

House Agricultural Affairs Committee

Minutes
2009



MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

- DATE:** January 14, 2009
- TIME:** 1:30 p.m.
- PLACE:** Room 240
- MEMBERS:** Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen
- ABSENT/
EXCUSED:** Reps. Patrick and Killen
- GUESTS:** Dennis Tanikuni and Wally Butler, of Idaho Farm Bureau; and Laura Johnson, of the Idaho State Department of Agriculture.
- MINUTES:** **Chairman Trail** called the meeting to order at 1:31 p.m. and introduced the committee secretary and page for the current legislative session.
- Laura Johnson**, Idaho State Department of Agriculture, gave a brief presentation, indicating that the department had six pieces of proposed legislation, on behalf of which program managers and other speakers would be available to present information and answer questions.
- Ms. Johnson also invited the committee to a Breakfast Briefing at the Department of Agriculture on January 15, 2009, from 8:00 to 9:30 a.m., during which speakers will provide an overview of the agency and its prominent issues. The breakfast will be provided by the Food Producers of Idaho. Transportation will be provided via the Boise Shuttle, which will be available to passengers on the Jefferson Street side of the Capitol Annex at 7:30 a.m. and will depart at 7:40 a.m.
- Subcommittees were formed to review Rules, which were categorized according to content, as follows: Livestock, Crops/Plants and Administrative. Attached is a breakdown of the subcommittees, including the rules for review, committee members and room assignments. The subcommittees will meet on January 20, 2009, at 1:30 p.m.
- Chairman Trail** announced that he and **Senator Corder** will be attending the **Agricultural Chairmen's Summit meeting in San Diego, California**, on January 22, 2009.
- Chairman Trail** announced upcoming guests for the next week and committee members provided general information regarding proposed legislation during the session.
- ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 1:48 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

RULES REVIEW SUBCOMMITTEES
Tuesday, January 20, 2009 — 1:30 p.m.

LIVESTOCK SUBCOMMITTEE — Room 240

<u>DOCKET Nos.</u>	<u>DESCRIPTION</u>	<u>MEMBERS</u>
02.0403.0801 01.0421.0801	<ul style="list-style-type: none">• Rules Governing Animal Industry• Rules Governing Importation of Animals — Canadian Cattle & Bison	Rep. Ken Andrus, Chair Rep. Mack Shirley
02.0421.0802	<ul style="list-style-type: none">• Rules Governing Importation of Animals — Equine	Rep. Donna Pence Rep. Dennis Lake
02.0427.0801 46.0101.0801 (Board of Veterinary Medicine)	<ul style="list-style-type: none">• Deleterious Exotic Animals• Rules of the State of Idaho Board of Veterinary Medicine	

CROPS/PLANTS SUBCOMMITTEE — Room 225

<u>DOCKET Nos.</u>	<u>DESCRIPTION</u>	<u>MEMBERS</u>
02.0602.8081 02.0606.0501 02.0610.0701 02.0612.0801 02.0618.0801	<ul style="list-style-type: none">• Commercial Feed Law (inc. by ref.)<ul style="list-style-type: none">• Planting of Beans• Potato Cyst Nematode• Idaho Fertilizer Law<ul style="list-style-type: none">• Mint Rootstock	Rep. Bert Stevenson, Chr. Rep. Jim Patrick Rep. William Killen Rep. Darrell Bolz
02.0631.0801 02.0641.0801	<ul style="list-style-type: none">• Noxious Weed Free Forage & Straw• Soil & Plant Amendment (inc. by ref.)	
29.0102.0801 (Idaho Potato Commission)	<ul style="list-style-type: none">• Rules RE: Payment of Tax & Usage of Certification Marks and Trademarks	

ADMINISTRATIVE SUBCOMMITTEE — Room 226

<u>DOCKET Nos.</u>	<u>DESCRIPTION</u>	<u>MEMBERS</u>
02.0104.0801 02.0214.0801 02.0214.0802 02.0303.0801	<ul style="list-style-type: none">• Idaho Preferred Program<ul style="list-style-type: none">• Weights & Measures• Weights & Measures Fee Increase<ul style="list-style-type: none">• Rules Governing Pesticide and Chemigation Use and Application	Rep. Tom Trail, Chr. Rep. Liz Chavez

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE
Rules Review Subcommittee: Crops/Plants

DATE: January 20, 2009

TIME: 1:30 P.M.

PLACE: Room 225

MEMBERS: Chairman Stevenson, Reps. Bolz, Killen, Patrick

**ABSENT/
EXCUSED:** None

GUESTS: Michael E. Cooper, Rick Killebrew, Dan Safford, George Robinson

Chairman Stevenson called the meeting to order at 1:30 p.m. and welcomed personnel from the Department of Agriculture.

Docket No. 02-0602-0801 **Michael Cooper**, Bureau Chief of Feeds & Plant Services, presented **Docket No. 02-0602-0801**. Mr. Cooper said this rule incorporates by reference the 2009 edition of the Official Publication of the Association of American Feed Control Officials, which is the standard reference manual used by feed control officials for the registration of animal feeds. This will provide consistency between federal and state regulations for feed registration.

MOTION **Rep. Patrick** moved to recommend that **Docket No. 02-0602-0801** be approved by the full committee; **motion carried on voice vote.**

Docket No. 02-0606-0501 Mr. Cooper then presented **Docket No. 02-0606-0501**, a temporary rule which reduces the prior rill irrigation requirement for beans planted under sprinkler irrigation from two years to one year. He explained that this rule change will allow greater acreage to be planted under sprinkler irrigation.

MOTION **Rep. Bolz** moved to recommend that **Docket No. 02-0606-0501** be approved by the full committee; **motion carried on voice vote.**

Docket No. 02-0610-0701 Mr. Cooper presented **Docket No. 02-0610-0701**, a regulation dealing with the potato cyst nematode. This rule incorporates by reference the US Department of Agriculture interim rules and regulations for potato cyst nematode. Mr. Cooper said the federal rules must be promulgated to prevent further spread of potato cyst nematode into unaffected areas of Idaho and other states.

MOTION **Rep. Bolz** moved to recommend that **Docket No. 02-0610-0701** be approved by the full committee; **motion carried on voice vote.**

Docket No. 02-0612-0801 Mr. Cooper presented **Docket No. 02-0612-0801**, a rule that incorporates by reference the 2009 edition of the Official Publication of the Association of American Plant Food Control officials. This publication is the standard reference manual consulted by fertilizer control officials for the registration of fertilizers.

- MOTION** **Rep. Patrick** moved to recommend that **Docket No. 02-0612-0801** be approved by the full committee; **motion carried on voice vote.**
- Docket No. 02-0618-0801** **Mr. Cooper** presented **Docket No. 02-0618-0801**, a rule that implements changes to the inspection rate for mint crops. Mr. Cooper said the Mint Commission and industry representatives have requested that the Department of Agriculture change the time frame for field inspections and also triple the inspection rate from every 30 rows to every 10 rows. There will be a resulting increase in inspection costs from \$5 per acre to \$15 per acre.
- MOTION** **Rep. Bolz** moved to recommend that **Docket No. 02-0618-0801** be approved by the full committee; **motion carried on voice vote.**
- Docket No. 02-0641-0801** Mr. Cooper asked the indulgence of the subcommittee to skip the next docket on the agenda and move directly to **Docket No. 02-0641-0801**. He explained that this rule updates the incorporation by reference to reflect the 2009 edition of the Official Publications of the Association of American Plant Food Control Officials, which are standard reference manuals for fertilizer control officials.
- MOTION** **Rep. Bolz** moved to recommend that **Docket No. 02-0641-0801** be approved by the full committee; **motion carried on voice vote.**
- Docket No. 02-0631-0801** **Dan Safford**, Department of Agriculture Weed Specialist, presented **Docket No. 02-0631-0801**, explaining that the color of the certified twine used for noxious weed-free forage and straw bales is changing from blue and orange to purple and yellow. The Department's rules need to be changed to conform to the national standard. Mr. Safford said the Department still has a small supply of blue and orange twine which will be honored indefinitely, and it also has plenty of purple and yellow twine. The rule also revises the section pertaining to twice-compressed forage bales; this change was made at the request of an Idaho manufacturer of such bales.
- MOTION** **Rep. Patrick** moved to recommend that **Docket No. 02-0631-0801** be approved by the full committee; **motion carried on voice vote.**
- Docket No. 29-0102-0801** **Chairman Stevenson** announced that **Patrick Kole**, Idaho Potato Commission, was scheduled to present **Docket No. 29-0102-0801** but was unable to attend the meeting today. Chairman Stevenson noted that this rule was previously proposed and approved as a temporary rule, and this year the same rule will become permanent. He therefore suggested that the subcommittee recommend approval by the full committee.
- MOTION** **Rep. Patrick** moved to recommend that **Docket No. 29-0102-0801** be approved by the full committee; **motion carried on voice vote.**
- Docket No. 02-0303-0801** **George Robinson**, Bureau Chief with the Idaho State Department of Agriculture, presented **Docket No. 02-0303-0801**. This rule deals with containment measures for pesticide containers and incorporates by reference the federal regulations. Mr. Robinson said federal regulations now require inspections of pesticide producing establishments, pesticide dealers and professional applicators to ensure that they are in compliance with federal pesticide containment requirements.
- MOTION** **Rep. Bolz** moved to recommend that **Docket No. 02-0303-0801** be approved

by the full committee; **motion carried on voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:20 p.m.

Representative Bert Stevenson
Subcommittee Chairman

MaryLou Molitor
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE Rules Review Subcommittee: Livestock

- DATE:** January 20, 2009
- TIME:** 1:30 P.M.
- PLACE:** Room 240
- MEMBERS:** Chairman Ken Andrus; Representatives Lake, Shirley and Pence
- ABSENT/
EXCUSED:** None
- GUESTS:** Marilyn Simunich, Idaho State Department of Agriculture (ISDA); Dr. Bill Barton, ISDA; Karen Ewing, Board of Veterinary Medicine; Wally Butler, Idaho Farm Bureau Federation (IFBF); Kent Lauer, IFBF; Leah Claric, ISDA; Kevin Merritt, ISDA; Lee Stacey, ISDA; and Laura Johnson, ISDA
- Chairman Andrus** called the meeting to order at 1:30 p.m. and a silent roll was taken.
- NOTE:** At approximately 1:45 p.m., **Committee Chairman Tom Trail** and the **guests from his Administrative Subcommittee** joined the meeting in progress, as the subcommittee did not have a full quorum and therefore could not proceed. Some of the docket numbers from Chairman Trail's subcommittee were added to the agenda as well.
- DOCKET NO. 02-0403-0801:** **Dr. Marilyn Simunich**, Veterinary Medical Officer and Section Manager for the **Idaho State Department of Agriculture**, presented this rule to the subcommittee. She explained this a pending rule dealing with the animal industry. Idaho's equine industry has expressed a desire for ISDA to place Equine Viral Arteritis (EVA), a viral disease affecting equids (horses, mules, asses), on the State Veterinarians' Reportable Disease List in order to have clear authority to prevent and control the disease. She explained that EVA has a high economic impact to horse breeders and that there is also a new strain of herpes virus that has been added to the reportable list. She further indicated that ponies and zebras have been added to the definition of equidae.
- MOTION:** **Rep. Shirley** made a motion to recommend acceptance of **Docket 02-0403-0801** to the full committee; **motion carried on voice vote.**
- DOCKET NO. 02-0421-0801:** **Dr. Simunich** presented this docket to the subcommittee. She explained that this rule updates and clarifies the import requirements for Canadian cattle and bison imported into Idaho, including individual animal identification, CAN branding and import permit requirements. She reported that no negative comments have been received. She explained that Canadian cattle have been added as a class of cattle that must have an import permit prior to importation. **Dr. Barton**, from **ISDA**, explained that cattle coming into the state for shows are given a waiver. When questioned regarding the requirements for sheep imported into the state, Dr. Barton explained this rule does not apply to sheep.

MOTION: **Rep. Lake** made a motion to recommend acceptance of **Docket 02-0421-0801** to the full committee; **motion carried on voice vote.**

DOCKET NO. 02-0421-0802: **Dr. Simunich** also presented this docket to the subcommittee. She explained that this rule adds requirements for EVA, a viral disease of equids which creates a carrier state in stallions. Additional documents for certification of the health of imported fish were added to the fish importation requirements. In response to a question regarding rules for the state of Montana which are referenced in the Idaho rule regarding testing requirements for elk, **Dr. Barton** explained that Montana has an extensive database of elk which Idaho would like to utilize. He further explained this is a valuable resource to get more data on the status of the elk in the state and gives assurance that they are disease-free. He reported that there has been no opposition from the elk industry.

MOTION: **Rep. Pence** made a motion to recommend acceptance of **Docket 02-0421-0802** to the full committee; **motion carried on voice vote.**

DOCKET NO. 02-0427-0801: **Dr. Barton**, from the Idaho Department of Agriculture, presented this rule to the subcommittee. He explained the docket clarifies the Idaho State Department of Agriculture's criteria and requirements for the possession and importation of deleterious exotic animals in the state. Definitions and requirements for obtaining permits were added, as well as standards for construction of confinement areas, identification requirements and record-keeping requirements. He explained that a public hearing was held and there were comments in favor of the rule change. The rule also prohibits the release of deleterious exotic animals into the state of Idaho. He explained that prairie dogs can carry bubonic plague and cannot be imported into the state. In response to a question regarding the tracking of people who already own deleterious animals, Dr. Barton explained that the original rule was put into place in 2004; the owners of such animals prior to that date were grandfathered. He explained that there are approximately eight owners (all of which are facilities) in the state that have reported. The Department tracks this information and requires annual inventories. He reported that over the past several years, at least three facilities have closed.

MOTION: **Rep. Lake** made a motion to recommend acceptance of **Docket 02-0427-0801** to the full committee; **motion carried on voice vote.**

DOCKET NO. 46-0101-0801: **Karen Ewing**, Executive Director of the **Board of Veterinary Medicine**, presented this docket to the subcommittee. She explained that rule changes were made in collaboration with the Board of Pharmacy to provide clear and consistent procedures for prescriptions filled at a veterinary drug outlet. She explained that veterinary drug outlets previously have been loose with their procedures and this is the reason for a change in rules. She further explained that the changes establish uniform procedures for the prescribing and dispensing of prescriptions by veterinarians and retail veterinary drug outlets. Some of the changes include specific numbered forms for veterinarians and unnumbered forms for pharmacy outlets.

Ms. Ewing clarified that the main users of drug outlets are dairy and cattle operations, and that the rule changes should not result in a restriction of the flow of drugs. She reported that an informational meeting was held with all stakeholders and a grace period was given. Ms. Ewing further clarified that

controlled substances are not available at drug outlets and the rule does not apply to over-the-counter medications. She also explained that veterinary drug outlets are not allowed to refill prescriptions and that there are only 14 veterinary drug outlets in the state. The rules address only those 14 outlets.

Ms. Ewing also explained that a change has been made to the rules governing certifications standards for Certified Euthanasia Technicians. The change allows applicants to demonstrate efficiency in administering euthanasia drugs by venous access without actually destroying an animal in the demonstration.

MOTION: **Rep. Shirley** made a motion to recommend acceptance of **Docket 46-0101-0801** to the full committee; **motion carried on voice vote.**

DOCKET NO. 02-0214-0801: **Mr. Kevin Merritt**, Section Manager for the **Idaho State Department of Agriculture**, presented this rule to the subcommittee. He explained that these are the rules for weights and measures. The rule is requesting to update weighing devices as reflected in the 2008 handbook, to adopt by reference the date-specific standard for automotive spark-ignition engine fuel, and to state in rule that the specifications for gasoline blended with ethanol be no more restrictive than those adopted under the rules for the Clean Air Act of the EPA.

MOTION: **Rep. Lake** made a motion to recommend approval of **Docket 02-0214-0801** to the full committee; **motion carried on voice vote.**

DOCKET NO. 02-0214-0802: This pending fee rule was presented by **Mr. Merritt**. He explained that there are two sections of fee change in the rule. The first section revises the maximum license fee schedule for commercially-used weighing and measuring instruments and devices. The fee increases to \$80,000 in the year 2010. The charges for special request testing or examination will also increase. He explained that the rate increase is to cover operational costs for special request testing and that it is a very rare occurrence. He explained that any scale than needs to be inspected would be considered a commercial scale. He also indicated that there were no objections from the industry on this rule.

Chairman Andrus mentioned that he would be **voting for rejection of this docket because of the substantial increase in fees**, but may support its approval in the full committee.

