

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 08, 2018

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Den Hartog, Senators Patrick, Bayer, Guthrie, Thayn, Harris, Foreman, and Jordan

ABSENT/ EXCUSED: None

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 of the Agricultural Affairs Committee (Committee) to order at 8:00 a.m.

PRESENTATION: Idaho Barley Commission. Kelly Olson, Administrator, highlighted the Idaho Barley Commission's (IBC) budget slide, stating in 2018 the IBC income is projected to be up 5 percent at \$734,280 with expenses up 5.5 percent to \$743,995. By June 30, 2018, she projected reserves to be over \$540,000. IBC's expense allocations are projected to be: 13 percent for administration; 52 percent to research; 12 percent for market development; 15 percent to growers services; and 8 percent for information education (Attachment 1).

Despite higher income, barley growers produced a lower crop this year. Malt companies were carrying large inventories from 2015 and 2016. The companies cut contracted acres across the entire country, with Idaho's cuts less than other states. Idaho's barley production was 48.5 million bushels, down 22 percent. IBC's income is based on an assessment of 3 cents per hundredweight. Why is IBC's income up with lower production? **Ms. Olson** explained, because of the large inventories from 2015 and 2016, the malt and brewing companies pipeline was clogged. Farmers held most of the 2016 harvest on their farms. The 2016 crop has now come to market and the farmers have been paid for that crop. IBC is now receiving income from the 2016 crop.

Idaho is the largest producer of barley in the United States. The State produces 34 percent of the entire crop. The farmers are working down the big inventories of grain, the 2018 crop has stabilized acres, and prices are up. The majority of the barley crop is used to make beer. For the fifth consecutive year, beer demand in the United States was down 2.2 percent in 2017. The segment of the industry that continues to prosper is the craft beer manufacturers. In 2017, sales were up 6.2 percent with craft beer brewers using 40 percent of the malt. The Pocatello malt plant expanded their production capacity in 2017 by 130 percent to support craft beer brewers.

Ms. Olson pointed out the exciting opportunity and market demand for food barley. Idaho is the largest producer of food barley and **Ms. Olson** highlighted the companies IBC has partnered with for innovative food products which include barley. The cereal companies are moving away from their rice based cereals into healthier multi-grain products. This change has been driven by millennial's food preferences. All of the demand for Idaho food barley came from the Hakubaku company in Japan. IBC is launching a marketing campaign with a new logo "Barley Nature's Hearty Grain." In 2006, IBC received a Food and Drug Administration

heart health claim which documented barley's unique soluble fiber and that it had the most fiber of any grain. Barley has been proven to lower cholesterol and the associated risk of heart disease.

Barley is also a low glycemic carbohydrate which regulates blood glucose levels to help reduce glucose intolerance and insulin resistance which is seen in type II diabetes. The University of Idaho (UI) has developed and merchandised their "Healthy Diabetes Plate" information where barley is prominently featured on the Plate.

Ms. Olson concluded her presentation stating, five years ago, IBC made a big investment and increased their assessment from 2 cents to 3 cents a hundredweight. The assessment was increased for the purpose of establishing an endowment at the UI to create a dedicated barley research agronomist position. IBC has completed that funding, Dr. Christopher Rogers, based at the Aberdeen Research Extension Center, has been on staff for three years. IBC appreciates the Legislature's commitment to UI Center for Agriculture, Food and the Environment (CAFE) Project. While it is based around research for dairy, IBC believes the project has multipurposes and IBC will consider a modest investment in that Center.

IBC is one of the few commissions that publishes a weekly grain market report; there is no federal grain market news service. IBC also hosts educational webinars. Two grain marketing workshops will be held next week, and for the younger farmers IBC has been developing an application for the mobile phone where Idaho cash prices will be posted on that platform.

Senator Patrick asked a question concerning the import slide which showed that the United States imports beer from Mexico. He wondered if that beer contains Idaho barley. **Ms. Olson** replied the beer that is imported from Modelo in Idaho Falls; their malt does go to Mexico, but it does not come back as beer to the United States marketplace.

ADJOURNED: There being no further business, **Chairman Rice** adjourned the meeting at 8:28 a.m.

Senator Rice
Chair

Carol Deis
Secretary