.50	2.50	64.16	64.16
Personal Services	2,342,375	348,623	181,329	2,872,327	365,340	319,360	3,027,075	5,899,402
Operating Expenses	836,479	552,309	35,330	1,424,118	441,360	14,200	1,292,039	2,716,157
Equipment	137,865	77,117	100,000	314,982	69,000	0	206,865	521,847
Grants	2,097,603	3,706,000	0	5,803,603	206,000	0	2,303,603	8,107,206
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$5,414,322</b>	<b>\$4,684,049</b>	<b>\$316,659</b>	<b>\$10,415,030</b>	<b>\$1,081,700</b>	<b>\$333,560</b>	<b>\$6,829,582</b>	<b>\$17,244,612</b>
General Fund	101,341	0	230,300	331,641	0	108,034	209,375	541,016
State/Other Special	4,591,277	519,051	74,468	5,184,796	512,187	194,699	5,298,163	10,482,959
Federal Special	721,704	4,164,998	11,891	4,898,593	569,513	30,827	1,322,044	6,220,637
Proprietary	0	0	0	0	0	0	0	0
<b>Total Funds</b>	<b>\$5,414,322</b>	<b>\$4,684,049</b>	<b>\$316,659</b>	<b>\$10,415,030</b>	<b>\$1,081,700</b>	<b>\$333,560</b>	<b>\$6,829,582</b>	<b>\$17,244,612</b>

**Program Description**

The Agricultural Sciences Division (ASD) administers, manages, coordinates, and evaluates the major activities of: 1) pesticide and pest management; 2) analytical laboratory services; 3) noxious weed management; 4) agricultural chemical groundwater management; and 5) vertebrate pest management. This program administers the Montana Pesticides Act, Agricultural Chemical Groundwater Protection Act, Crop Insect Detection Act, Vertebrate Pest Management Act, Noxious Weed Trust Fund Act, elements of the Weed Assistance Act, and the department's Chemical Analytical Laboratory. Duties also include administering agricultural programs related to the production, manufacturing, and marketing of commodities exported from or distributed in the state.

**Program Highlights**

<b>Agriculture Science Division Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislature approved continuance of the Cooperative Forestry Assistance Program with the US Forest Service for the 2007 biennium in the amount of \$3,580,000</li> <li>◆ The analytical lab in Bozeman received additional funding for new equipment and 2.50 FTE for expanded testing of bovine spongiform encephalopathy (BSE)</li> <li>◆ The legislative budget includes an additional 2.0 FTE for the Organic Program and the EPA Homeland Security Program</li> <li>◆ Other expenditures are primarily due to statewide present law adjustments, funding of the statewide pay plan, and increases in federal funds</li> </ul>

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table					
		Agricultural Sciences Div.					
Program Funding		Base	% of Base	Budget	% of Budget	Budget	% of Budget
		FY 2004	FY 2004	FY 2006	FY 2006	FY 2007	FY 2007
01000	Total General Fund	\$ 101,341	1.9%	\$ 331,641	3.2%	\$ 209,375	3.1%
	01100 General Fund	101,341	1.9%	331,641	3.2%	209,375	3.1%
02000	Total State Special Funds	4,591,277	84.8%	5,184,796	49.8%	5,298,163	77.6%
	02037 Mint Committee	14,656	0.3%	17,425	0.2%	17,426	0.3%
	02068 Noxious Weed Admin Account	1,978,536	36.5%	2,121,145	20.4%	2,129,026	31.2%
	02071 Anhydrous Ammonia Account	17,448	0.3%	12,142	0.1%	12,432	0.2%
	02072 Manuals & Training Account	12,013	0.2%	17,740	0.2%	17,741	0.3%
	02192 Pesticide Groundwater Account	510,703	9.4%	761,635	7.3%	788,675	11.5%
	02193 Pesticide Account	932,447	17.2%	876,491	8.4%	888,293	13.0%
	02198 Fert. Groundwater Account	17,571	0.3%	19,076	0.2%	19,649	0.3%
	02264 Organic Certification	34,901	0.6%	129,105	1.2%	157,767	2.3%
	02265 Fsi Produce	152,555	2.8%	194,790	1.9%	198,804	2.9%
	02266 Commodity Dealer/Warehouse	89,360	1.7%	61,243	0.6%	63,117	0.9%
	02267 Nursery Account	78,594	1.5%	95,600	0.9%	99,261	1.5%
	02268 Produce Account	200,371	3.7%	329,953	3.2%	342,864	5.0%
	02269 Seed Account	59,519	1.1%	59,367	0.6%	61,745	0.9%
	02341 Weed Seed Free Forage Account	35,641	0.7%	27,176	0.3%	27,178	0.4%
	02452 Commercial Fertilizer	189,168	3.5%	194,597	1.9%	198,721	2.9%
	02454 Commercial Feed	214,485	4.0%	211,029	2.0%	217,475	3.2%
	02792 Apiary Account	53,309	1.0%	56,282	0.5%	57,989	0.8%
03000	Total Federal Special Funds	721,704	13.3%	4,898,593	47.0%	1,322,044	19.4%
	03118 Agriculture Asd Federal	<u>721,704</u>	<u>13.3%</u>	<u>4,898,593</u>	<u>47.0%</u>	<u>1,322,044</u>	<u>19.4%</u>
Grand Total		<u>\$ 5,414,322</u>	<u>100.0%</u>	<u>\$ 10,415,030</u>	<u>100.0%</u>	<u>\$ 6,829,582</u>	<u>100.0%</u>