MOTION: **Rep. Trail** made a motion to hold **Docket 02-0214-0802** for the next full committee meeting so the department can supply additional information to address the committee's concerns. **Rep. Pence** seconded the motion. On a voice vote, the **motion passed unanimously.**

DOCKET NO. 02-0104-0801: **Leah Clark**, Trade Specialist for the **Idaho State Department of Agriculture**, presented this rule to the subcommittee. She explained that these rules govern the **Idaho Preferred Promotion Program**. They define the product qualifications for lamb, beef, pork, poultry and other meats not already defined in the existing rule. She explained that the rule is amended to reflect the current registration status of the logo, and approval for use of the logo section will be amended to correct duplication concerning submission of samples.

MOTION: **Rep. Shirley** made a motion to recommend approval of **Docket 02-0104-0801** to the full committee; **motion carried on voice vote.**

ADJOURN: There being no further business to be brought before the subcommittee, Chairman Andrus adjourned the meeting at 2:48 p.m.

Representative Ken Andrus
Chairman

Claudia Howell
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: January 26, 2009

TIME: 1:30 p.m.

PLACE: Room 240

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** None

GUESTS: Kevin Merritt, Idaho State Department of Agriculture (ISDA); Bob Brammer, Department of Lands; Pat McCoy, Capital Press; Stan Boyd, Idaho Wool Growers Assn./Idaho Cattle Assn.; Laura M. Johnson, ISDA; Kent Lauer, Idaho Farm Bureau; Cheryl Sodorff, University of Idaho College of Agriculture and Life Sciences; Dick Rush; Greg Bohach, University of Idaho; Lee Stacey, ISDA; Celia Gould, Director, ISDA; and Suzanne Budge, SBS Associates, LLC

Chairman Trail called the meeting to order at 1:31 p.m. and welcomed guests from the Idaho State Department of Agriculture and the University of Idaho College of Agriculture and Life Sciences.

Dean John Hammel provided an update on the status of the University of Idaho College of Agricultural and Life Sciences. He gave a brief overview of the Research and Extension facilities throughout the state, all of which have a particular focus, but with some elements that cross over.

Dr. Hammel reported that for the past couple of years, the college has been hiring good people in strategic areas and it is really starting to pay off. Grants and contracts are also bringing money into the state and the educational institution in order for the college to do better research and focus on solving certain agricultural problems.

An ongoing agricultural concern in Idaho has been the Potato Virus Y (PVY), a virus which causes necrosis of the plant and the possibility of significant yield losses for producers. Of particular concern now is the fact that the virus is mutating and changing its mode of action. Further, the virus does not affect all potato varieties in the same manner. The USDA PVY Diversity Grant will enable the college to perform genetic sequencing of the 2,500 PVY strains and correlate the biological impact to potatoes from various gene sequences. The hope is to improve potato resistance to PVY through breeding and management. The year 2008 was a good year for crop variety development, including three potato varieties, four bean varieties and two varieties of spring rapeseed.

Another agricultural concern at this time is the impact of respiratory diseases, such as pasteurilla, on domestic and bighorn sheep. The college is involved in a collaborative research project with federal and state agencies, as well as the sheep industry, in order to better understand how

pasteurella and other pathogens cause disease in wild and domestic sheep. The goal of this research is to provide better science-based data in order for public land managers to develop effective grazing policy decisions.

In order to comply with necessary budget cuts, the college intends to reduce costs by up to 50% with the closure of two or more Research and Extension Centers throughout the state. In determining which centers to close, the programs will be evaluated as to their current and future relevance to the industry; the impact of closure on specific industry sectors; any program redundancies; and the possibility of potential partnerships and collaborations with other educational institutions. In response to committee questions, Dean Hammel said they are still looking at budgets and programs, and would have a better idea May 1 as to which sites will need to be closed.

Other budget adjustments include the elimination of open faculty and staff positions, which means that fewer programs will be offered statewide; and reduction of travel expenditures by 25%. Since some positions will be lost, the college will try to relocate faculty in a strategic manner.

The committee had questions as to the impact of center closures in regard to long-term research. Dean Hammel indicated that the college would have to be very careful to maintain a balance, while looking carefully at the impact of site closures on the industry. Other ways to cut costs but still deliver the same services is to establish cooperative relationships with other educational institutions.

As the college prepares for fiscal year 2010-2011, they are keeping in mind the state of the economy, but are focused on being able to adequately support both the crop and livestock industries, as cash receipts for both industries have shown steady annual growth for the last ten years. In that endeavor, they are designing a joint facility for the ISDA Animal Diagnostic Lab and the University of Idaho Caine Veterinary Teaching Center. They are also in the site selection and development planning stage of the Idaho National Center for Livestock and Environmental Studies.

In terms of the state's economy, Dean Hammel said that agriculture is the single largest contributor to the economic base of Idaho's economy. When considering the impact of agriculture on employment figures, one looks not only at farming, which is the middle link, but at jobs indirectly related to agriculture, such as suppliers (the backward link) and processors (the forward link) of agricultural products. Although only 6% of Idaho's gross jobs are in agriculture, 17% of base jobs are in sectors driven by agricultural exports. Idaho's other greatest contributor to the state economy is the High-Tech industry.

Overall, agriculture is a stable player in the economy because when one crop goes down, such as potatoes, another crop goes up, such as wheat or dairy. The agricultural industry as a whole has been steadily growing and remains very stable.

When asked about the impact of budget cuts on the Caine Center, Dean Hammel expressed the college's commitment to keeping the center open since agricultural goals cannot be achieved without the latest in veterinary medicine. However, other programs may be consolidated within the center. The dean was also asked about the risks of disease contamination between

animals involved with beef production and cattle involved in dairy production at the facility. The dean assured the committee that animals involved in different industries would be housed in facilities located within at least one-quarter to one-half mile of each other to avoid contamination. There also would be a quarantined facility for diseased animals, which would be further removed from both sites.

When asked about the impact of budget cuts on the programs, Dr. Hammel explained that the deans looked at programs in detail, and in some cases, changed enrollment rates so they would be lower or variable over time. The Bachelor of Science program has been reduced from three degrees to one degree, through the combination or consolidation of other programs. In regard to the veterinary medicine program, the master's program has been dropped, but a master's degree in animal science is still available. Dean Hammel also indicated that discussions are ongoing with the dean at Washington State University (WSU) in regard to hiring a director whose salary would be split 50/50 between both educational institutions.

**DOCKET NO.
02.0214.0802**

At 2:30 p.m., **Chairman Trail** turned the meeting over to **Rep. Andrus**, who was chairman of the Livestock Subcommittee, to update the committee on **Docket No. 02.0214.0802**, involving a fee increase for Weights and Measures. **Rep. Andrus** explained to the committee that he had objected to the fee increase, given the nature of the economy at present, and had recommended that the RS be reviewed by the full committee.

Mr. Kevin Merritt, ISDA, then gave a presentation on the RS, explaining that the fee increase would only affect commercial measuring devices and that it would not have a financial impact on consumers as a whole. He also explained that the increase would only serve to cover the operational costs of the actual inspection, considering fuel prices and the fact that the scale truck only gets four miles to the gallon.

In July 2008, the department met with petroleum, farming and retailer industries in the state, and no one objected to the fee increase. A formal hearing was held in September 2008 and no one attended. **Rep. Bolz**, who attended one of these meetings, reported that guests at the meeting, while not supportive of fee increases in general, were very understanding and supportive of this particular change.

When asked about the impact if the rule change is not implemented, Mr. Merritt indicated that longer inspection times and a higher rejection rate of devices would result. Since the fee structure generates one-third of the entire budget, another burden would be placed on the general fund.

Suzanne Budge, SBS Associates, LLC, as a member of the petroleum industry, testified in support of the docket. She said that she has a good relationship with the ISDA and that they have made a good case for the fee increase. From an industry stance, and in the interest of consumers, pumps should be accurate and well-maintained. Overall, the change is in the industry's best interest, so although they may not favor fee increases in general, they consider the current increase a reasonable one.

After Ms. Budge's testimony, committee members briefly discussed the rule again. Overall, they expressed support based upon the fact that since

inaccurate scales affect agricultural producers, the financial burden placed on businesses would be greater if the rule is not approved. In addition, with the department being stretched so thin in this area, more harm might be done in the long run if consumers are not adequately protected.

Rep. Bolz stated that he was pleasantly surprised when guests at the meeting he attended were so supportive of the fee increase. After further discussion, **Rep. Andrus** said he was now convinced of the docket's merit and voiced his support.

MOTION: **Rep. Killen** made a motion to accept **Docket No. 02.0214.0802**; **motion carried on voice vote.**

Chairman Trail took over the meeting again at 2:51 p.m. and asked for a report on the rules reviews from subcommittee chairmen. **Rep. Andrus** indicated that his Livestock Subcommittee recommended for acceptance all livestock dockets assigned, as follows: **02.0403.0801, 02.0421.0801, 02.0421.0802; 02.0427.0801 and 46.0101.0801.** **Rep. Stevenson** indicated that his Crops Subcommittee recommended for acceptance all assigned dockets, as follows: **02.0602.0801, 02.0606.0501, 02.0610.0701, 02.0612.0801, 02.0631.0801, 02.0641.0801, 02.0303.0801, 02.0618.0801 and 29.0102.0801.**

MOTION: **Rep. Stevenson**, on behalf of the Crops Subcommittee, made a motion for acceptance by the committee of all assigned dockets; **motion carried on voice vote.**

MOTION: **Rep. Andrus**, on behalf of the Livestock Subcommittee, made a motion for acceptance by the committee of all assigned livestock dockets; **motion carried on voice vote.**

MOTION: A motion was made to accept **Docket No. 02.0104.0801** regarding the Idaho Preferred Promotion program and **Docket No. 02.0214.0801** from Weights and Measures; **motion carried on voice vote.** (These docket numbers had originally been assigned to the Administrative Subcommittee, which was unable to meet on January 20, 2009, because a full quorum was not present.)

MOTION: **Rep. Bolz** made a motion to accept the minutes from the January 20, 2009 Crops Subcommittee meeting; **motion carried on voice vote.**

MOTION: **Rep. Lake** made a motion to accept the minutes from the January 20, 2009 Livestock Subcommittee meeting; **motion carried on voice vote.**

MOTION: **Rep. Bolz** made a motion to accept the minutes from the January 14, 2009 committee meeting; **motion carried on voice vote.**

Chairman Trail announced that the committee would hear a presentation from **Dr. Garth Taylor, University of Idaho**, at the next meeting and review five prospective bills.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 3:07 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

- DATE:** January 28, 2009
- TIME:** 1:30 p.m.
- PLACE:** Room 240
- MEMBERS:** Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen
- ABSENT/
EXCUSED:** None
- GUESTS:** Laura M. Johnson, Idaho State Department of Agriculture (ISDA); Rick Killebrew, ISDA; Michael Cooper, Chief, Bureau of Feeds & Plant Services, ISDA; John Hammel, Dean, University of Idaho College of Agriculture and Life Sciences; Dar Olberding, Idaho Grain Producers Association; Rich Garber, University of Idaho College of Agriculture and Life Sciences; Mark Duffin, Executive Director, Idaho Sugarbeet Growers; Dr. Garth Taylor, Director of Industry and Government Relations, University of Idaho College of Agriculture and Life Sciences; Nick Draper, Post Register; Rich Hahn, Idaho Power; Bill Loftus, University of Idaho; Mary Kay Moynihan, Governor's Office; Dave Ogden, ISDA
- Chairman Trail** called the meeting to order at 1:33 p.m. and welcomed guests. He further requested their indulgence as the committee moved the legislative items to the top of the agenda, since some members would be leaving the meeting early for other appointments.
- RS 18175:** **Michael Cooper**, Bureau of Feeds & Plant Services, Idaho State Department of Agriculture, presented **RS 18175**, legislation which would repeal rule sections related to the artificial production of rainfall. Under the current statute, enacted in 1952, producers of artificial rainfall are required to register with the Department of Agriculture and file a log of activities. However, under the statute, the department has no provisions for rule-making, as well as no authority to establish penalties for non-compliance and therefore enforce the statute. Further, since producers of artificial rainfall are already required to file with the Idaho Department of Water Resources, Idaho Bureau of Homeland Security and the Federal Office of Oceanic and Atmospheric Research, the department feels this issue is adequately addressed.
- MOTION:** **Rep. Lake** moved to introduce **RS 18175** to print and send directly to the second reading calendar; **motion carried by voice vote**. **Rep. Killen** will sponsor the bill on the floor.
- RS 18186:** **Laura Johnson**, Section Manager of the Market Development Division, ISDA, presented **RS 18186**, legislation updating the language in rule sections listed under "Duties of the Director," as they relate to maintenance of a market news service. For over fifty years, the department has supported a market news service located in Idaho Falls, through a cooperative agreement with the United States Department of Agriculture (USDA). The

updated language is more reflective of the actual situation.

MOTION: **Rep. Chavez** moved to introduce **RS 18186** to print; **motion carried by voice vote.**

RS 18182C2: **Dave Ogden**, of the ISDA, presented **RS 18182C2**, which governs the regulation of bonded warehouses. The proposed change would reduce the financial risk to the Commodity Indemnity Fund (CIF) by requiring commodity dealers to carry peril insurance to cover the full market price of commodities received and for which the producer is still owed.

In response to committee members' questions regarding the actual costs of such insurance, Mr. Ogden did not have specific figures, but assured the committee that rates would be fairly reasonable. Naturally, the price would also vary depending upon the size of the facility.

The committee also questioned how the values of commodities and price of premiums are calculated since values and inventories substantially vary throughout the season. Mr. Ogden indicated that warehouses would be required to report their inventory regularly to their insurance carrier, and premiums and coverage would be adjusted accordingly. The commodities would be assessed based upon their current market value.

MOTION: **Rep. Patrick** moved to introduce **RS 18182C2** to print; **motion carried by voice vote.**

RS 18200: **Richard Killebrew**, of ISDA, presented **RS 18200**, which proposes changes to the membership and terms of the State Seed Advisory Board. One of the proposed changes is to add a council member who would represent the native seed industry in Idaho, increasing membership from eight to nine. The length of terms will also go from a variable schedule to a standard three-year term for all board members. In addition, chairman selection would occur after June 1 each year, preventing the eleven-month delay in leadership caused by the current statute.

The proposed legislation would also change the establishment procedures for a seed arbitration council. Whereas the current arbitration council is structured as a standing committee with some members being appointed or reappointed annually, the department proposes a process by which an arbitration council is called only when needed. In fact, there has not been a need for the council to meet in the last ten years.

The above-listed proposed changes were made at the request of the industry and presented to the State Seed Advisory Board, which expressed strong support. The changes are also supported by the Executive Director of the Oregon Seed Association.

MOTION: **Rep. Patrick** moved to introduce **RS 18200** to print; **motion carried by voice vote.**

RS 18202C1 **Dave Ogden**, ISDA, presented **RS 18202C1**, which would insert brief but important language that reduces the financial risk to the Commodity Indemnity Fund (CIF). Under the current statute, if a warehouse or licensee should fail, the producer(s) could file a claim. Therefore, if catastrophic

losses are caused by uninsurable perils such as natural disasters, the CIF could be held liable. The language also limits the producer and CIF liability to not more than three years of annual assessments for claims that exceed the balance of the fund. Mr. Ogden indicated that this proposed legislation has support from the Food Producers Association.

MOTION:

Rep. Bolz moved to introduce **RS 18202C1** to print; **motion carried by voice vote.**

Dr. Garth Taylor, from the **University of Idaho**, gave a presentation on the economic outlook of agriculture in Idaho, stating that Idaho agriculture is up and thriving. In 2008, crops were up 22% over the previous year and milk accounted for one-third of the cash receipts. Idaho is still a livestock-oriented state, accounting for one-half of livestock cash receipts. Potatoes are still Idaho's largest crop, their revenue having increased 13% over the previous year — the highest ever for Idaho potatoes. Wheat, which is Idaho's second largest revenue producer, was up by one-half — again, the highest prices ever. Barley made a big jump as well. Although the numbers for sugar beets are not as good, their yields are up, so growers will not have to plant a great deal to maintain production levels. Onions are down even though their prices have increased, and milk still remains Idaho's largest revenue producer.

In terms of "real money," Idaho has experienced 2.3% annual growth over the last twenty years. The numbers were volatile in the 1970's and flat in the 1980's, but are now steadily rising. In the last ten years, there has been 7.5% growth in the livestock industry and 5.7% in the crops industry. Numbers are expected to double in the next ten years.

