

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 25, 2016

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Bayer, Senators Patrick, Souza, Lee, Harris, Ward-Engelking and Burgoyne

ABSENT/ EXCUSED: Senator Den Hartog

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting to order at 8:02 a.m.

MINUTES APPROVAL: **Senator Burgoyne** moved to approve the Minutes of February 4, 2016. **Senator Patrick** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Ward-Engelking** moved to approve the Minutes of February 9, 2016. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

H 417 **Rural Development Partnership Act. Representative Dayley** said this bill re-authorizes the Idaho Rural Development Partnership Act (IRDPA) and provides amendments and clarification. The IRDPA is a network of rural development councils. These councils are neutral and nonpartisan organizations representing all levels of government, individual communities, nonprofit organizations and the private sector. Governor Otter has requested a \$50,000 line item in the Department of Labor budget for the IRDPA (see attachment 1).

The changes to the bill are: page 1, define "community"; page 2, add requirement that a report be given to the Governor; page 2, change the appointment process from the executive branch; page 4, adjust the definition of the executive director.

Representative Pence stated the IRDPA partnership focuses on community reviews as a way to provide the professional rural development expertise that a rural community lacks. Rural leaders and residents invite the council into their communities to help prioritize and execute economic development plans. The review team is made up of 10 to 15 experts selected specifically to match the needs of that community. These individuals serve as sounding boards, resources during and after the review and technical guides to stimulate economic growth. The preparation for these reviews proceeds as follows: 1) A community applies for the review. 2) A local home team will represent the community and answer a survey. 3) The executive director of the Idaho Rural Partnership (IRP) will take the survey and setup the agenda for the two-to three-day review. 4) On the last day the team offers suggestions and a plan to best implement the strategy to move the community forward. A written copy of the plan is developed for future reference by the community.

Senator Burgoyne pointed out that the fiscal note does not address where the IRP will get its funding. **Representative Dayley** replied that the funds will come from the General Fund. **Senator Burgoyne** asked if this be a new line item in the General Fund.

Representative Dayley responded that it would be a new line item. **Senator Burgoyne** said in Section 3, lines 36 to 40, the language has been stricken, which makes it appear that there is a de-emphasis of the rural aspect of the IRP. **Representative Dayley** replied that there is no de-emphasis of the rural communities. This language gives the Governor flexibility for recruiting individuals from other agencies. **Senator Burgoyne** pointed out stricken language on page 4, relating to the executive director as an exempt full-time position; how will this position be classified. **Representative Pence** answered that previously the executive director had been part time. The Governor's Office now envisions that the executive director will write the plan development documents for the community.

Senator Souza asked what project the \$50,000 is earmarked for. **Representative Dayley** responded that the Governor wants the IRP to assist him in participating in "Capitol for the Day." Communities can prepare for his arrival and send a report back to his office describing the success or failure of "Capitol for the Day".

Trent Clark, Monsanto, spoke in support of this legislation. He stated that the \$50,000 line item in the General Fund will be used for: 1) Post-community-review implementation report. This would be an audit of the community survey program to see whether it is functioning as intended; 2) IRP preparation of the rural community for its participation in the "Capitol for the Day"; and 3) The community would submit an annual report to the Governor.

Stephanie Cook, Cochair of the IRP and the Program Manager of Economic and Workforce Development for Idaho National Laboratory (INL) said INL believes that the partnership between INL and IRP will strengthen the rural communities, schools, students and the talent pipeline. Partnerships like this one will create a direct line of communication between INL and K-12 educators in rural areas, providing opportunities to enhance educator knowledge about teaching STEM and energizing students about future careers in technology.

MOTION: **Senator Harris** moved to send **H 417** to the floor with a **do pass** recommendation. **Vice Chairman Bayer** seconded the motion. The motion carried by **voice vote**.

H 383 **Relating to the Aquaculture Commission.** **Representative Donna Pence** stated this legislation will repeal the Aquaculture Commission. She said the commission was established to help fish producers to market and to educate the public about their industry. The commission has been successful in educating the public about the fish industry and has worked cooperatively with the Idaho Aquifer Association in these endeavors. The membership in the commission has fallen off because of attrition of producers and sales of their facilities to larger companies. The marketing is now handled through the Aquaculture Association. It is the unanimous desire of the remaining members of the Aquaculture Commission to repeal the statute that created the commission. Currently there is \$12,186.56 in the commission's account; during the remaining portion of 2016 the commission will use these funds to continue to participate in their promotional activities.