General fund is used to mitigate the impact of noxious weeds on lands other than through the Department of Fish, Wildlife, and Parks and to supplement the analytical lab in Bozeman for the testing of livestock feed containing animal ruminants.

State special revenue is derived from several sources. The largest is for controlling noxious weeds. Revenues collected from the \$1.50 noxious weed vehicle registration fees and the \$185 per product pesticide registration fees are allocated as follows: \$95 to the groundwater revenue account and \$90 to the pesticide management revenue account. The pesticide management account also receives revenue from pesticide dealers and commercial, governmental, and farm application fees. Other state special revenues come from commercial feed and fertilizer registration and inspection fees. These fees include mint assessments, anhydrous ammonia and commodity inspection, testing and license fees, and commercial dealer and public-warehouse operator license fees.

The department entered into a cooperative agreement with the US Forest Service (USFS) in the 2005 biennium for federal mitigation of noxious weed impacts of \$3,580,000. Federal special revenue are also received from the market services account, which funds bovine spongiform and encephalitis (BSE/Mad Cow Disease) inspections, as well as portions of the pesticide and ground water programs supported by the Environmental Protection Agency (EPA) and pest detection program supported by the US Department of Agriculture (USDA).

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					352,537					351,694
Vacancy Savings					(107,792)					(107,763)
Inflation/Deflation					(6,849)					(6,844)
Fixed Costs					23,580					23,780
<b>Total Statewide Present Law Adjustments</b>					<b>\$261,476</b>					<b>\$260,867</b>
DP 3001 - USDA Federal Mitigation of Noxious Weed Impacts	0.00	0	0	3,580,000	3,580,000	0.00	0	0	0	0
DP 3002 - Pesticide Base Budget Adjustments	0.00	0	92,336	102,500	194,836	0.00	0	68,958	102,500	171,458
DP 3003 - Organic Program	0.50	0	48,792	110,000	158,792	1.00	0	55,482	110,000	165,482
DP 3005 - EPA Homeland Security-OTO	1.50	0	0	294,490	294,490	1.50	0	0	294,438	294,438
DP 3010 - Produce Base Budget Adjustments	0.00	0	0	5,080	5,080	0.00	0	0	5,080	5,080
DP 3011 - Feed and Fertilizer Base Budget Adjustments	0.00	0	12,000	0	12,000	0.00	0	7,000	0	7,000
DP 3012 - Mint Committee Base Budget Adjustments	0.00	0	2,890	0	2,890	0.00	0	2,890	0	2,890
DP 3013 - Noxious Weed Admin Base Budget Adjustments	0.00	0	116,000	0	116,000	0.00	0	116,000	0	116,000
DP 3014 - Groundwater Base Budget Adjustments-OTO	0.00	0	23,277	0	23,277	0.00	0	23,277	0	23,277
DP 3015 - Caps Base Budget Adjustments	0.00	0	0	35,208	35,208	0.00	0	0	35,208	35,208
<b>Total Other Present Law Adjustments</b>	<b>2.00</b>	<b>\$0</b>	<b>\$295,295</b>	<b>\$4,127,278</b>	<b>\$4,422,573</b>	<b>2.50</b>	<b>\$0</b>	<b>\$273,607</b>	<b>\$547,226</b>	<b>\$820,833</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$4,684,049</b>					<b>\$1,081,700</b>

DP 3001 - USDA Federal Mitigation of Noxious Weed Impacts - The legislature approved continuance of the Cooperative Forestry Assistance Program with the US Forest Service for the 2007 biennium. Funding is from federal special revenue.