Again, the largest numbers are in the milk industry. When asked if the numbers are the result of more head of cattle or more production per cow, Dr. Taylor responded that both numbers are up. Over the last thirty years, not only has the milk production per cow doubled, but herd size has increased by 350%.

In regard to potato production, prices have declined but production has increased. Farmers are getting more yield out of the crop even though it may be produced on the same acreage of land. In fact, since the numbers show an actual decline in acreage overall, increased production is the only answer for this phenomenon.

Dr. Taylor then went on to talk about the outlook for farmers. In 2008, the net farm income went down 5% from the year before, but considering the state of the economy, the numbers are relatively equal with 2007, and that year was a record high. Expenses have gone up a little faster than revenues, unfortunately. Government payments have taken a steep decline; Idaho agriculture gets less than 1% of total U.S. government payments. The numbers are getting volatile again, creating an unstable net farm income, and that is what really hurts farmers. One of the problems is that most Idaho farms lack the flexibility to grow several different crops throughout the year, making them dependent upon the yields of a limited crop.

Looking ahead from 2009 to beyond, the state faces water issues, higher

rents for land, lower exports and less credit availability. In addition, possible immigration reform could have an effect on the ability of agricultural producers to find good help during the harvest season.

On the positive side, fuel prices have been going down and lower interest rates are now available. In addition, the dollar is stronger and world fertilizer prices have gone down. The gap between cash paid and received is getting wider. Also, the high unemployment rate could mean more available workers, from the immigrant as well as domestic, populations. Some of the best news for farmers, however, is that on a national level, the debt/income ratio is the lowest it has been since 1960.

The outlook for beef in 2009 shows weaker demand and lower prices. Also, the cattle cycle is on the downhill side, with lower inventories of cattle used for beef and lower imports from Canada. As for dairy, expansion for Idaho dairies is down, prices are falling and there are higher feed costs. There are two new processors in the Burley/Rupert area, but that is predicted to be a trouble spot.

In regard to wheat, prices are weaker, but still volatile overall. In terms of production, U.S. and world acreage is likely to go down in response to lower prices, which are now below the cost of production. Also, weather and climate changes over time are creating further risk to crops. In regard to barley, acreage is also down due to lower prices. Prices are also weaker, especially on feed barley.

In regard to potatoes, contract acres are stable and there are no attractive alternative crops with which to compete. In 2008, contract prices rose significantly; this increased production will reduce fresh market prices. As far as input costs, although they are slightly up, with increased costs for seed, savings on fuel and fertilizer should help compensate cost increases in other input areas. Overall, potatoes are still a real "cash crop," and farmers are in good financial health.

Dr. Taylor then went on to discuss the contribution of agriculture to Idaho's economy. He explained that agriculture in Idaho has evolved from the family farm or ranch to an agribusiness industrial complex. Whereas in 1982 the average farm acreage was 40, it now averages 400 to 500. (The numbers have similarly risen in the size of livestock inventories.)

When one considers the impact of agriculture on the economy, farms and ranches are the middle link in the chain. Suppliers and dealers partially formulate the backward link, with packing and processors constituting part of the forward link. Therefore, while only 6% of Idaho jobs are found directly in agriculture, another 17% are in fields indirectly supported by agriculture. Since wheat is the only crop that leaves the state without significant processing, agribusiness will continue to be the single biggest contributor to Idaho's economy.

Beyond the size issue, the stability agriculture provides to the economy is invaluable, as agricultural lands are never idle. Unlike corporations, farmers do not "shut down the plant" when times are tough. Farmers just cut back on other expenses; they do not cease production. Further, lower prices do not significantly affect the linkages on the agricultural chain.

When asked about the status of grapes and fish farming, Dr. Taylor explained that fish are categorized in statistics as “other livestock.” He also indicated that grapes have the potential to provide greater diversity, which will be important as a growing contributor to Idaho’s economy.

After the presentation, **Chairman Trail** announced that the Beef Checkoff would be on next week’s agenda, as well as some legislative items.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:50 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: February 2, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** None

GUESTS: Brent Olmstead, Idaho Business Coalition for Immigration Reform; Bob Naerebout, Idaho Dairymen's Association; Brian Oakey, Idaho Department of Agriculture (ISDA); Lloyd Knight, Department of Financial Management; Laura M. Johnson, ISDA; Stephen Goodson and Emily Anderson, Governor's Office; Hannah Saona, American Civil Liberties Union (ACLU) of Idaho; Phil Hardy, Senate Majority Caucus; Dan Popkey, Idaho Statesman; Dennis Tanikuni, Idaho Farm Bureau; Dar Olberding, Idaho Grain Producers; Stan Boyd, Idaho Wool Growers Association/Idaho Cattle Association; Jeremy Chou, Milk Producers of Idaho; Rich Garber, University of Idaho College of Agriculture and Life Sciences; Patrick Kole, Idaho Potato Commission; Eli Hodson, U.S. Senator Risch's Office; Pat McCoy, Capital Press; and Richard Killebrew, ISDA

Chairman Trail called the meeting to order at 1:30 p.m. and welcomed guests. A silent roll was taken.

Brent Olmstead, Coordinator for the Idaho Business Coalition for Immigration Reform, appeared before the committee to present information on immigration reform. The coalition was legally established in 2008 with the intent to promote the debate of reforming the guest worker programs in the United States. Since that time, they have met with employers around the state to discuss their immigrant labor needs and what can be done to satisfy those needs. While the majority of coalition members are directly involved in agriculture, the coalition also includes members of the food-processing industry, construction industry and general business community, as immigration reform is an issue that impacts most employers in the state.

The coalition announced itself publicly in January 2009 with a guest opinion in various newspapers throughout the state and a letter of introduction to Idaho legislators. In response, unfortunately the coalition has received from the public numerous disturbing communications of a racist nature. However, the coalition remains focused on what can be done to improve upon the availability of labor for Idaho employers.

At the present time, there are 29 different types of visas. The only work visa program available for agricultural is the H-2A program, which is designed for temporary workers and is valid for a period of ten (10) months. Farmers seeking to use the program must first apply for a labor certification from the U.S. Department of Labor and then make reasonable efforts to recruit

qualified U.S. workers. If the employer's application meets the requirements of the Department of Labor and a sufficient number of U.S. workers cannot be found, a labor certification is issued. The employer must then file a petition with the U.S. Citizenship and Immigration Service for the admission of H-2A aliens. Meanwhile, a supply of alien workers must be recruited. If the employer's petition is granted, it is transmitted to the U.S. Consulate where aliens will apply for visas. In order for workers to arrive by the time they are needed, the entire process must be completed within 45 days.

The H-2A program benefits farmers by providing assurance of an adequate supply of seasonal workers at known terms and conditions of employment. In an industry where more than 80% of jobs are seasonal, and a work force must be reassembled at the beginning of every season, it provides assurance that after farmers invest millions of dollars in farm production assets, there will be a sufficient labor force to perform the work. It also promotes continuity, stability and productivity in agriculture, as three fourths of the H-2A work force in any given year are returning workers. H-2A employers find that a stable experienced work force is more productive. In fact, they can actually hire fewer workers than if they were required to recruit a new and inexperienced work force every year.

Further, most H-2a aliens value their jobs and are therefore careful to comply with program requirements so they can return as legal workers year after year. Unfortunately, due to the new U.S. government security measures, it has become difficult for many returning H-2A workers to acquire visas.

The H-2A program also assures open recruitment for local *and* non-local domestic workers who want such work. It assures that U.S. workers are given preference in such jobs. It also provides labor standards and employment guarantees far above the norms for most agricultural jobs, as well as many rural non-agricultural jobs. Further, the H-2A program assures viability of U.S. workers in the "upstream" and "downstream" jobs, such as food processing and fabric manufacturing, which are dependent upon U.S. agricultural production.

An adequate supply of legal labor also benefits the nation. Food and fiber are basic commodities; therefore, it is not in our national interest to become significantly dependent upon foreign sources to supply such commodities. However, it is also not in the nation's best interest to have such industries be almost entirely dependent upon a work force that has entered the country and is working here illegally.

One of the problems of the H-2A program is that many employers are daunted by the imposing administrative processes of the program and simply choose not to participate. In addition, H-2A labor certifications are often issued late due to delays encountered with the Department of Homeland Security (DHS) and U.S. consulates. Even a brief delay in the arrival of workers can be disastrous to producers of perishable agricultural commodities.

Another problem is that the H-2A program is designed specifically for crop agriculture and does not take into account the growing animal agriculture industries in the state, where work is full-time and year-round. Further, employers of an immigrant work force have no guarantee that experienced trained workers will be allowed to return in succeeding years.

The U.S. currently faces serious economic, labor market and security challenges, with each being linked to the other. At present, the U.S. is not even coming close to producing enough native-born workers to meet the demands of our economy. This has been the case for well over a decade; yet our legal immigration policies have been mostly blind to the labor force needs of the economy. As a consequence, we now have millions of people living and working in the country illegally.

In order to address the security issues surrounding the number of illegal aliens in the U.S., the federal government has decided to make it more difficult for such aliens to find work. In that endeavor, they have developed E-Verify, a partnership between DHS and the Social Security Administration (SSA).

E-Verify works by allowing participating employers to electronically compare employee information taken from the Form I-9 against more than 425 million records in SSA's database and more than 60 million records in the DHS immigration databases.

E-Verify participants must post notices informing employees of their use of the program, and it must be used for new hires only, regardless of national origin or citizenship; it cannot be used selectively. Also, it must be used only after hire and completion of the Form I-9, so employers may not pre-screen applicants through the system.

Unfortunately, there are some problems with the E-Verify system, including the new burden it places on businesses, especially small ones. Further, the system is time-consuming, especially for small businesses that do not employ personnel specialists or have a Human Resources department. Considering that over one half of new jobs created in the U.S. over the last decade have come from small businesses, this could have a serious economic impact.

Another problem with the system is that it has the potential to falsely deny work, placing employers at risk for wrongful termination of lawful workers. Although DHS claims a very low error rate in the system (under 3%), business owners are reporting a much higher error rate — as much as 13%. In Arizona, an ombudsman for U.S. Citizenship and Immigration Services found the most common concern to be that non-confirmation notices are being issued on work-authorized individuals. The result is that U.S. citizens and legal residents are being denied work or are having their employment delayed due to the federal bureaucracy.

In support of immigration reform, Mr. Olmstead went on to dispel some common immigration myths, the first being that the nation spends billions of dollars on welfare for undocumented immigrants. However, the truth is that undocumented immigrants are not eligible for welfare benefits, and even legal immigrants are severely restricted as to the benefits they can receive. The Welfare Reform Act of 1996 disqualified illegal immigrants from receiving benefits like food stamps or welfare. Further, since two thirds of all immigrants pay Medicare, Social Security and income taxes, illegal immigrants are paying more into the system and receiving fewer benefits than ever before. In reality, the majority of immigrants do not want benefits of this kind. They are actually upwardly mobile at a level that outpaces native-born Americans. The only services for which illegal immigrants are eligible are

emergency medicine and a K-12 education.

Another myth is that immigrant workers take jobs away from Americans and lower the overall working wage. However, while the presence of immigrant workers does reduce the cost of goods and services for consumers, it is not because they lower wages, but because without their presence, those jobs would go unfilled. According to one analysis, without immigrant workers, the nation could have as many as 2.5 million unfilled jobs, resulting in business closures and inflation. Ultimately, it could even lead to more unemployment among native workers. Further, since the skill sets of natives and undocumented immigrants are so different, natives would be unwilling or unable to fill the positions vacated by deported illegals.

The belief that there is no need for additional workers in the U.S. is another myth. In fact, half of all new jobs created in the last decade were filled by foreign-born workers. A recent Pew Study indicates that the annual need for unskilled foreign workers is over 500,000.

As to the myth that agricultural employers utilize foreign-born workers as a source of cheap or “slave” labor, wages in Idaho’s agricultural setting actually exceed the minimum wage. For example, irrigators make over \$8.00 per hour in Idaho, while milkers earn \$10.00 to \$14.00 per hour; most such employees have insurance and vacation benefits.

In conclusion, employers in Idaho want to hire a qualified, dependable and legal work force, but they can only hire those who actually apply for the jobs. At present, traditional domestic workers are not applying for employment in the agricultural sector. The vast majority of applicants are immigrants — legal and otherwise. Agriculture has been particularly affected by the shortage of legal native-born and immigrant workers. With more available jobs than legal workers, the legal workers have migrated to the more skilled, year-round, higher-paying urban jobs.

During the discussion period, the committee discussed the pros and cons of a “work card” system, in which immigrant employees would be legally bound to one employer. They also discussed the importance of timeliness for work visas, as farmers must make a great number of preparations for planting and harvest seasons several months in advance.

The committee identified other employment problems in the agricultural industry as well. For example, it is often difficult to find qualified drivers. Further, employers cannot hire from the youth population, since school is in session during much of the agricultural season. Also, long hours are often required in the agricultural sector, and much of today’s public is unwilling to work a daily shift that exceeds eight hours. Further, when agricultural producers are required to first make jobs available to Americans, by the time the agricultural season begins, many of these candidates do not show up, as they either find the work undesirable or have found employment more suited to their preferences.

RS18313
RS18321

Chairman Trail announced that **RS18313** and **RS18321** would not be presented today, as the Pea and Lentil Commission is having their board review them at its February 3, 2009 meeting.

H 35: **Laura Johnson**, Section Manager of the Market Development Division, ISDA, presented **H 35**, a bill dealing with the duties of the department director. The bill updates the language in that section as it pertains to the use of a market news service. The current language reads that the department must “maintain” a market news service. In actuality, the department “supports” a market news service located in Idaho Falls, through a cooperative agreement with the United States Department of Agriculture (USDA). This agreement has been in place for over fifty years. The updated language is more reflective of the actual situation.

MOTION: **Rep. Shirley** moved to send **H 35** to the floor with a **DO PASS** recommendation; **motion carried by voice vote**. **Rep. Patrick** will sponsor the bill on the floor.

H 36: **Chairman Trail** welcomed to the committee **Richard Killebrew**, Program Manager for ISDA Feed and Fertilizer Programs, to present **H 36**, a bill that deals with the Pure Seed Law. In preface to Mr. Killebrew’s presentation, Chairman Trail directed the committee’s attention to an e-mail in their folders from **Roger Batt**, Executive Director, Idaho Eastern Oregon Seed Association (IEOSA), in support of the legislation. In the e-mail, Mr. Batt indicates that the Seed Association has worked with the ISDA on this Idaho Code change and that a representative from the native seed industry would be a great asset to the advisory board.

Mr. Killebrew stated that the proposed changes to the Idaho Pure Seed Law were requested by the seed industry and reviewed favorably by IEOSA. The changes are a result of discussions over the last year and a half with the seed industry, board and council.

Proposed changes to Section 22-435 include the following:

- Section (1): increasing board membership from eight (8) to nine (9) members, to include a representative from the native plant seed industry;
- Section (2): adjusting the variable terms of service for membership to the current term length actually in use, which is three (3) years; and
- Section (7): modifying the election cycle in order to have the board chairman elected at the first meeting following June 1 each year; this would eliminate the delay of eleven (11) months in board leadership.

Proposed changes to Section 22-436 include the following:

- Section (4): modifying the Seed Arbitration Council’s status as a “standing” council to an “as needed” council (which would be consistent with the Seed Potato Arbitration Council); and
- Section (5)(c): outlining a procedure for calling a Seed Arbitration Council and referring a complaint to it.

The reasoning, in part, behind changing the “standing” council to an “as

needed” one, is that for over ten (10) years, there has been no need for the council to meet. Committee members commended the department for having so few complaints requiring arbitration.

MOTION: **Rep. Bolz** moved to send **H 36** to the floor with a **DO PASS** recommendation; **motion carried by voice vote**. **Rep. Pence** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:25 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: February 4, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** None

GUESTS: Traci O'Donnell, Idaho Beef Council; Will Ledbetter, MPI; Dave Ogden, Idaho State Department of Agriculture (ISDA); Lloyd Knight, Department of Financial Management; Dennis Tanikuni, Idaho Farm Bureau; Charles Lyons and Stan Boyd, Idaho Cattlemen's Association; Jeff Faulkner; Wally Butler, Idaho Farm Bureau; Randy Bauscher and John Hartman, Commodity Indemnity Fund (CIF); Pat McCoy, Capital Press; Greg Ledbetter; Emily Anderson, Governor's Office; and Laura Johnson, ISDA

Chairman Trail called the meeting to order at 1:31 p.m. and welcomed guests. A silent roll was taken.