MOTION: **Senator Lee** moved to send **H 383** to the floor with a **do pass** recommendation. **Senator Souza** seconded the motion. The motion carried by **voice vote**.

PRESENTATION: **Idaho Beef Council.** **Traci Bracco**, Executive Director, of the Idaho Beef Council, began the presentation by touching on the highlights of 2015 and the industry's consumer demand. Idaho Beef Council reached 74 percent of their target audience through advertising ("choose beef for dinner tonight"), media and public relations efforts; these are critical activities for building consumption.

Engagement through promotions and events allowed their beef check-off dollars to reach more than 198,000 Idahoans and expose them to the great taste of beef. Another target area is influencing the medical and health community with a presence at the State medical associations conferences and conventions to promote beef's nutritional value to more than 23,000 health professionals across Idaho. (see attachment 2).

The beef check-off program collects \$1.50 per head of cattle sold in the State, which generated \$2,475,000 for their 2015 budget, down \$200,000 from 2014. In fiscal 2016 they project a budget of \$2,200,000, because of a small cow herd.

The challenge the industry faces is the price of the protein that the consumer is choosing. Cattle were close to \$300 per head in value for 2015, and that has made consumers switch to other proteins. But after a decade of decline, beef consumption has stabilized. The beef industry international marketplace offers one of the greatest opportunities for growth, with a place to market beef to more than 80 countries. The 2015 marketing season has been a challenging for the export markets as a result of: 1) market access issues; 2) port strikes along the West Coast; 3) slowing economies; 4) a strengthening U.S. dollar; and 5) a small beef herd size. International buyers remain active because of the high quality of the beef that is produced in the U.S. For 2015, the beef industry exported 2.35 billion pounds of beef to the overseas market, down 11 percent versus 2014.

H 455

Relating to the Idaho Apple Commission (IAC). **Candi Fitch**, Executive Director of the Apple Commission said the commission is asking for a restructuring of their districts. The legislation also includes the following changes: 1) adds the word "Idaho" apples; 2) proposes redistricting; 3) adds a new section in the code defining how the (IAC) members enter and exit their terms; 3) notes that meetings will be held at the discretion of the commission; 4) addresses the location of the meeting and where the meetings should be advertised; and 5). adds an emergency clause.

Senator Ward-Engelking asked if there is a reason why the commission meetings will be at the discretion of the commission. Is there a reason why they would not be held at a specific time regularly? **Ms. Fitch** answered that meetings shall be held for the selection of member nominees prior to expiration of a member's term by the discretion of the commission. **Ms. Fitch** replied it states in code that the IAC meetings will be held by the end of March.

MOTION:

Senator Lee moved to send **H 455** to the floor with a **do pass** recommendation. **Senator Harris** seconded the motion. The motion carried by **voice vote**.

PRESENTATION:

Idaho Apple Commission and Cherry Commission. **Candi Fitch**, Executive Director of the Idaho Apple Commission and the Idaho Cherry Commission stated that during the 2015 growing season the apple crop was hit by hail and that lead to a decrease in production. Some growers had to abandon their orchards. The warmer falls have been a challenge for fruit finish; apples need the frosty fall mornings to gain the depth of color. She said labor continues to be an issue. There are blocks of apples being removed because apple growers do not have the labor to get them picked. There are some trade restrictions affecting the shippers again this season. The market for apples was better this year but there was not an overabundance of apples; price was much better but not as strong as 2013. Growing costs continue to outpace increases in revenue (see attachment 3).

Ms. Fitch stated that she applied for an apple specialty crop marketing grant to build awareness of Idaho apples through in-store promotions, build the social media and assist with the website development. That grant has been received in the amount of \$18,855. The Apple Commission was also involved with give a tour to a group of Taiwan buyers this summer.

Ms. Fitch said the typical growing season for southwestern Idaho cherries runs from mid-June to mid-July. This year was unseasonably warm and the fruit bloomed two weeks early; a heat wave in mid-June affected the quality of cherries and made them less marketable. The outlook for the cherry industry in Idaho remains bright. Worldwide, Idaho cherries are requested year after year and some buyers remove Idaho cherries as soon as they arrive in the marketplace because of their high quality. The Cherry Commission wanted to have more recognition so they placed an ad in each box of cherries packed (see page 15, of attachment 3). **Ms. Fitch** applied for a similar grant for the Cherry Commission as for the Apple Commission and that grant money was received in the amount of \$21,159. This grant money will be used in the same marketing promotions as the apple grant.

ADJOURNED: There being no further business, **Chairman Rice** adjourned the meeting at 9:20 a.m.

Senator Rice
Chair

Carol Deis
Secretary