DP 3002 - Pesticide Base Budget Adjustments - The legislature approved additional state special revenue for the following general adjustments: 1) \$43,117 for two trucks; 2) office rent of \$10,791; 3) \$14,238 for additional travel; 4) laboratory equipment of \$50,000; 5) consultants and professional fees of \$203,022; and 6) \$45,126 for miscellaneous operating expenses. The federal fund increases of \$102,500 a year are for federal discretionary grants that the division will apply for when they become available.

DP 3003 - Organic Program - The legislature approved additional federal special revenue and state special revenue for program costs as well as 0.50 FTE in FY 2006 and 1.00 FTE in FY 2007. The program is self-supporting with organic certification revenues.

DP 3005 - EPA Homeland Security-OTO - The legislature approved additional federal special revenue in anticipation of EPA discretionary funds becoming available for security procedures on agricultural chemicals, and special pesticide programs involving training, enforcement, worker protection, endangered species, and ground water protection. Also included is 1.50 FTE to manage and provide support for the program.

DP 3010 - Produce Base Budget Adjustments - The legislature approved adjusting the produce base to fully appropriate the funds anticipated from the USDA. Funding is from federal special revenue and would be used for miscellaneous operating and travel expenses.

DP 3011 - Feed and Fertilizer Base Budget Adjustments - The legislature approved additional appropriations from feed and fertilizer funds for maintenance contracts for updated equipment purchased in FY 2004 in the amount of \$14,000 and the purchase of a vehicle for \$5,000. Funding is equally from the commercial fertilizer fund and the commercial feed fund.

DP 3012 - Mint Committee Base Budget Adjustments - The legislature approved restoring per diem, travel, meeting expenses, program supplies, and contracted services for research on mint production and management of pests and weeds for the Mint Committee. Funding is from the mint committee fund.

DP 3013 - Noxious Weed Admin Base Budget Adjustments - The legislature approved an increase in noxious weed administration funds of \$103,800 per year for: 1) issuing grants of \$100,000 a year to local counties for fighting noxious weeds in Montana; 2) per diem restoration for the weed council members of \$2,200 a year; and 3) anticipated increased travel costs for the board of \$1,600 a year. The legislature also approved an increase in the weed seed free forage account of \$12,200 a year for purchasing twine, tags, and seals.

DP 3014 - Groundwater Base Budget Adjustments-OTO - The legislature approved an increase for the purchase of two replacement trucks for \$20,000 each, and additional travel for \$1,027. The legislature also approved an additional appropriation to fund maintenance contracts for updated equipment purchased in FY 2004 for the lab in Bozeman for \$2,250. Funding is from the pesticide groundwater fund.

DP 3015 - Caps Base Budget Adjustments - The legislature approved additional federal special revenue authority of \$35,208 per year for increased program and travel expenditures.

**New Proposals**

Program	Fiscal 2006					Fiscal 2007				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 519 - Analytical Lab Cost Adjustments	30	230,300	0	0	230,300	2.50	108,034	0	0	108,034
DP 6010 - 2007 Biennium Pay Plan - HB 447	30	0	74,468	11,891	86,359	0.00	0	194,699	30,827	225,526
<b>Total</b>	<b>2.50</b>	<b>\$230,300</b>	<b>\$74,468</b>	<b>\$11,891</b>	<b>\$316,659*</b>	<b>2.50</b>	<b>\$108,034</b>	<b>\$194,699</b>	<b>\$30,827</b>	<b>\$333,560*</b>

DP 519 - Analytical Lab Cost Adjustments - The legislature approved \$230,300 in FY 2006 and \$108,034 in FY 2007 of general fund for the analytical lab in Bozeman. This funding pays for operational costs of \$49,530 and purchase of a PCR piece of equipment for \$100,000. The addition also includes 1.00 FTE and adjusts 4.00 FTE to full-time from part-time, for a cost of \$188,804.