Traci O'Donnell, Idaho Beef Council (IBC), gave a presentation on the Idaho Beef Checkoff program. The Beef Checkoff program was established as part of the 1985 Farm Bill as a self-help mechanism to raise demand for beef and increase the opportunity for producer profitability. The checkoff assesses the sale of all live domestic and imported cattle at one dollar per head. Idaho keeps fifty cents and forwards the other fifty cents to the Cattlemen's Beef Board, which oversees the national Beef Checkoff Program. Checkoff revenues are used for promotion, education, research and public information programs to increase the demand for beef. IBC serves as the marketing arm of Idaho's cattle industry.

In 2008, IBC raised \$1.66 million in assessments. One half of that goes to the national organization as part of the Farm Bill; 5% goes to the Brand Board for a collection fee; 20% goes toward the Federation Fund; and approximately \$600,000 is used for in-state activities. Checkoff dollars cannot be used to influence legislators, and the organization is audited annually by a CPA firm and every three years by the national beef organization.

Research has shown that the Beef Checkoff is making a real difference. Since 1998, beef consumption has increased 15%. While in 2007, according to surveys, the average consumer ate beef 1.9 times per week, a survey taken in July 2008 shows that average consumption is now 2.5 times per week. Beef is still the number one protein ordered in restaurants; however, chicken is becoming an increasingly popular choice.

The state-funded programs have done much to promote beef awareness and increase beef consumption. In 2008, through promotional programs and consumer outreach programs, over 70,000 consumers were exposed to the

great taste of beef. A total of 514,000 Idahoans were reached through advertising campaigns, with 85% of the target audience being reached an average of 15 times.

The program also works closely with both mainstream and independent retailers, such as Associated Food Stores, conducting training and providing information on the latest consumer demographics. They conduct in-store merchandising programs and training camps to bring attention to the meat case and encourage sampling. They also participate in statewide food shows, where they have the chance to come face to face with sales representatives.

In addition, IBC coordinates with health professionals and organizations to educate the public on the nutritional value of beef and its role in a balanced diet. By providing brochures on the latest in recipes and product handling, IBC helps to develop positive consumer attitudes toward beef. The organization also facilitates the quality of beef by working closely with producers, providing them with valuable information and resources.

Both consumers and producers of beef benefit from some of the important research projects taking place at the University of Idaho. These projects assist in such areas as vaccine development and the diagnosis and treatment of livestock diseases. In 2008, IBC funded five research projects for the University of Idaho, helping to further facilitate the safety and quality of beef.

After coming under attack in January 2008 as a result of undercover video taken by an activist group at a packing plant in California, a number of public relations and outreach campaigns were employed to assure Idahoans that the beef they eat is among the safest in the world and Idaho producers are committed to food safety and quality. IBC routinely works with the media and conducts press releases to assure consumers of beef's quality, safety and nutritional value.

Each year, the IBC develops strategic action plans based upon shifts in the business environment and the previous year's performance. Key to their success is keeping pace with the fundamental shifts in consumer preferences and behaviors in regard to beef. Recent research indicates that 61% of consumers are now "trading down" to cheaper meats or cuts of beef. Another 24% are "trading out" — that is, abandoning beef altogether in favor of grains, rices and cereals. Unfortunately, research shows that many of these consumers may never come back to beef.

Another current marketing challenge involves educating the country's youth about beef. Whereas in previous generations, a significant segment of the youth population had roots in the agricultural community, today's youth often do not have a fundamental understanding of the origins of their food, i.e., farms, ranches, etc.

The epidemic of childhood obesity in the U.S. in recent years poses a particular challenge in regard to beef education. Consumers are now constantly scrutinizing the foods they eat, and they are further influenced by the inundation through the media of certain food myths, mixed messages and the latest fad diets. The IBC is making efforts to further educate the public by showing how lean beef can be part of a balanced nutritional diet.

Environmental groups and activists are also a major obstacle, because for many, their ultimate goal is the elimination of beef production. Not only do the voices of such organizations speak with passion and power, but with very large budgets as well.

In the area of product development, the IBC continues to be adaptive, because food purchases and behaviors change over time. For example, in the swift pace of today's society, handheld foods have become more prevalent. Growing immigrant populations in the U.S. also have an influence, as their cultures merge with our own and become part of the fabric of our society. In fact, an emerging national phenomenon known as the "fourth meal" is currently creating new opportunities for marketing and product development.

Effective marketing will continue to be a challenge, as the cost of such marketing programs increases from year to year. Unfortunately, with the condition of the current economy, IBC funds are limited — \$110,000 in funding requests for the current year have been refused. However, IBC is committed to using current resources to the best of its ability, since without consumer demand, beef has no value.

RS18505

Stan Boyd, Idaho Cattlemen's Association, presented **RS18505**, legislation which would put in place a refund provision for the fifty cent per head assessment IBC is allowed to assess (although the assessment is not currently being collected). The proposed legislation also deletes a requirement regarding collection of the assessment on cattle leaving the state, and raises the amount of assessment IBC can collect from one dollar to one dollar and fifty cents should the Federal Beef Promotion and Research Act no longer be in effect.

Mr. Boyd obtained an Attorney General's Opinion, which supports Idaho in assessing the extra fifty cents, a practice similarly instituted by the Idaho Dairymen's Association. Mr. Boyd also pointed out that the current assessment is out of date, as goods and services which cost a dollar in 1986 now cost over two dollars in today's market.

The proposed legislation would also repeal Idaho Code Section 25-2908, which requires that an additional 20% of funds collected be passed on to the national beef promotion program. This would give Idaho more latitude on how to spend these funds. IBC believes Idaho has proven for over 23 years that they can be trusted on the state level and federal authorities should feel safe in relying on the judgment of Idaho's eight-member council.

MOTION:

Rep. Lake moved to introduce **RS18505** to print; **motion carried by voice vote.**

After the motion was carried, more committee questions were posed and a lengthy discussion arose. Concern was voiced that if the bill were to pass, further legislation might be proposed in the future to address certain matters contained therein.

H 34:

Dave Ogden, ISDA, presented **H 34**, a bill which reduces financial risk to the Commodity Indemnity Fund (CIF) by requiring commodity dealers to carry peril insurance to cover the full market price of commodities for which they still owe the producer.

Mr. Ogden said the legislation has the full support of the Food Producers of Idaho, Inc, directing committee members' attention to correspondence in their folders from **Rob Troxel**, President of the Food Producers of Idaho, Inc. In his correspondence, Mr. Troxel indicates his agency was informed by ISDA of this proposal in mid-summer 2008, and that the materials were sent to grower members, commodity dealers and warehouses throughout the state. Mr. Troxel asserts that "administration of the Commodity Indemnity Fund is the envy of many states throughout the Union," and further states that **H 34** (and **H 37**, presented below) only strengthen the program for grower members.

Mr. Ogden summarized by stating that overall, it is a good practice for commodity dealers to carry peril insurance. The proposed legislation simply codifies this practice — a practice currently being followed by most commodity dealers at the request of the agricultural industry. Committee members applauded the department on obtaining so much community support. They then asked for clarification on such issues as assessment of inventory values and calculation of inventory capacities.

MOTION: **Rep. Patrick** moved to send **H 34** to the floor with a **DO PASS** recommendation; **Rep. Chavez** seconded the motion; **motion carried by voice vote.** **Rep. Andrus** will sponsor the bill on the floor.

H 37: **Dave Ogden**, ISDA, presented **H 37**, a bill which further reduces financial risk to CIF as follows: 1) by limiting the producer and CIF liability to not more than three years of annual assessments for claims exceeding the balance of the fund; and 2) exempting CIF for liability on claims resulting from uninsurable perils such as natural disasters.

Mr. Ogden explained that although existing law requires insurance, a great number of catastrophic events are excluded from coverage, such as earthquakes, acts of terrorism and some flooding. In such cases, the CIF, which is too small to take on such high risk, could be held liable for losses. The proposed legislation further places a cap of three years on the CIF's liability, reading as follows, "After three (3) years from the date a claim is approved, the fund shall not be liable for any unpaid amounts." Overall, if the proposed legislation goes into effect, the CIF could likely double its capacity.

MOTION: **Rep. Bolz** moved to send **H 37** to the floor with a **DO PASS** recommendation; **Rep. Patrick** seconded the motion; **motion carried by voice vote.** **Rep. Stevenson** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:35 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: February 10, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** None

GUESTS: Roger Batt, Idaho Grape Growers and Wine Producers Commission; Mary Moynihan, Governor's Office; J. Kent Foster, Idaho Association of Soil Conservation Districts (IASCD); Scott Koberg, Ada Soil and Water Conservation District; Dick Rush, Idaho Soil Conservation Commission (ISCC); Steve Miller, IASCD; Cody Anderson, Latah Soil and Water Conservation District; David Saxey, ISCC; Phil Homer, Idaho Association of School Administrators (IASA); Harold Ott, Idaho Rural Schools Association (IRSA); Kyle Wilson and Steven Becker, Nez Perce Soil and Water Conservation District; Dwight W. Horsch, ISCC; John Robison, Idaho Conservation League (ICL); Benjamin Kelly, Food Producers of Idaho, Inc.; Rich Garber, University of Idaho; Marie Bulgin and Glen Weiser, University of Idaho Caine Veterinary Teaching Center; Bill Flory, ISCC; Jerry Nicolescu, ISCC; and Wayne Newbill, IASCD

Chairman Trail called the meeting to order at 1:30 p.m. and welcomed guests. A silent roll was taken.

MOTION: **Rep. Bolz** moved to approve the meeting minutes from January 26, 2009, January 28, 2009 and February 2, 2009; **motion carried by voice vote.**

Chairman Trail directed committee members' attention to a letter in their folders from **House Health and Welfare Committee** members, thanking them for switching meeting rooms for the remainder of the session.

The committee then heard a presentation from **Marie Bulgin**, University of Idaho Caine Veterinary Teaching Center. Dr. Bulgin brought the committee up to date on the status of bighorn sheep in the Northwest. She indicated that in the 1800's, bighorn sheep populations diminished greatly, and even completely disappeared in some areas, due to hunters, disease and over-grazing by domestic livestock.

For the past 30 years, there has been a large effort to reintroduce bighorn sheep into areas where they once roamed. Reasons for these efforts vary — from wanting to preserve the wild beauty of the species to wanting to hunt them as game. Reintroduction efforts have been largely unsuccessful due to outbreaks of pneumonia that have decimated bighorn sheep populations. Although many biologists and environmentalists believe pneumonia is being transmitted by domestic sheep, the research does not support this assertion.

The most studied reintroduced bighorn sheep populations are in Hells

Canyon, a project which began in 1975. Since then, 45 translocations have occurred from a variety of areas in the American Northwest. Therein may lie much of the problem — too many transplants from too many places.

One of the problems with the translocations was that much of the range on which bighorn sheep previously roamed was unavailable, as it was either paved or being utilized by farmers and ranchers. The winter range was virtually non-existent. Further, much of the range had been repopulated with deer and elk, and unfortunately, bighorn sheep do not compete well with other species.

At least six major die-offs of bighorn sheep have taken place since the first translocations. In 1995, when the last major die-off occurred, about one third of the population died. Although Fish and Game isolated some of the animals in an effort to control the outbreak, it was not successful — approximately 327 bighorn sheep were lost. Many of the bighorn sheep were cultured, along with some domestic sheep and goats, but no one particular microorganism was found in the majority of animals.

A five-year study of bighorn sheep was begun in 2003 in the upper Hells Canyon region. When morbidity rates were analyzed, pneumonia was found to be the leading cause of death. Pneumonia is caused by *pasteurella*, a commonly normal flora in all ruminant species; onset of the disease is correlated with compromised immunity, which allows *pasteurella* to gain entrance into the lung.

Interestingly, the disease shows a different pattern with bighorn sheep than with domestic sheep. In domestic sheep, the disease mainly strikes the young and is associated with immunosuppression that occurs when animals experience stress. Stressors include over-crowding (sometimes known as “shipping fever”), dust inhalation and malnutrition. In bighorn sheep, while pneumonia *also* occurs in lambs — usually during the summer, within a month or so of birth — significant outbreaks are also found in the adult populations.

Adult pneumonia in bighorn sheep usually occurs between November and March. One possible explanation for the prevalence of pneumonia in the winter months is that the bighorn sheep’s breeding season is in the fall. Increased contact between the sexes could increase disease transmission, and since rams move between populations during this time, the potential for pathogen movement is enhanced. The incubation period for *pasteurella* is between ten days and two weeks. Since domestic sheep are removed from the range in October, transmission of the disease cannot be attributed to domestic sheep.

When considering the onset of pneumonia in adult bighorn sheep during the winter months, again, stress seems to play a major role. Stressors in the bighorn sheep’s environment include the encroachment of man on their range, competition with deer and elk, lack of water, temperature stresses and malnutrition. Another source of stress involves the ram to ewe ratio of 1:2, which may exacerbate fighting amongst the rams and harassment of the ewes.

In conclusion, Dr. Bulgin stated that while there is no shortage of reasons that bighorn sheep get sick, researchers at the Caine Center have not found

any instance of pasteurella carried by a domestic sheep being shared by any dead or dying bighorn sheep. When asked by the committee why domestic sheep are being blamed for the outbreaks if the scientific evidence does not support it, Dr. Bulgin confirmed that a great deal of circumstantial evidence exists, simply because domestic sheep have been in the vicinity during some of the outbreaks. In addition, domestic sheep may be a convenient scape-goat for some groups that simply want the domestic sheep off the range.

Dr. Glen Weiser, University of Idaho Caine Veterinary Teaching Center, then gave a presentation on his studies of pasteurella, a very complex toxin exacerbated by many factors. His research reveals that wild sheep carry pasteurella in their tonsils, whereas in domestic sheep, it is carried in their nasal passages.

Dr. Weiser is currently working with state-of-the-art technology developed by grants from Homeland Security and the United States Department of Agriculture (USDA) in response to possible terrorist threats following the 9/11 attacks. This technology, known as electro-spray tandem mass spectrometry, is capable of identifying over 1,500 possible pathogens, including viruses, many of which are difficult to find with conventional techniques. Pending the availability of funding, the project intends to apply this technology to all sheep being tested.

To date, this will be the largest and most comprehensive sheep respiratory pathogen survey ever conducted. The research is expected to yield some exciting results, which could provide additional valuable resources to decision-makers in developing grazing policies.

Jerry Nicolescu then gave a presentation on the Idaho Soil Conservation Commission (ISCC). The Commission is actually part of a conservation partnership between the Natural Resources Conservation Service (NRCS) and Idaho Association of Soil Conservation Districts (IASCD). The function of the Commission and the districts is to take available technical, financial and educational resources and coordinate them so that they meet the needs of the local land user. One of the Commission's current key programs is the Upper Salmon Basin Watershed Program and Clearwater Focus Watershed Project, which are involved in bringing the fisheries back to the region and reconnecting streams to establish a suitable water habitat.

The Commission faces many challenges resulting from budget holdbacks, which will change how they provide services. Technical staff will have more responsibility, and the duties and responsibilities of staff will have to be re-aligned. While a number of projects, which could provide a boost to the economy, are on their list at all times, project funding remains a problem. The search for alternative funding sources and potential partnerships is ongoing.

Steve Miller, President, IASCD, then gave a presentation which echoed the ISCC's concerns regarding lack of funding. He indicated that the holdbacks could render many smaller conservation districts ineffective. The IASCD was established in 1944 as a private non-profit corporation. It represents Idaho's 51 conservation districts. Each district develops a unique, locally led and *voluntary* conservation program. Districts are partially funded by local entities, with the state matching local funding at up to two to one. However, while local funding over the last ten years has increased, state-matched

funding has decreased.

Reduced funding will have a significant effect on smaller districts. Of 58 district employees statewide, 15 to 20 may lose their jobs by July 2009. Up to one half of employees may have to reduce their work hours. Unfortunately, turnover has been high for many years because of the wide discrepancy between salary, which is very low, and the skills set necessary to perform the job, which is very technical. In a field where the training cycle takes two to three years, high turnover in these positions has a strong impact.

RS18351: **Roger Batt** presented **RS18351**, legislation pertaining to the Idaho Grape Growers and Wine Producers Commission, which would perform the following: 1) remove the clause requiring dual signatures on checks; and 2) allow the Commission to establish and maintain an adequate system of internal accounting controls and practices.

