

Montana Organic Commodity Advisory Council (MOCAC)
Montana Department of Agriculture
Greg Ames' Office
December 19, 2014

Council Members Present: Cathy Odden, Greg Thayer, Matt Johnson, Mark Smith, Lise Rousseau, Ty O'Connor (Present for the first portion of the meeting)

Council Members Not Present: Kiki Hubbard

Staff Members: Georgana Webster (On Phone), Breanna Caldwell, Greg Ames, chairing for Ron de Yong, Cort Jensen

The meeting began at 12:04 PM.

Georgana explained that after the call the program was concerned about the Producer tiers of \$40,000 and below. After reviewing the fees in this tier, the program realized they made up a third of the program revenue. If Producers in the brackets of \$40,000 and below were lost, the program would still not have enough revenue. Ten random Producers were called that fell in this bracket and the change was discussed. The overall opinion was that the Producers wanted to pay their way but new producers need support. Breanna Caldwell explained that there had been some negative feedback to a \$500 increase but most people were comfortable with a \$250 increase. Greg Ames added that people were loyal and that people were willing to stay with the program and pay their way.

The Department's proposed change put the annual budget at about \$312,000 and with the new inspection hourly rate an additional \$10,000 would be collected in inspection fees. Mark Smith asked what the Budget Projection included. Greg Ames explained that the Central Service Division took 21.75%, based on the programs Personal Services budget that supports accounting services, legal services, and the director. Greg Ames added that the goal was to increase revenue and grow the program which would help with budgetary needs. In 2014 the program had 170 certifications (11% growth); 2013, 151 (-1% growth); 2012, 152 (9% growth); 2011, 138(-3% growth); 2010, 142(9% growth); and an average 5% growth. A 5% increase in revenue and applicants would allow the program reach its budgetary needs with the new fees option fees.

Greg Thayer said the new fee change worked. Mark Smith supported the option based on input from the affected people. Lise Rousseau commented that this current proposal was more reasonable and easier to justify. Matt Johnson commented that he liked the option, as long as the 13% increase in fees was still OK with Producers compared to the previously proposed 22% increase in fees. Matt added that the fee structure should stand for the next 4 years if possible. Cathy Odden commented that she was happy with the proposal and felt that program growth would make up for a little less revenue overall.

The rebate language was discussed. Greg Ames explained that the Central Services Division was consulted regarding the language. They were not opposed but needed more time to examine what

could be done. From a legal perspective it is easy but the accounting division wasn't sure that it could be done in administrative rule. Program revenues come in throughout the year. If the trigger kicked in but the revenue hadn't all come in the program could end up in the red when revenues fell short. Libbi Lovshin, administrator for the Central Services Division would like to examine the language and rules to ensure it could work within the department's parameters. Greg Ames suggested that the rebate issue be discussed at a later time. Cathy Odden commented that it could be examined later. Andy agreed that the issue could be examined later. Mark Smith commented that it would be good to have the point on a future meeting agenda. He suggested Libbi Lovshin visit the next MOCAC meeting and share the options available.

Lise proposed to accept the department fee schedule as sent out to everyone, Cathy Odden moved and Mark seconded. The council voted as follows: Cathy Odden, Yes; Greg Thayer, Yes; Lise Rousseau, Yes; Mark Smith, Yes; Matt Johnson, Yes; Ty O'Connor, Absent; Kiki Hubbard, Absent. The motion passed unanimously.

The council discussed when applications should be due. Andy Gray asked about moving the deadline for April 15th for applications. Lise commented she was comfortable with leaving it to the Department's discretion. Andy Gray hoped that the deadline did not need to be moved. Mark commented that the council wanted it to be April 15th to allow for the rules to be filed. Mark indicated that he wanted to see the rules in place for the next renewal period. Lise commented that depending on how long the process took the Producer applications should be due in March. Lise said she was fine with a one-time change but she didn't want to see it as a permanent change. Lise also commented that Producer/Handlers in the program should submit all their paperwork in March rather than waiting to submit their paperwork in September. No motion was made.

Greg Ames asked for public comment, none was heard.

Cathy moved to adjourn, Lise seconded, all were in favor.

The meeting ended at 12:56PM.

An updated template to confirm the fees should be sent out the week of December 22, 2014. Then the rule will be formatted internally. Andy added that as individuals they could comment and that the number opposed and number in favor of were recorded. Goal is to propose the rules for comment by mid-January and then rationalize the changes with negative comments. An adoption date is hoped to be in place by mid-February.

Due to the legislature being in session, the rule change was delayed until after the legislature adjourned.