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

**Language**

The legislature approved the following language for inclusion in HB 2:

The Governor has indicated his intent to line-item veto the language illustrated in *italic*, however his authority to do so is questioned and may be challenged through legal action

*“The department shall present a report to the joint subcommittee on natural resources of the 2007 legislative session that compares the cost of leasing a vehicle from the department of transportation to purchasing a vehicle.”*

**Program Legislative Budget**

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is HB 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	39.38	0.00	0.00	39.38	0.00	0.00	39.38	39.38
Personal Services	1,094,588	562,941	50,864	1,708,393	560,452	132,714	1,787,754	3,496,147
Operating Expenses	924,184	153,251	0	1,077,435	183,330	0	1,107,514	2,184,949
Equipment	11,195	73,163	0	84,358	53,663	0	64,858	149,216
Grants	1,000,175	671,893	0	1,672,068	664,198	0	1,664,373	3,336,441
Transfers	0	0	0	0	0	0	0	0
<b>Total Costs</b>	<b>\$3,030,142</b>	<b>\$1,461,248</b>	<b>\$50,864</b>	<b>\$4,542,254</b>	<b>\$1,461,643</b>	<b>\$132,714</b>	<b>\$4,624,499</b>	<b>\$9,166,753</b>
General Fund	328,678	5,600	9,447	343,725	5,303	24,258	358,239	701,964
State/Other Special	2,458,526	1,279,909	32,848	3,771,283	1,276,714	86,159	3,821,399	7,592,682
Federal Special	13,401	100,000	0	113,401	100,000	0	113,401	226,802
Proprietary	229,537	75,739	8,569	313,845	79,626	22,297	331,460	645,305
<b>Total Funds</b>	<b>\$3,030,142</b>	<b>\$1,461,248</b>	<b>\$50,864</b>	<b>\$4,542,254</b>	<b>\$1,461,643</b>	<b>\$132,714</b>	<b>\$4,624,499</b>	<b>\$9,166,753</b>

**Program Description**

The Agricultural Development Division administers programs to promote Montana agriculture through market development and enhancement. Assistance is given toward commercialization of traditional as well as innovative agricultural products and processes. The program provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Agricultural Development Council, and the Board of Hail Insurance. The division is comprised of the following Bureaus: Rural Development, Wheat and Barley, Agriculture Marketing & Business Development and State Grain Laboratory. The State Grain Laboratory provides grades, protein determinations, malting barley germination, and falling number tests for contract settlement prices between buyers and sellers of grain crops in Montana.

**Program Highlights**

<b>Department of Major Budget Highlights</b>
<ul style="list-style-type: none"> <li>◆ The legislature approved additional grants to universities and professional societies in the amount of \$1,300,585 over the biennium for increases in research and marketing activities</li> <li>◆ The state grain lab is funded for potential costs associated with more normal moisture levels, as base year expenditures reflect reduced activity caused by the extended drought conditions throughout the state</li> <li>◆ Other expenditures are primarily due to statewide present law adjustments, funding of the statewide pay plan, and increases in federal funds</li> <li>◆ The legislature approved \$77,921 in state special revenue funding for the Coal Board in grants appropriation to implement the provisions of HB 482</li> </ul>

**Funding**

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table Agricultural Development					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 328,678	10.8%	\$ 343,725	7.6%	\$ 358,239	7.7%
	01100 General Fund	328,678	10.8%	343,725	7.6%	358,239	7.7%
02000	Total State Special Funds	2,458,526	81.1%	3,771,283	83.0%	3,821,399	82.6%
	02040 Wheat & Barley Research & Mktg	1,588,218	52.4%	2,273,995	50.1%	2,283,910	49.4%
	02066 Agriculture In Mt Schools Act.	10,500	0.3%	10,500	0.2%	10,500	0.2%
	02268 Produce Account	32	0.0%	5,000	0.1%	5,000	0.1%
	02340 Coal Sev. Tax Shared Ssr	444,974	14.7%	508,872	11.2%	513,520	11.1%
	02453 Grain Services	407,699	13.5%	966,156	21.3%	1,001,708	21.7%
	02461 Alfalfa Seed Assessment	6,951	0.2%	6,608	0.1%	6,609	0.1%
	02466 Misc Ag Donations	152	0.0%	152	0.0%	152	0.0%
03000	Total Federal Special Funds	13,401	0.4%	113,401	2.5%	113,401	2.5%
	03225 Agriculture Add Federal	13,401	0.4%	113,401	2.5%	113,401	2.5%
06000	Total Proprietary Funds	229,537	7.6%	313,845	6.9%	331,460	7.2%
	06052 Hail Insurance	<u>229,537</u>	<u>7.6%</u>	<u>313,845</u>	<u>6.9%</u>	<u>331,460</u>	<u>7.2%</u>
Grand Total		<u>\$ 3,030,142</u>	<u>100.0%</u>	<u>\$ 4,542,254</u>	<u>100.0%</u>	<u>\$ 4,624,499</u>	<u>100.0%</u>

Eight percent of the Agricultural Development Division's funding is general fund, which supports administration, agricultural markets, and agriculture statistic functions.