In regard to the issue regarding signatures on checks, obtaining dual signatures can present some difficulty since members of the commission are often some geographical distance apart. Also, current banking practices do not require dual signatures. The proposed legislative change is further supported by the fact that legislative auditors decided in 2006 that it is no longer necessary for small commodity commissions to require two signatures on checks.

In regard to the Commission establishing and maintaining an adequate system of internal accounting controls and practices, such practices would be written, approved and reviewed periodically by the Commission. Similar legislation was adopted in 2006 for the Idaho Mint Commission, Idaho Alfalfa Clover Seed Commission, Idaho Bean Commission and Idaho Canola and Rapeseed Commission.

MOTION: **Rep. Chavez** moved to introduce **RS18351** to print; **motion carried by voice vote.**

RS18352: **Roger Batt** then presented **RS18352**, legislation which would clarify that wineries are taxed on wine production separately from their vineyard production. The legislation would also set minimum assessments for wineries and vineyards in order to fund much needed research, education, marketing and continued growth of the grape and wine industry. Mr. Batt indicated that Idaho's grape and wine industry has initiated and is in full support of the legislation. The proposed minimum assessments are as follows: 1) \$100.00 annually to each grower for grapes grown in Idaho; 2) \$100.00 annually to each winery for the production of wine; and 3) \$5.00 per ton or per 167 gallons for grapes and grape juice purchased from producers outside of Idaho.

MOTION: **Rep. Bolz** moved to introduce **RS18352** to print; **motion carried by voice vote.**

RS18505: **Chairman Trail** prefaced the presentation of **RS18505C1** by explaining to committee members that as a result of discussions following the presentation of **RS18505** last week, the RS was revised to its current form.

MOTION: **Rep. Bolz** moved to hold **RS18505** in committee; **motion carried by voice vote.**

RS18505C1: **Stan Boyd**, Idaho Cattlemen's Association, then presented **RS18505C1**, legislation which would put in place a refund provision for the fifty cent per head assessment IBC is allowed to assess (although the assessment is not currently being collected). The proposed legislation also deletes a requirement regarding collection of the assessment on cattle leaving the state, and raises the amount of assessment IBC can collect from one dollar to one dollar and fifty cents should the Federal Beef Promotion and Research Act no longer be in effect. Mr. Boyd indicated that the industry is very supportive of this legislation.

MOTION: **Rep. Shirley** moved to introduce **RS18505C1** to print; **motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 3:10 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: February 12, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** None

GUESTS: Virginia Hemingway, Stop Torturing our Pets (STOP); Brenda Ross, STOP; Victoria Mitchell, STOP; Will Ledbetter, Milk Producers of Idaho (MPI); Rich Garber, University of Idaho College of Agricultural and Life Sciences; Mary Moynihan, Governor's Office; Jeff Rosenthal, Idaho Humane Society; Dave Schulz and Karen Ewing, Idaho Board of Veterinary Medicine; Laura Johnson, Idaho State Department of Agriculture; Brent Olmstead, MPI/ Idaho Business Coalition for Immigration Reform; Dr. Ronald M. Mann, Mann Orchards; Benjamin Kelly, Food Producers of Idaho, Inc.; Lisa Kauffman, Humane Society of the United States; Fairy Hitchcock; Kent Lauer, Idaho Farm Bureau; and Keith Allred, The Common Interest

Chairman Trail called the meeting to order at 1:30 p.m. and requested the guests' indulgence as the committee proceeded to the legislative agenda items first.

RS18560C1: Virginia Hemingway presented **RS18560C1**, which deals with animal cruelty. Ms. Hemingway is the President of Stop Torturing Our Pets (STOP), an Idaho-only organization with one thousand members statewide. In drafting the legislation, particular care was taken to ensure that agricultural producers were adequately protected from undue animal cruelty accusations and that common livestock handling practices were exempted. Also exempted were common dog activities, such as sledding, herding, hunting, tracking, property protection, etc.

The legislation adds a definition of "torture" to the Idaho Code, which addresses acts of omission (passive neglect), as well as the commission of cruel acts. The law would make a third conviction a felony, resulting in imprisonment (from one to five years) and/or a fine of up to \$9,000. Under the current law, animal cruelty violations are classified only as misdemeanors, providing no real deterrent for people to re-offend.

The main purpose of the legislation is to curb repeat offenders. Since Idaho is one of only four states without felony provisions, it has become a safe haven for repeat offenders. Without serious penalties, these people are free to continue their mistreatment of animals. In states where felony penalties of imprisonment and monetary fines are imposed, incidents of animal cruelty have actually gone down.

Committee members asked several questions as to what specific acts qualify as cruel or torturous, as well as what the enforcement measures are for various acts of omission or commission. Of particular concern was how the legislation would affect private animal owners and some of their own common practices with animals.

MOTION: **Rep. Killen** moved to introduce **RS18560C1** to print. A roll call vote was requested on the motion; **motion failed 2-8. Voting in favor** of the motion: **Chairman Trail** and **Rep. Killen. Voting in opposition** to the motion: **Vice Chairman Andrus, Reps. Lake, Stevenson, Bolz, Shirley, Patrick, Pence** and **Chavez**.

RS18187: **Dave Schulz**, Idaho Board of Veterinary Medicine, presented **RS18187**, which updates language in the Declaration of Policy to be more reflective of their mission statement. The updated language is also more consistent with other professional health boards in Idaho and Boards of Veterinary Medicine in other states.

Whereas the current language only addresses safeguarding of "people," the new statement includes "animals," as they are the population actually served by veterinarians. The current language also reads that the board safeguards "against incompetent, dishonest or unprincipled practitioners of veterinary medicine." Idaho veterinarians have periodically asked the board to change this language, as they find it derogatory and demeaning.

In reality, most veterinarians disciplined by the board are not incompetent, dishonest or unprincipled, but have simply made an error. The new language reads that the board safeguards people and animals "by establishing and enforcing professional standards in the licensure and regulation of veterinary health professionals."

MOTION: **Rep. Lake** moved to introduce **RS18187** to print; **motion carried by voice vote**.

RS18216: **Karen Ewing**, Board of Veterinary Medicine, presented **RS18216**, which would require background checks for licensees. Since such professionals have access to dangerous drugs, this would greatly enhance the board's ability to carry out its statutory duty to protect the public.

At present, although applicants must answer several screening questions regarding previous convictions, etc., there is no mechanism to ensure that the answers they provide are truthful. Background checks would allow the board to screen applicants for felonies, drug violations and criminal acts related to veterinary medicine. Upon obtaining derogatory information on an applicant, the board would determine eligibility for licensure on a case-by-case basis.

The start-up cost for the background checks would be \$4,000 for the first year, since the Idaho State Police (ISP) and Federal Bureau of Investigation (FBI) require that payment come directly from the agency. The agency will collect \$34.00 per applicant, which will then be paid directly to the ISP and FBI, so overall, there will be no negative fiscal effect.

Committee members asked questions about the types of felonies which

might preclude licensure; they also asked if applicants who were arrested, but not convicted, would be precluded from licensure. Ms. Ewing clarified that although it is important to obtain all derogatory information available on an applicant, the actual circumstances surrounding issues of concern would be taken into account on a case-by-case basis. She indicated that other boards that require background checks frequently set certain criteria by which to judge items of concern; the board will likely follow suit.

MOTION: **Rep. Lake** moved to introduce **RS18216** to print; **motion carried by voice vote.**

RS18220: **Karen Ewing**, Board of Veterinary Medicine, presented **RS18220**, which would require that Certified Euthanasia Technicians (CETs) be employed through a Certified Euthanasia Agency. Upon certification as a Certified Euthanasia Agency, a facility must undergo annual inspections by the board to ensure that no drug diversion has occurred.

Currently, the law allows for law enforcement employees to administer euthanasia drugs “under the indirect supervision of a licensed veterinarian.” However, euthanasia drugs are dangerous controlled substances that must be closely monitored, and currently, there is no mechanism in place that allows the board to review the drugs used by such personnel. Further, neither the DEA nor the Board of Pharmacy reviews the drug use unless a formal complaint has been filed.

The Certified Euthanasia Task Force (CETF) appointed by the board has determined that the costs for a law enforcement agency to become a Certified Euthanasia Agency are not prohibitive, so this should not place an undue financial burden on law enforcement. Further, of the 56 current CETs in the state, only two are obtaining drugs from a licensed veterinarian. Both CETs are employed by the same agency, so the legislation will only affect one law enforcement agency in the state; that agency indicates it has no difficulty meeting requirements to become a Certified Euthanasia Agency.

MOTION: **Rep. Lake** moved to introduce **RS18220** to print; **motion carried by voice vote.**

RS18318: **Rep. Bolz** presented **RS18318** regarding Agriculture in the Classroom, which makes necessary corrections to **H0426**, passed in 2008. The prior legislation inadvertently left a section in Idaho Code allowing for funds for the Idaho Agriculture Plates to be transferred to the State Treasurer. Since Ag in the Classroom is not a state agency, those funds cannot be transferred to the State Treasurer for investment purposes. The new legislation will correct that error and specify that the Idaho Transportation Department transfer the funds directly to Ag in the Classroom by warrant on a monthly basis.

MOTION: **Rep. Stevenson** moved to introduce **RS18318** to print; **motion carried by voice vote.**

RS18313: **Chairman Tom Trail** turned the meeting over to **Vice Chairman Ken Andrus**, in order to present **RS18313**, which deals with the Pea and Lentil Commission. The new legislation revises provisions relating to the selection

of commission members, their terms of office and the handling of vacancies.

In regard to nominations for commission members, the legislation reduces the required signatures on petitions for dealer or process members from eight to three; and for grower members from 25 to 15. It also precludes members from serving two consecutive terms, rather than two total terms. In the case of filling vacancies, new appointments would be required to serve for the remainder of the current term.

MOTION: **Rep. Stevenson** moved to introduce **RS18313** to print; **motion carried by voice vote.**

RS18321C1: **Chairman Tom Trail** then presented **RS18321C1**, pertaining to the Pea and Lentil Commission. Under the current legislation, commission members receive a small salary of approximately ten dollars, which is placed in PERSI. However, by participating in PERSI, members are thereby unable to establish their own IRA accounts. The proposed legislation changes members' compensation to "no salary." Washington has enacted similar legislation.

MOTION: **Rep. Bolz** moved to introduce **RS18313** to print; **motion carried by voice vote.**

Chairman Trail then took over the meeting and introduced **Dr. Ron Mann**, of Mann Orchards, who gave a presentation on the grape industry and some of the latest research in the area. Dr. Mann reported that he has been doing research with table grapes over the last 15-16 years, and has found that Idaho has a great climate for them. He has studied 150 varieties of grapes, and has found eight to ten varieties that do very well in Idaho. In fact, experts from Canada, Central and South America, Europe and Asia, have proclaimed that Idaho raises the finest table grapes in the world. This offers Idaho a whole new profitable industry, as well as an opportunity for small farmers to succeed.

Other fruits that Idaho could grow and market successfully include pears, plums, mulberries, persimmons and pomegranates. The University of Oregon has developed a blueberry which can be grown ideally in Idaho soil. Profitability for such an enterprise would be further enhanced if Idaho could support a juice processing plant rather than having to ship produce outside the state for processing.

Researchers have found a synergistic relationship between berries and nuts; therefore, researchers are also testing pistachios, chestnuts and red walnuts. Dr. Mann estimates that at least 30 more nutritional plants could be supported in Idaho, and that thousands of acres are available for such an industry.

Dr. Mann indicated that his resources are running low and funding is sorely needed for this important work. Unfortunately, although funding is available for the production of wine grapes in Idaho, there are no resources for table grape growers.

Idaho has a unique opportunity to fill the void vacated by other producers, as food and fruit shortages are prospected for the fall. Also, California is

experiencing the worst water shortages in its history, Australia is still suffering drought and Asia has lost a great many crops as well. The time is ripe for Idaho to take advantage of these agricultural opportunities.

Dr. Mann also said that Idaho could easily support a labor force of pickers. In fact, an influx of workers from California can be expected, as ladders are not required for picking in Idaho, meaning workers can pick faster and make more money.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:40 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: February 16, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** None

GUESTS: Wally Butler, Idaho Farm Bureau Federation (IFBF); Mike Pellant, Bureau of Land Management (BLM); Bill Baker, BLM; Courtney Washburn, Idaho Conservation League; Laura Johnson, Idaho State Department of Agriculture (ISDA); Eddie Yen, ISDA; Armando Orellana, ISDA; Guoli Cao, ISDA; Pat McCoy, Capital Press; and Kent Lauer, IFBF

Chairman Trail called the meeting to order at 1:31 p.m.

MOTION: **Rep. Chavez** moved to approve minutes from the February 10, 2009 meeting; **motion carried by voice vote.**

Wally Butler, Idaho Farm Bureau, along with **Bill Baker** and **Mike Pellant**, Bureau of Land Management (BLM), gave a report on the restoration efforts following the Murphy Wildland Fire Complex in 2007. This event began with 22 separate lightning fires on July 16 and 17, 2007, in rangelands near the Idaho-Nevada border, southwest of Twin Falls, Idaho. The fire was initially very difficult to contain, due to extreme fire conditions, i.e., wind gusts reaching 30 mph, the presence of dry fuels, and temperatures exceeding 100 degrees on some days.

The fires were soon joined by the Rowland Fire (west of Murphy Hot Springs), Elk Mountain Fire (southeast of Three Creeks) and Scott Creek Fire (west of Jackpot, Nevada). The Murphy Complex encompassed more than 1,000 square miles of rangelands, affecting grazing allotments, watershed areas, deer and elk winter range, and habitats for bull trout, bighorn sheep and sage-grouse. Some areas were left almost completely devoid of vegetation. A number of the fires burned for more than two weeks and the complex was not fully contained until August 2, 2007.

Recovery efforts involved a collaboration between state agencies, such as the BLM, ISDA, Idaho Department of Lands and Idaho Fish and Game, with costs exceeding \$16 million. Emergency stabilization and rehabilitation of the area included drill and aerial seeding, facility repair, erosion control and the replacement of 463 miles of fencing, which was made wildlife-friendly. Still remaining to be accomplished are the planting of 150,000 bitterbrush and 20,000 sagebrush seedlings, as well as further noxious weed control efforts, fuels restoration treatment, and 70 miles of fence modification.

Before-and-after pictures of burnt areas show not only the restoration efforts but a remarkable degree of natural recovery. Although 35 grazing allotments were affected in the Murphy Complex, by 2008, elk and antelope were grazing again and a 18 pastures within eight allotments were opened.

A team of scientists, habitat specialists and land managers assembled by Idaho BLM Director, Tom Dyer, in August 2007, examined initial information from the Murphy Complex in relation to plant communities and livestock patterns. Among their findings were that grazing levels probably had little effect on the complex's fire behavior, given the extreme weather and fuel conditions. Modeling suggests that in more moderate conditions, grazing can reduce the rate of spread and the intensity of fires. This potential is greater in grasslands than in shrublands. Livestock grazing can also reduce annual carry-over of dead herbaceous fuels in grasslands, which reduces the rate of spread and fire-line intensity.

The report recommends that a team of specialists and scientists create one or more carefully planned, targeted and intensively monitored pilot projects large enough to evaluate management opportunities and ecological implications. Also, a general technical guide should be developed, based upon existing research and field examples, of how livestock grazing influences fire extent, severity and intensity. The assessment team further recommends continued research and monitoring of the ecosystem effects of the Murphy Complex to gain additional insight for future management decisions in this ecosystem and others like it.

Laura Johnson, Idaho State Department of Agriculture (ISDA), introduced three trade specialists who have worked with the ISDA for many years and who presented their annual reports to the committee. Laura explained how such collaborative relationships are key to Idaho's agricultural industry, as Idaho is very export-dependent — generating far more products than it could possibly consume.

Armando Orellano, from the Idaho-Mexico Trade Office, stated that although Mexico is experiencing a recession, the economic impact is milder than in much of the world right now. Currently, their inflation rate is 4% and the peso has lost 35% of its value in comparison with the U.S. dollar in the last four months. However, Mr. Orellano is optimistic that the general macroeconomic stability will prevail in spite of challenges presented by the turbulent global market.

Mexico's economy is inextricably linked with that of the U.S., as Mexico is heavily reliant upon agricultural imports from the U.S., and thousands of Americans are drawn to the Mexican tourism sector each year. In fact, the low peso value actually benefits the tourism industry, as it draws more visitors to their country. This also provides key opportunities for Idaho suppliers in the retail, hotel, restaurant and hospitality sectors.