Non-general fund provides 89 percent of the Agricultural Development Division funding. State special revenue consists of wheat and barley sales taxes, coal severance tax collections, grain testing fees, alfalfa seed assessments, private donations, income tax checkoffs for Agriculture in Montana Schools, and interest earnings. The Growth Through Agriculture (GTA) Program receives a share of 8.36 percent of coal severance tax collections to fund grants and operations of the Agriculture Development Council for the Montana Growth Through Agriculture Act.

Federal special revenue accounts for three percent of total funds and is used for investments or loans in projects that stimulate agriculture development and diversification in Montana.

Proprietary funds are from Hail Insurance and expendable trust funds are from the Rural Development and Rehabilitation Program.

**Present Law Adjustments**

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2006-----					-----Fiscal 2007-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					418,463					415,868
Vacancy Savings					(60,522)					(60,416)
Inflation/Deflation					(6,327)					(6,505)
Fixed Costs					13,110					13,367
<b>Total Statewide Present Law Adjustments</b>					<b>\$364,724</b>					<b>\$362,314</b>
DP 5001 - Montana Agricultural Statistics Service GF Appropriation	0.00	5,000	0	0	5,000	0.00	5,000	0	0	5,000
DP 5002 - Mt Agricultural Statistics-Alternative Crop Survey	0.00	0	4,968	0	4,968	0.00	0	4,968	0	4,968
DP 5003 - State Grain Lab Bureau Base Adjustment	0.00	0	258,463	0	258,463	0.00	0	256,663	0	256,663
DP 5004 - Montana State Hail Insurance Program. Base Adjustment	0.00	0	0	0	15,000*	0.00	0	0	0	18,500*
DP 5005 - Wheat & Barley Bureau Base Adjustment	0.00	0	650,146	0	650,146	0.00	0	650,439	0	650,439
DP 5009 - Federal Marketing Appropriation Authority	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 5020 - Montana Agriculture Development Council Grants	0.00	0	62,947	0	62,947	0.00	0	63,759	0	63,759
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$5,000</b>	<b>\$976,524</b>	<b>\$100,000</b>	<b>\$1,096,524*</b>	<b>0.00</b>	<b>\$5,000</b>	<b>\$975,829</b>	<b>\$100,000</b>	<b>\$1,099,329*</b>
<b>Grand Total All Present Law Adjustments</b>					<b>\$1,461,248*</b>					<b>\$1,461,643*</b>

DP 5001 - Montana Agricultural Statistics Service GF Appropriation - The legislature approved \$5,000 of general fund each year for personal services in the Montana Agriculture Statistics Program. This program collects and publishes statistics relating to production and marketing of crops.

DP 5002 - Mt Agricultural Statistics-Alternative Crop Survey - The legislature approved state special revenue authority each year for printing and program costs.

DP 5003 - State Grain Lab Bureau Base Adjustment - The legislature approved additional state special revenue authority for anticipated or potential expenditures: 1) personnel services of about \$200,000 each year; and 2) \$114,000 over the biennium for the purchase of lab equipment.

DP 5004 - Montana State Hail Insurance Program Base Adjustment - The legislature approved an increase in proprietary funding from the Hail Insurance fund of \$33,500 over the biennium for anticipated expenditures for increased travel costs of hail claims adjusters.

DP 5005 - Wheat & Barley Bureau Base Adjustment - The legislature approved an increase of approximately \$650,000 each year for grants to professional societies and universities. The funding is from the wheat and barley committee and is mainly used for marketing and research activities.

DP 5009 - Federal Marketing Appropriation Authority - The legislature approved additional federal special revenue authority of \$100,000 each fiscal year for investments or loans in projects that stimulate agriculture development and diversification in Montana.

DP 5020 - Montana Agriculture Development Council Grants - The legislature approved additional state special revenue authority for investments and agricultural development projects in Montana. The Montana Agriculture Development Council may make investments in projects that have the ability to increase agricultural development and diversification in Montana. Funding is from the coal tax shared account.

**New Proposals**

New Proposals											
Program	FTE	Fiscal 2006				Fiscal 2007					
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 6010 - 2007 Biennium Pay Plan - HB 447											
50	0.00	9,447	32,848	0	50,864*	0.00	24,258	86,159	0	132,714*	
<b>Total</b>	<b>0.00</b>	<b>\$9,447</b>	<b>\$32,848</b>	<b>\$0</b>	<b>\$50,864*</b>	<b>0.00</b>	<b>\$24,258</b>	<b>\$86,159</b>	<b>\$0</b>	<b>\$132,714*</b>	

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.