Mr. Orellano expects Idaho food exports to Mexico to remain strong. Demand for Idaho barley, used to make soups and beverages, is likely to rise, due to its nutritional value and price. Wheat sales are expected to remain about the same as last year. The sale of processed foods from Idaho, such as frozen potatoes and dairy products, should also remain strong. One of the newest exports to Mexico is beef, with 3,000 Holsteins

being purchased from Idaho each year.

The Mexican Trade Office also promotes Idaho with trade shows and other activities. It facilitated Governor Otter and 13 Idaho companies during the Governor's trade mission to Mexico by arranging for them to visit the most important cities in Mexico and pair up with Mexican companies, including retailers, industry leaders and potential customers. Staff from the trade office also attended the Tri National Accord meeting in Coeur d'Alene to participate in a project designed to attract a specific Mexican company as an Idaho investor. Also, in support of the Idaho Bean Commission, the Mexican trade office supported an Idaho delegation of bean commissioners and dealers during the Agro Sinaloa show, which is one of the most important trade shows for bean seeds and agricultural equipment.

Eddie Chen, from the Idaho-Asia Trade Office, indicated that Taiwan's currency has depreciated two to three percent, but their government is making efforts to stabilize it. For example, as part of an economic stimulus plan, the government distributed cash coupons in the amount of \$110 (USD) to consumers. The coupons had to be spent on goods — that is, the coupons could not be deposited in the bank.

Mr. Chen stated that Taiwan relies heavily upon an overseas market, and that it does not expect agricultural imports from Idaho to decrease, as many of those food items are becoming daily staples to their domestic population. Among the foods imported from Idaho are cherries, table grapes, apples, peaches and frozen potatoes, as well as Ste. Chapelle's Riesling wine.

Dr. Chen also indicated that Taiwan is an important market for high-grade beef, which is served in their restaurants. Whereas their beef used to be exclusively imported from Australia, since the "Tastes of America" menu promotion, in which Governor Otter participated, Taiwan now purchases Kobe beef from the Snake River Farms. Idaho potatoes and other menu items are also promoted in their restaurants.

Taiwan further promotes Idaho by publishing brochures advocating Idaho's educational institutions and tourism opportunities. They even sent one of their own photographers to Idaho to take pictures for some of the publications. New promotional opportunities are also arising with the current consumer trend of purchasing organic, environmentally friendly or "green" products.

Dr. Guoli Cao, from the Idaho-China Trade Office, provided an update on China's economy and trade efforts with Idaho. With the global financial crisis, 2008 was a challenging year for the U.S. and China, but the good news is that U.S. agricultural exports to China increased by 56.9% from January to November 2008.

While the currency in many countries is depreciating, Chinese currency has appreciated by 21%, opening more doors to U.S. products and making U.S. goods and services more competitive. Even with worldwide challenges, the China office has been working hard to support Idaho's economy by increasing exports, retaining jobs and attracting investors to Idaho.

One of their efforts includes "Project 60," which focuses on direct foreign

investment promotion activities, involving outbound investment fairs. They also helped publish an article in China's Wall Street Journal, "21st Century Business Herald," featuring Idaho's pro-business environment. This publication is read by millions of business leaders, scholars and governmental officers. Environmental trade and tourism shows are also utilized to promote Idaho companies and their products.

Governor Otter's trade mission to Hong Kong and Macau with 16 Idaho companies was very successful, as is the foreign student exchange and training programs between China and Idaho educational institutions. Also, many Idaho companies are expanding into China by setting up assembly plants and joint ventures.

Chairman Trail announced to the committee that Wally Butler from IFBF would be returning on Wednesday, February 18, 2009, with information on range management issues. Also on the agenda will be some House bills.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 3:21 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

- DATE:** February 18, 2009
- TIME:** 1:30 p.m.
- PLACE:** Room 228
- MEMBERS:** Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen
- ABSENT/
EXCUSED:** None
- GUESTS:** Courtney Washburn, Idaho Conservation League; Brent Olmstead, Milk Producers of Idaho (MPI) and Idaho Business Coalition for Immigration Reform; Bob Naerebout, Idaho Dairymen's Association (IDA); Roger Batt and Moya Shatz, Idaho Grape Growers and Wine Producers Commission (IGGWPC); Wally Butler, Idaho Farm Bureau Federation (IFBF); Ron Kay, Idaho State Department of Agriculture (ISDA); Rich Garber, University of Idaho College of Agricultural and Life Sciences; Kelly Crane, University of Idaho; Will Ledbetter, MPI; Greg Ledbetter, Independent Dairy Environmental Action League (IDEAL) Foundation; Benjamin Kelly, Food Producers of Idaho, Inc.; Bonnie Butler, Governor's Office; Kent Lauer, IFBF; Sarah Wire, Associated Press; and Pat McCoy, Capital Press
- Chairman Trail** called the meeting to order at 1:30 p.m.
- MOTION:** **Rep. Bolz** moved to approve minutes from the February 12, 2009 meeting; **motion carried by voice vote.** **Chairman Trail** and committee members complimented the committee secretary on the consistently good quality of her meeting minutes. The committee then bade a fond farewell and "thank you" to Shirin Johnson, who served as the committee's page during the first six weeks of the legislative session.
- H 99:** **Roger Batt** presented **H 99**, legislation pertaining to the Idaho Grape Growers and Wine Producers Commission (IGGWPC), which would perform the following: 1) remove the clause requiring dual signatures on checks; and 2) allow the Commission to establish and maintain an adequate system of internal accounting controls and practices.
- Mr. Batt provided a list of the initial financial procedures, which will ensure that records are in order for the purpose of audits. The procedures will be reviewed and approved periodically by the Commission. In 2006, similar legislation was adopted by other Idaho commissions.
- MOTION:** **Rep. Chavez** moved to send **H 99** to the floor with a **DO PASS** recommendation; motion carried by voice vote. **Rep. Takasugi** will sponsor the bill on the floor. **Rep. Patrick** went on record as saying that he is philosophically opposed to the bill, but will defer to the commissions and the committee members on the matter.
- H 100:** **Roger Batt** then presented **H 100**, legislation which would set minimum

assessments for wineries and vineyards in order to fund much needed research, education, marketing and continued growth in the industry in order to sustain its viability. This legislation was initiated by Idaho's grape and wine industry, which is in full support of it. Growers who do not wish to participate may "opt out" by sending a letter to the IGGWPC.

MOTION:

Rep. Bolz moved to send **H 100** to the floor with a **DO PASS** recommendation; motion carried by voice vote. **Rep. Takasugi** will sponsor the bill on the floor.

Chairman Trail welcomed **Wally Butler**, Idaho Farm Bureau Federation (IFBF), back to the committee, to follow up on his presentation regarding the Murphy Complex Fire with important findings from the fire, as well as the latest research in range management issues. Mr. Butler then introduced his colleagues from the IFBF, ISDA and the University of Idaho, who addressed different aspects of range management.

Dr. Neil Rimbey, Extension Professor/Range Economist, University of Idaho, discussed the Murphy Complex in terms of "Wildfire Economics," which examines the economic effect of fire on ranches and regional areas. One of the major research projects in this area, known as SageSTEP, was conducted by Anna Maher from Oregon State University. The project involved a multi-period linear programming model which studied 300 head of cattle over a 40-year period.

Prices and precipitation were kept constant in the experiment. The goal was to isolate the economic impact of alternative fire frequencies. Results show that even one fire has a significant negative impact on ranch income, and that in the case of multiple fires, values drop even more. Naturally, fire frequency also increases the chance for insolvency, i.e, bankruptcy. Since ranches have an economic impact on their communities, wildfires have far-reaching effects, not the least of which is the increased fire danger they represent to urban fringe and rural developments.

The influx of cheatgrass has a major negative economic impact on ranches, as it is dominating range lands and inhibiting the growth of native and healthy plant life on which livestock can graze. Its devastating effects on wildlife habitats naturally endanger certain species as well. The State of Utah has declared war on cheatgrass, raising \$2 million in grants to fund projects designed to reduce the size and frequency of wildfires. Their overall goal is to reduce the threat that catastrophic fires, often fueled by invasive weeds and fire-prone cheatgrass, represent to the public safety, environment and local economies. The state of Idaho may need to take similar measures.

Dr. Kelly Crane, Assistant Professor/Range Extension Specialist, University of Idaho, then gave a more detailed presentation on the SageSTEP project and the ecological effects of cheatgrass. He showed before-and-after pictures over a 40-year period, showing that much of Idaho's grasslands are now dominated by cheatgrass. While grazing once appeared to be a historical explanation, the research shows the same effect on lands that have not been grazed since 1946.

The research has found that even in the absence of livestock grazing, cheat-

grass can invade and dominate native perennial plant communities. Unfortunately, although much expense has gone toward re-seeding efforts to establish native perennial shrubs and grasses on sites dominated by cheatgrass, those efforts have had dismal success. Studies show that because cheatgrass alters the physical and biological properties of the soil, the establishment of native perennials is thereby inhibited.

Conversion to cheatgrass leads to losses in soil organic matter, changing the soil's distribution and composition. The basic ecosystem functions are altered, including the cycling of carbon, nitrogen and oxygen. The intensity of these changes increases with the amount of time the site is dominated by cheatgrass. Cheatgrass also leads to more sagebrush and makes the land more susceptible to fire dangers.

What is needed is a transition species which can compete with cheatgrass while contributing to fire resilience. Studies with appropriately managed crested wheatgrass seeding have shown positive results. Crested wheatgrass aids in restoring stability to the soil, due in part to its ability to effectively capture nutrients and water. It is also very competitive with cheatgrass. In fact, sites dominated by crested wheatgrass often show no invasion of cheatgrass even after 40 years.

Ron Kay, Range Program Manager, ISDA, explained that his presentation would tie in with the material presented on February 16, 2009, regarding the Murphy Complex Fire and its impact. Mr. Kay explained that BLM starts the reconstructive planning process as soon as a fire gets started, meeting with ranchers to start problem-solving right away.

Mr. Kay's department is involved on a day-to-day basis with ranchers, acting as a liaison between the ranching community and the BLM. During the Murphy Complex, ISDA officials contacted the ranching community and coordinated with BLM to look for alternative use areas. They also gathered livestock information for the study of the grazing effect on fire behavior. In addition, they helped set up monitoring sites on private and BLM lands to monitor the effects of grazing on vegetative cover on various burned and unburned sites.

After the Murphy Complex, the ISDA coordinated with BLM on seeding rehabilitation, seed mix policies, temporary and permanent fence locations, and the reauthorization of grazing. They were also part of the Murphy Wildland Fire Grazing and Fuel Assessment Team that published the July 2007 article distributed at the February 16, 2009 meeting.

One particular challenge resulting from the Murphy Complex is the preservation of the sage-grouse habitat. Declining sage-grouse populations are a concern to ranchers, sportsmen, environmental groups and Native American tribes, as well as the Idaho Department of Fish and Game, ISDA and BLM. The ISDA is involved with the Jarbidge Sage Grouse Local Working Group, which meets monthly, in efforts to improve the sage-grouse habitat, as well as to identify and address the many factors affecting sage-grouse populations.

During the 2009 grazing season, the Jarbidge Field Office will continue to monitor the effects of grazing on vegetative cover, on both burned and non-

burned sites. With the BLM, they will review and recommend goals for allowing livestock to be reauthorized in the burned areas. One factor that will be examined closely is the cost/benefit ratio of the prescribed two-year resting period on burned areas. Since some acreages are often burned multiple times, lands often remain unused for extensive periods of time. However, studies have suggested that some areas would benefit strongly from the planting of wheatgrass, which in some cases, restores land almost immediately.

Wally Butler then concluded the presentation by providing a listing of new programs resulting from the Natural Resources Conservation Service Farm Bill 2008. He also provided information on the Western Legacy Alliance, an organization which strives to preserve the working landscapes and lifestyles of the American West.

Bob Naerebout, Idaho Dairymen's Association (IDA), then presented an update on the dairy industry. He first directed committee members' attention to the IDA's revised mission statement, which now includes in its purpose "protecting and promoting the health and welfare of the public." He explained that every Idaho dairy producer is a member of the IDA and they contribute \$0.01/cwt to fund IDA and the IDEAL Foundation, raising approximately \$1,200,000 per year. The United Dairymen of Idaho is a board of 18 members, which consists of nine producer-elected members from the Idaho Dairy Products Commission and nine producer-elected members from the Idaho Dairymen's Association.

The milk industry has been growing rapidly in Idaho. There are a total of 602 dairy operations in the state, utilizing a total of 532,980 milk cows. The dairies are concentrated mostly in Southern Idaho, specifically the Treasure Valley, Magic Valley and Southeastern Idaho. By July 2008, Idaho had produced more milk than it did in the entire year of 2000. Idaho also has a number of dairy processors, which are also concentrated in Southern Idaho.

Currently in the industry, the supply/demand ratio is out of balance. Of the 12.3 billion pounds of milk produced in Idaho, only 900 million pounds are consumed within the state; hence, Idaho is dependent upon national and international markets. To reduce the supply side of the equation, IDA estimates that the national herd needs to be reduced by at least 250,000 milk animals.

Priorities for 2009 include immigration reform, environmental stewardship and conservation, and establishing the Idaho National Center for Livestock and Environmental Studies (INCLES). Some of the approved research studies include the following:

- Reducing Ammonia Emissions from Dairy Manure Through Dietary Manipulation;
- Evaluation of Dairy Wastewater Management on Odor, Ammonia and Greenhouse Gas Emissions;
- Copper Removal Systems for Idaho Dairies; and
- Effects on Air Emissions from Installation of a Methane Digester.

INCLES' partners include the University of Idaho, State of Idaho, IDA, USDA

Agricultural Research Center and the College of Southern Idaho. A total of \$25 million will be required to establish INCLES. So far, \$10 million in funding has been raised by the University of Idaho, which the State of Idaho has matched. Producers and allied industries have raised \$0.75 million.

Mr. Naerebout then introduced his colleague, **Greg Ledbetter**, who is the Director of Development for the IDEAL Foundation, a group established to address the environmental challenges of large dairies. Dr. Ledbetter is a veterinarian and a dairyman from the Magic Valley who is passionate about the INCLES project.

Dr. Ledbetter said INCLES is crucial to bringing the dairy industry into the 21st century, where concern is now being focused on the environmental and economic impact of dairy farms and processing plants. When completed, the livestock research facility will be larger than any other university-held dairy and cattle research facility in the nation, benefitting dairymen across the country. It will focus research on many challenges facing society today: nutrition, animal welfare, environment, immigration, global warming and rural development. It has the capacity to develop scientific information and technology to enhance agricultural productivity, create a nutritious and safe food supply, and ensure environmental sustainability.

The INCLES site will be located in the Magic Valley, and will consist of the following four distinct components: the research center, educational campus, a 1,500-milk-cow functional dairy with pens for a 600-head beef feed lot, and a crop farm of over 1,000 acres. In addition, the ISDA Animal Health Diagnostic Laboratory and the Caine Veterinary Teaching Center will be relocated to the site.

INCLES will attract graduate students nationwide and will enhance the ability to train food animal veterinarians to meet the growing global shortage. It is important to meet this need because food animal veterinarians are often the first line of defense against animal diseases that can impact humans.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 3:16 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: February 24, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** None

GUESTS: Roger Batt, Idaho Eastern Oregon Seed Association (IEOSA)/Idaho Mint Growers Association (IMGGA)/Idaho Grape Growers and Wine Producers Commission (IGGWPC); Darl Gleed, Idaho Cattlemen's Association (ICA); Paul Miller, ICA; Charles Lyons, ICA; Scott Kesl, ICA; Carl Ellsworth, ICA; Bodie Clapier, Owyhee Cattlemen's Association; Kent Lauer, Idaho Farm Bureau Federation; Tim McGreevy and Jim Evans, Idaho Pea & Lentil Commission; Ron Renfrow, Idaho pea and lentil grower; Bonnie Butler, Governor's Office; Stan Boyd, ICA; and Aaron Canart, Agri Beef Company

Chairman Trail called the meeting to order at 1:30 p.m. and welcomed the committee's new page, Andres Figueroa.

MOTION: **Rep. Chavez** moved to approve minutes from the February 16, 2009 and February 18, 2009 meetings; **motion carried by voice vote.**

Tim McGreevy, Executive Director, Idaho Pea & Lentil Commission, gave a presentation on the latest in the legume industry. The commission's board consists of five grower members and two processor members. The organization's mission is to promote their products domestically and internationally. Recent international efforts include overseas trade missions to Spain, Italy, Greece, France, as well as New Delhi, Indian, which has the largest pea and lentil market in the world.

The commission also places a great deal of focus on new product development. They have recently developed a recipe for a chocolate chip cookie, made from pea and lentil flour, which is lower in calories and 15% higher in fiber than normal wheat flour. They have also developed the "super tortilla," which is higher in fiber and protein, and again, lower in calories, than regular tortillas. The flour is also gluten-free, which is important, as many people have an intolerance for gluten products.

Peas and lentils are also a great nutritional choice for consumers battling obesity and diabetes. Not only are legumes low in cholesterol, but they are high in fiber, protein, folic acid, iron and antioxidants. They also have a low glycemic index, which means they help control glucose and cholesterol levels, as well as appetite. Overall, they lower the risk of heart disease and Type II Diabetes.

H 128: **Jim Evans**, Idaho Pea & Lentil Commission, presented **H 128**, which removes the compensation provision for commission members. Previously, the small compensation received per meeting was placed in PERSI, which prohibited members from establishing IRA accounts.

MOTION: **Rep. Stevenson** moved to send **H 128** to the floor with a **DO PASS** recommendation; **motion carried by voice vote**. **Rep. Trail** will sponsor the bill on the floor.

H 129: **Jim Evans** then presented **H 129**, which modernizes the selection process for members and precludes consecutive terms. Mr. Evans indicated that the commission unanimously voted in favor of the legislation.

MOTION: **Rep. Shirley** moved to send **H 129** to the floor with a **DO PASS** recommendation; **motion carried by voice vote**. **Rep. Trail** will sponsor the bill on the floor.

H 101: **Stan Boyd**, Idaho Cattlemen's Association, then presented **H 101**, which would add a refund provision for the fifty cent assessment the Idaho Beef Council (IBC) is allowed to assess. The proposed legislation also deletes a requirement regarding collection of the assessment on cattle leaving the state, as in many cases, owners were being assessed twice. Overall, the bill would allow the IBC more latitude and discretion with money collected.

Carl Ellsworth, ICA Vice President, testified that the assessment amount was increased periodically since it was established in 1967. However, the amount has not been raised since 1986, which means it now only possesses one-half of its original purchasing power.

Further, collections are down, due to the fact that the industry is changing such that there is more retained ownership of cattle — that is, cattle are not exchanging hands as much. One example is that many ranchers keep their heifers until they reach dairy cow status and utilize them as such.

Last year, the ICA was asked by the industry to raise the checkoff amount. A consortium, which met in 2008, also decided it was important to provide for a refund clause. Mr. Ellsworth also relayed on behalf of **Bob Naerebout** that the **Idaho Dairy Association** (IDA) is in favor of the legislation; at the November 2008 IDA convention, support was almost unanimous. He also indicated that **Idaho Farm Bureau Federation** (IFBF) is in favor of the bill. The legislation will have no impact on the State General Fund.

Charlie Lyons, Chairman, Cow/Calf Producers Council, testified as to the importance placed on producer input to the process. On behalf of ICA, his organization collected data and feedback from beef producers in preparation of this legislation, which showed a favorable response. Producers were particularly in favor of the refund clause.

Aaron Canart, of Agri Beef Company, testified that cattle feeders are in total support of the legislation. **Bodie Clapier**, President, Owyhee Cattle Association, testified that his association members voiced unanimous support at their July 2008 meeting. **Kent Lauer**, on behalf of IFBF, testified simply, "We support the bill."

MOTION:

Rep. Lake moved to send **H 101** to the floor with a **DO PASS** recommendation; **motion carried by voice vote**. **Rep. Lake** will sponsor the bill on the floor.

Don Stuart, American Farmland Trust, Seattle, Washington, gave a presentation on the status of American farmlands. He indicated that the loss of farmlands is accelerating at an alarming rate — two to three times the rate of the population growth. Every year, 1.2 million acres of farmland nationwide are lost to developers; 15,000 of those acres are lost in Idaho.

The problem lies in the wide disparity between market values (the price for which the land can be sold), which are high, and agricultural values (the amount one can earn on the land and still support investment), which are low. When the market value exceeds the agricultural value, the farm is less profitable. The high cost of land prices increases the annual investment carrying costs for land, making it harder for the farmer to stay in business. Further, investment in competitive farm business improvements dries up in the face of non-farm land markets. Communities then back away from investments in the future of agriculture, so a vicious cycle is created.

The loss of farmland is a concern for many reasons. First, agriculture contributes \$1 trillion to the U.S. economy, accounting for 17% of jobs; overall, 23 million employees are dependent upon the agricultural sector. This loss not only affects our cultural heritage and identity, but food safety and security, as 86% of fruits and vegetables grown are threatened by the sprawl of urban development. The implications for farmers are increased taxes and decreased public services. Unfortunately, the impact on farmers and ranchers has a far-reaching effect on the community in general.

The loss of farmland also has a global impact, as agricultural lands play a key role in preserving the environment. Not only does a well-managed farm not pollute, but it actually aids in conservation of the environment. Farmlands maintain water quality, as well as riparian and upland habitats, and they do not obstruct wildlife migration corridors.

Mr. Stuart explained how agricultural conservation easements can conserve the agricultural value of the land by placing a restriction on the land against any subdivision and development which would be inconsistent with farming. He then went into detail on the Purchase of Agricultural Conservation Easement (PACE) Program, in which participation is voluntary, the price offered is market-based and the land continues in private fee-ownership.

In a PACE transaction, the easement value is assessed by subtracting the farm business value from the full fair market value. The farmer then receives a payment equaling the easement value, which can be placed in other investments. The result is that the landowner's net worth remains the same and his creditworthiness improves.

The PACE Program ensures that the land remains available for future farmers, that agricultural infrastructure is preserved — benefitting all farmers in the community — and that young farmers can afford to buy farmland. The economic independence of rural communities is thereby preserved and estate liquidity is enhanced, making a fair allocation among multiple heirs possible.

The studies of PACE Programs nationwide (in 27 states and 55 local communities) have shown incredibly high satisfaction rates by participants. Further, PACE investments go straight back into the local community; programs are strongly supported by local agriculture industries in those communities that have them.

PACE is only part of the solution, however; regulatory accommodation is also needed, as many of the current regulations are designed for other big industries — not agricultural industries. Other measures needed include tax relief, economic development assistance and environmental cost incentives.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 2:50 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: February 26, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** Reps. Patrick and Shirley

GUESTS: Kip Bryson, Idaho Bankers Association (IBA); Dawn Justice, IBA; Erin Armstrong, Risch Pisca, PLLC; Laura Johnson, Idaho State Department of Agriculture (ISDA); Lee Stacey, ISDA, Dar Olberding, Idaho Grain Producers Association; Dave Ogden, ISDA; Tony Kevan, IBA; Sen. Tim Corder; Blair Wilson, Northwest Farm Credit Services (NWFCS); Pat McCoy, Capital Press; and Brent Olmstead, Milk Producers of Idaho

Chairman Trail called the meeting to order at 1:30 p.m.

S 1052: **Sen. Tim Corder** presented **S 1052**, which removes unwanted language, specifically Chapter 13, Title 22, enacted in 1935 to provide definitions, classifications and licensing procedures relating to dealers in farm produce. The intent was to authenticate and validate those who bought and resold produce and thereby offer some assurance to producers.

Over time, however, some commodities were excluded from the act and other acts established indemnity funds for the excluded commodities and made the distinction based upon warehoused commodities. Requirements were then placed upon the Director of the Department of Agriculture to serve as referee. However, although power of subpoena and other enforcement authority was given to investigate claims, no industry funding source, other than a minimal license fee, was ever established.

Sen. Corder explained that administrative details of the act took up 80% (\$22,000) of the funds allocated to manage the program (\$28,000). Further, the bond value of \$50,000 is no longer sufficient; \$1 million would be required in today's market. Therefore, significant liability to the state and associated cost of investigations is imminent without major changes to the act.

Indemnity funds and associated enforcement actions are generally funded by the protected commodity. This legislation repeals the ineffectual act and clears the way for hay growers to design a program beneficial to their industry, just as other dealers have secured their own mechanisms. This repeal is supported by the Idaho Hay and Forage Association, Inc., as evidenced by a copy of a letter from the organization in members' folders.

MOTION: **Rep. Stevenson** moved to send **S 1052** to the floor with a **DO PASS** recom-

mendation; **motion carried by voice vote.** Rep. Stevenson will sponsor the bill on the floor.

Blair Wilson, of Northwest Farm Credit Services (NWFCFS), gave a presentation on his lending institution, as well as projections for 2009. He indicated that in 2008, capital ratios were well in excess of the regulatory minimum of 7%. He also indicated that the credit quality of NWFCFS's loan portfolio remains strong, but is expected to weaken in 2009. However, NWFCFS is well-positioned to work through the economic downturn while supporting the needs of its customers. More than 90% of the loan portfolio is strictly agricultural.

In 2009, NWFCFS projects \$130.5 million net income. Loan growth is expected to slow to 10%, which should help in managing capital. NWFCFS projects to end 2009 with capital in excess of 12.75%. If unable to meet these projections, patronage distribution is planned for 2009. NWFCFS also projects that credit quality will worsen, non-accrual loans and delinquencies will increase, and allowance for loan losses will increase — all of which will have a drain on earnings. The general economic downturn is expected to impact agriculture and NWFCFS in 2009 and 2010.

Kip Bryson, Vice President, U.S. Bank, Boise, gave a presentation on the "big picture" perspective concerning banking and agriculture. Mr. Bryson is also the Vice Chairman of the Idaho Bankers Association Agricultural Bankers Committee.

Mr. Bryson indicated that most banks are not encountering significant concerns in the agricultural sector. Most farmers and ranchers are entering their 2009 cycle with adequate liquidity, and with projected operating margins at higher levels than have been seen in the last five years. With most operators benefitting from strong commodity prices and higher profitability last year, they are able to pay a greater portion of their 2009 operating expenses. Therefore, unless an operator is expanding his operation, borrowing needs are likely to be down.

The commodities that fared best in 2008 are alfalfa hay, corn, onions, sugar beets, wheat, potatoes and small seeds, such as carrot, corn and beans. For row crop operators, the most serious issue for 2009 will be input costs, specifically fuel, fertilizers and chemicals. While fuel costs are down from 2008 mid-year highs, they are likely to creep up again during 2009.

The agricultural sector facing the greatest challenges at this time is the dairy industry, which is being impacted by low milk prices, and to a lesser degree, high cost feed inputs. Feed costs have somewhat abated from record highs last fall, and predictions are that milk prices will begin to rebound by June because of dairy industry efforts to shrink the nation's herd size. Some dairymen may find it necessary to leverage real estate in order to continue during these difficult times.

Labor costs, which have been an issue for several years, continue to be a concern. The ability to find good labor at a reasonable cost becomes more difficult each year. Of particular note is the challenge producers face in finding a trained seasonal labor force. The H2A visa is one of the immigration programs that could facilitate such a work force. Unfortunately, the H2A visa

is not an option for dairy operators, as it is not a seasonal industry.

In regard to cow/calf operators, prices have fallen in the past year. The big unknown for the livestock producer is what impact the dairy industry may have on beef prices. If there is a significant influx of milk animals into the market, the likely result is an oversupply of beef and a negative impact on prices. The last time this happened, the beef industry saw a decrease in beef prices.

Historically, recessionary times tend to be friendly toward agriculture due to lower input costs, cheaper labor and a weakened dollar. During such times, farming operations often have the opportunity to upgrade and expand through equipment and real estate purchases. However, without a clear expectation of the future economy, due diligence and a cautious approach are recommended at this time.

Tony Kevan, Vice President and Commercial Loan Officer, Magic Valley Bank in Twin Falls, indicated in his presentation that banks are essentially proceeding with “business as usual” in regard to agricultural loans. That is, the loan approval processes have not undergone significant changes. Further, banks have not changed or tightened their underwriting requirements in any significant way.

As a general rule, the bank deals with each farmer or rancher on an individual basis — decisions are based upon the producer’s situation, equity position, historic cash flow and operating plan. One significant change, however, is that in the budgeting process, the prices used for commodity crops like wheat, barley, corn and hay have been scaled back to prices seen prior to last year’s high prices.

Mr. Kevan indicated that the operations he has reviewed have all been in good condition. Other loan officers with whom he has spoken have indicated their borrowers are also in a better position to weather the downturn than they would have been two or three years ago. Most crop operations recorded better than average net income last year in spite of the high costs paid for fertilizer and fuel. In general, yields were slightly below average, but prices were at record highs. This left many operators with larger deposit balances or more Accounts Receivables or inventory to offset their operating lines. This improved both their equity (net worth) and liquidity (current ratio) positions.

Specialty/contracted crop operations are in better condition than commodity operations, especially those operations that did not sell or forward contract their grains and hay at harvest for later delivery. Cow/calf operators are also in generally better condition to survive than they would have been two or three years ago.

Again, as indicated by Mr. Kevan’s colleague, Mr. Bryson, dairy is currently the weakest of the agricultural sectors. Some estimates have placed the current \$9.50 to \$10.00 milk price only slightly above the cost of feed, leaving some dairies in a deficit situation. However, it is important to remember that these circumstances have only existed for about a month and a half. Most producers should be able to weather the storm unless this situation continues for several months. In addition, although some reports indicate that cheese and milk prices may soon improve, the prices have some dis-

tance to go before reaching the average break-even point for most dairies.

The important factor, which will play a role in all crop operations, is where input prices like fertilizer, fuel and chemicals will stabilize for the 2009 season. Although fuel and fertilizer prices are significantly down, fuel appears to have already bottomed out and is starting to rise again.

In spite of the current economic challenges, Idaho operations are well-positioned. The availability of comparatively low-cost feed for both beef and dairy operations makes Idaho very competitive with other areas. Also, current interest rates are at historically low levels and are not forecast to increase significantly through the current production season.

In addition, Idaho has a great climate, which is relatively stable. It has a good supply of low-cost land, a good supply of high-quality water, and excellent conditions in which to grow a diversity of high-quality crops at affordable prices. Idaho also has an agriculturally friendly state government that has helped to facilitate the development of Idaho's agricultural industry.

Upon being asked how many new farm and ranch owners are in the Magic Valley, Mr. Kevan indicated he did not have specific figures, but said measures are being taken to stimulate younger buyers. Historically, the capital requirements needed to enter the industry have been a hindrance for many buyers.

The committee also discussed drought conditions in China and Australia, which could possibly impact rice and grains. Another topic of concern was the financial stability of dairy operators. When asked to give the "bottom line" on this topic, **Brent Olmstead** indicated that dairy producers should not sacrifice liquidity for expansion.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 2:27 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: March 2, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** Rep. Shirley

GUESTS: Gretchen Hyde, Idaho Rangeland Resource Commission (IRRC); Karen Ewing and Joyceanne Fick, Idaho Board of Veterinary Medicine; Bill Broome, citizen; Mike Webster, Governor's Office; Pat McCoy, Capital Press; Benjamin Kelly and Rick Waitley, Idaho Food Producers, Inc.; Stan Boyd, Idaho Cattlemen's Association (ICA) / Idaho Wool Growers Association (IWGA); Dawn Peck, Idaho State Police; Kent Lauer, Idaho Farm Bureau Federation (IFBF); Brent Olmstead, Milk Producers of Idaho; and Rick Stott, Agri Beef Company

Chairman Trail called the meeting to order at 1:30 p.m.

H 125: **Karen Ewing**, Idaho Board of Veterinary Medicine, presented **H 125**, which would require that Certified Euthanasia Technicians (CETs) be employed through a Certified Euthanasia Agency. Upon certification as a Certified Euthanasia Agency, a facility must undergo annual inspections by the board to ensure that no drug diversion has occurred.

As currently written, the law allows for law enforcement employees to administer euthanasia drugs "under the indirect supervision of a licensed veterinarian." This provision was enacted in 1993 to deal with the euthanasia of homeless animals, as many inhumane methods were being used at that time. However, liability has become an issue, as "indirect supervision" equates to no veterinarian being on site.

The vast majority of veterinarians do not wish to supply drugs under these circumstances because they are held fully liable for the drugs and their use or possible misuse. Euthanasia drugs are dangerous controlled substances that must be closely monitored, and at present, there is no mechanism in place allowing the board to review the drugs used by law enforcement. Further, neither the DEA nor the Board of Pharmacy reviews the drug use unless a formal complaint has been filed.

The Certified Euthanasia Task Force (CETF) appointed by the board has determined that the costs for a law enforcement agency to become a Certified Euthanasia Agency are not prohibitive, so this should not place an undue financial burden on law enforcement. Further, of the 56 current CETs in the state, only two are obtaining drugs from a licensed veterinarian. Both CETs are employed by the same agency, so the legislation will only affect one law enforcement agency in the state; that agency indicates it has no

difficulty meeting requirements to become a Certified Euthanasia Agency.

MOTION: **Rep. Pence** moved to send **H 125** to the floor with a **DO PASS** recommendation; **motion carried by voice vote**. **Rep. Patrick** will sponsor the bill on the floor.

H 126: **Karen Ewing** then presented **H 126**, which would require background checks for licensees. Since such professionals have access to dangerous drugs, this would enhance the board's ability to carry out its statutory duty to protect the public.

At present, although applicants must answer several screening questions regarding previous convictions, etc., there is no mechanism to ensure that the answers they provide are truthful. Background checks would allow the board to screen applicants for felonies, drug violations and criminal acts related to veterinary medicine. Upon obtaining derogatory information on an applicant, the board would determine eligibility for licensure on a case-by-case basis.

The start-up cost for the background checks would be \$4,000 for the first year, since the Idaho State Police (ISP) and Federal Bureau of Investigation (FBI) require that payment come directly from the agency. The agency will collect \$34.00 per applicant, which will then be paid directly to the ISP and FBI, so overall, there will be no negative fiscal effect.

MOTION: **Rep. Killen** moved to send **H 126** to the floor with a **DO PASS** recommendation. **Vice Chair Andrus** voted in opposition to the motion out of concern that some worthy practitioners, having made mistakes in the past, would be precluded from obtaining a "second chance." **Motion passed 8-1-1**. **Rep. Shirley** was absent and excused. **Rep. Killen** will sponsor the bill on the floor.

H 127: **Karen Ewing** then presented **H 127**, which changes language in the Board's Declaration of Policy to be more reflective of the mission statement. The current language reads that the board safeguards "against incompetent, dishonest or unprincipled practitioners of veterinary medicine." However, most veterinarians disciplined by the board are not incompetent, dishonest or unprincipled, but have simply made an error. The Board has frequently been approached by Idaho practitioners who wish to have this language changed, as they find it derogatory and demeaning to their profession.

The new language reads that the board safeguards people and animals "by establishing and enforcing professional standards in the licensure and regulation of veterinary health professionals." This language is more consistent with other professional health boards in Idaho, as well as Boards of Veterinary Medicine in other states. Interestingly, the offensive language in the current law is virtually identical to that used by the veterinary board in the state of Louisiana.

MOTION: **Rep. Chavez** moved to send **H 127** to the floor with a **DO PASS** recommendation; **motion carried by voice vote**. **Rep. Chavez** will sponsor the bill on the floor.

S 1070: **Stan Boyd**, ICA, presented **S 1070**, which deals with beef cattle animal

feeding operations. The legislation adds a new section which states that in cases where the federal Environmental Protection Agency (EPA) initiates an enforcement action regarding alleged noncompliance at a feeding operation, any pending administrative action by state authorities shall be deemed void. Because of the overlapping obligation of the EPA and ISDA in the law that currently exists, producers found in non-compliance are often penalized twice, constituting "double jeopardy."

Committee members were provided with a copy of a letter from **Robert Troxel**, President, Food Producers of Idaho, Inc., in support of the legislation. **Kent Lauer** testified that the IFBF is in total support as well. **Rick Stott**, Agri Beef Company, assured the committee that the legislation would not reduce ISDA's authorization to continue their efforts in the education of Idaho cattlemen on all necessary procedures and compliance regulations. **Brent Olmstead**, Executive Director, MPI, indicated his organization's support of the bill, although he expressed his preference for the state to have jurisdiction in such matters.

The committee voiced concerns regarding the contradiction in the legislation to the Memorandum of Understanding (MOU) made between the EPA and ISDA seven years ago. A committee member also inquired why additional legislation was required as opposed to repeal of the MOU. Mr. Boyd said the legislation was drafted upon recommendation of the Attorney General.

Further concern was raised by the fact that the EPA is now initiating its own investigative and enforcement activities, which were previously done in joint conduction with the ISDA. Some members speculated that the EPA is expanding its authority in an attempt to claim all water rights. **Rick Waitley** reported that **Sen. Crapo**, who previously served on the Senate's Agricultural Affairs Committee, is now serving on the Resources and Environment Committee in an endeavor to better serve Idaho agricultural interests from an environmental standpoint.

MOTION:

Rep. Lake moved to send **S 1070** to the floor with a **DO PASS** recommendation; **motion carried by voice vote**. **Rep. Lake** will sponsor the bill on the floor.

Gretchen Hyde, Executive Director, Idaho Rangeland Resource Commission (IRRC), gave a presentation on her organization and its efforts in preserving Idaho's rangelands. With the following five goals in mind, the IRRC conducts statewide activities in cooperation with state and federal agencies and other entities:

- To increase public understanding that Idaho's rangelands are a renewable source of important consumer products and environmental values;
- To provide, coordinate and disseminate factual information about economic and ecological aspects of rangeland management practices;
- To promote public support for livestock grazing on Idaho's rangelands;
- To promote responsible rangeland stewardship; and
- To advocate balanced use of rangeland resources.

Some of IRRC's activities include teacher workshops, which include

education about rangeland plants, noxious and invasive weeds, livestock and wildlife interactions, and grazing management. The IRRC is currently working with three other states to begin a new Western National Rangeland CDE for FFA students, which would greatly enhance students' ability to apply their rangeland education. Currently, Idaho's students must compete nationally in the state of Oklahoma, a state which contains vastly different rangelands from Idaho.

One half of IRRC's time is devoted to public relations. Public awareness efforts include the Care/Share public relations campaign, which is coordinated with the Bureau of Land Management (BLM) and United States Forestry Service (USFS). The campaign has completed 17 new kiosks in the Payette National Forest, strategically located in target areas to minimize conflicts between recreationists and livestock. An example of one of the signs available, free of charge, reads as follows: "SHEEP GRAZING IN AREA - Guard Dogs on Duty to Protect Sheep from Predators - Please Keep Pets under Control to Help Avoid Confrontations."

Educational efforts in the area of preservation have made a difference in public awareness. Results of a recent IRRC public opinion poll conducted in conjunction with the Idaho Preferred Program reveal that on a 10-point scale, Idahoans rated ranches and farms a 7.8 on preserving wildlife habitat. In addition, 62% indicated they would either sometimes or always purchase locally produced beef or lamb if supplied with information demonstrating Idaho ranchers' practice of responsible stewardship of the land and animals.

Ms. Hyde also showed the newly available IRRC Rangeland license plate, which reads, "Idaho on the Range," featuring a cowboy on his horse. Revenue from the license plate will go toward funding educational programs. IRRC also partners with the Ag in the Classroom program, for which Ms. Hyde recently became a board member.

The IRRC is always on the lookout for more grants and funding. On the topic of funding, a committee member asked Ms. Hyde why the IRRC does not generate revenue via the sale of the Care/Share signs rather than offering them free of charge. Ms. Hyde explained that the grant for the project does not allow IRRC to profit from the endeavor.

Stan Boyd, Idaho Sheep Commission (ISC), gave a presentation on the Commission, as well as the wool industry. He indicated that the industry faces the same issues that were problematic in the 1940's: labor, predators and public land issues. The industry also experiences challenges related to a Tariff Agreement with New Zealand and Australia during the Eisenhower administration in the 1950's. As a result of that agreement, the U.S. is only allowed to produce one-half of this country's wool demand annually.

Revenues brought in by the ISC are very dependent upon the wool market. When prices are soft and the producers elect not to sell their wool, the ISC, as well as the programs for which they collect, suffer the consequences. In light of this, income to the commission for the promotion program for the current fiscal year is estimated to be about \$32,000.

Overall, the Idaho wool industry is doing well, ranking seventh in the nation for total number of breeding stock (which amounts to 200,000 head), and

ranking eighth for the production of wool (which amounts to 1,880,000 pounds). In fact, Idaho produces the heaviest fleece weight.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:33 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: March 4, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** Rep. Shirley

GUESTS: Michael Hoffman, Idaho Soil Conservation Commission (ISCC); Wally Butler, Idaho Farm Bureau Federation (IFBF); Rick Waitley, Idaho Ag in the Classroom (AITC); Rich Garber, University of Idaho College of Agricultural and Life Sciences; Rich Rayhill, Ridgeline Energy; Pat Barclay, Idaho Council on Industry and the Environment (ICIE); Bonnie Butler, Governor's Office; Jerry Nicolescu, ISCC; Liz Woodruff, Snake River Alliance, (SRA); J. Read Smith, 25 x 25 Renewable Energy Alliance Steering Committee; and Stan Boyd, Idaho Cattlemen's Association (ICA) / Idaho Wool Growers Association (IWSA)

Chairman Trail called the meeting to order at 1:28 p.m.

MOTION: **Rep. Chavez** moved to approve minutes from the February 24, 2009 and February 26, 2009 meetings; **motion carried by voice vote**. **Chairman Trail** again praised the committee secretary on the quality of her minutes; the committee's proofreaders gave positive feedback as well.

H 124: **Rep. Bolz** presented **H 124**, which makes necessary corrections to **H 426**, passed in 2008. The prior legislation inadvertently left a section in Idaho Code allowing for funds for the Idaho Agriculture Plates to be transferred to the State Treasurer. Since Ag in the Classroom is not a state agency, those funds cannot be transferred to the State Treasurer for investment purposes. The new legislation will correct that error and specify that the Idaho Transportation Department transfer the funds directly to Ag in the Classroom by warrant on a monthly basis.

MOTION: **Rep. Patrick** moved to send **H 124** to the floor with a **DO PASS** recommendation; **motion carried by voice vote**. **Rep. Bolz** will sponsor the bill on the floor.

Rick Waitley, Director, Ag in the Classroom (AITC) gave a presentation on the AITC program. Mr. Waitley announced that today's students are one generation removed from the agricultural roots of their communities — meaning the majority of Idaho children have a fundamental lack of understanding regarding the origins of their food. The goal of the AITC is to help the young people understand the real source of their food and fiber, as well as the system that brings food to their tables.

The AITC integrated curriculum is taught to educators through the AITC's

"Up Close and Personal Tours," during which teachers experience agriculture in new and innovative ways. Participation and excitement have been high — in fact, many teachers repeat the experience. Highlights of the 2008 tours were included in the organization's annual report, which was provided in folders distributed to committee members on behalf of AITC. Attendance at the tours and workshops can also be counted as graduate credits at the University of Idaho (one of AITC's partners), an arrangement "unheard of" in other states, according to Mr. Waitley.

In July 2008, AITC became its own independent organization, leaving the Idaho Department of Agriculture (ISDA) and \$25,300 in funding behind. The philosophy of the Idaho AITC Advisory Committee was that the program needed to be owned by stakeholders from Idaho agriculture rather than a state agency. However, AITC maintains a good collaborative relationship with the ISDA. In fact, Celia Gould, ISDA director, and her staff, have been very helpful during the transition.

Mr. Waitley stated that although the lack of ISDA funding presents many challenges, AITC is doing quite well. Last year, it generated \$37,000 from the sale of the Idaho Agriculture Specialty License Plate, which features an agricultural landscape with a farmhouse, red barn and silo. Hundreds of dollars have also been raised through silent auctions. One such auction, held for Intermountain Community Bank, raised more than \$900 from bank employees.

Some of the classroom resources include an "AgAdemics" flipbook, which was developed for use in K-12 grades, on a variety of subjects. AITC also utilizes the "Flat Andy" cartoon figure (which they share with ISDA) for fun activities and publications. Flat Andy also visits Idaho farms and ranches (via envelope) and is featured on the new "Idaho Pyramid" food guide.

Some committee members, already familiar with the educational materials and their utilization in the classroom, expressed excitement about students making the "Ag Connection." Mr. Waitley and committee members also expressed enthusiasm regarding the addition of Gretchen Hyde, Executive Director, Idaho Rangeland Resource Commission, to the AITC board.

On behalf of AITC, Mr. Waitley then distributed to each committee member (as well as the committee secretary and page) a plate of sugar cookies with an agricultural motif — green tractor shapes and red barn shapes — accompanied by bottles of chocolate milk. (Many committee members donated their treats to the House pages.)

J. Read Smith, National Co-Chair, 25 x 25 Renewable Energy Alliance, gave a presentation on the project, which was formed through a grant from the Energy Future Coalition. The alliance, which is comprised of a diverse collection of agricultural, forestry, conservation, environmental and business organizations and leaders, was formed to explore the role of agriculture and forestry in energy production.

The alliance's vision is, by the year 2025, to have 25% of the total U.S. energy consumption generated by America's farms, ranches and forests, as they continue to provide safe, abundant and affordable supplies of food, feed and fiber. This goal will be met by producing transportation fuels, harnessing wind energy, converting biomass emissions, capturing solar and

hydro energy, and providing biomass for the generation of heat and power.

The alliance is comprised of over 800 diverse partners; some of the Idaho partners include Idaho Farm Bureau, Stinker Stores and the Jerome County Fair. Mr. Smith emphasized that a diverse group is what is needed to solve the nation's energy problems, as renewable energy is a non-partisan issue that affects each and every one of us. He further emphasized the achievability of the project's goals — that America's farms, ranches and forests are capable of meeting the nation's food, feed, fiber and fuel needs.

According to Mr. Smith, in the 25 x 25 energy future, fossil fuels would be displaced, reducing the emission of greenhouse gases, as well as the nation's dependence upon foreign oil. The endeavors required to meet project goals will also open up more than five million new jobs — not only more jobs than those expected from the new federal stimulus package, but more *sustainable* jobs.

The plan is good not only for national security and the economy, but for agriculture, forestry and the environment. The 25 x 25 energy future will generate increased farm income, stimulate rural development, and improve the quality of the air, water and soil. It will also improve wildlife habitats and conserve crop lands, rangelands and pasture lands.

Michael Hoffman, Carbon Sequestration Specialist, Idaho Soil and Conservation Commission (ISCC), gave a presentation on carbon sequestration, which is the capture and storage of carbon dioxide, a greenhouse gas that traps heat in the earth's atmosphere. Terrestrial ecosystems, including farms, dairies, forests and rangelands, have the potential to sequester carbon in the form of plant biomass and soil organic matter, thereby facilitating management of atmospheric carbon dioxide levels.

Legislation enacted in 2002 instructed the ISCC to prepare a report exploring the potential for carbon sequestration on agricultural and private non-industrial forest lands. The legislation also called for the ISCC to provide leadership and administrative support to the Advisory Committee, and to create and administer a Carbon Sequestration Assessment Fund. However, no funds were allocated for these endeavors.

The Advisory Committee identified the following five key components necessary for implementation of a carbon exchange protocol: 1) information outreach; 2) carbon sequestration pilot projects; 3) technical research; 4) geologic sequestration; and 5) an Idaho carbon encumbrance inventory (registry). In the area of information outreach, ISCC has enhanced the ISCC and Idaho OnePlan websites. It also conducts landowner workshops, publishes informational brochures and provides legislative updates.

Among the carbon trading pilot projects in Idaho is the Nez Perce Tribe Project, which is implementing Idaho's first forestry trade, aggregated through the National Carbon Offset Coalition (NCOC) and marketed through the Chicago Climate Exchange (CCX). In addition, the Pacific Northwest Direct Seed Association and Idaho farmers are currently participating in crop land trades involving no-till (direct seed) and precision agriculture. Other projects were detailed in Mr. Hoffman's PowerPoint presentation, as well as the Carbon Sequestration Fact Sheet presented to committee members.

In the area of research, ISCC is currently working with soil scientists from the University of Idaho, Washington State University and the Agriculture Research Service (ARS) to research and quantify soil organic carbon values under different management practices for dryland agriculture in Idaho. ISCC also works with the Natural Resource Conservation Service (NRCS) to develop tables and maps showing soil organic matter concentrations for all soils mapped within the state. The Advisory Committee, in partnership with the Idaho National Laboratory (INL), University of Idaho, Boise State University and Idaho State University, continue to explore the potential for geologic carbon sequestration as well.

ISCC is also currently working on a template for a carbon encumbrance registry to record and track all carbon sequestered within the state, including all trades with private entities, as well as those traded on the CCX. The registry, when developed, will provide an opportunity to "showcase" Idaho landowner commitment to environmental stewardship and also encourage voluntary efforts to mitigate and reduce greenhouse gas emissions.

The committee discussed the progress currently being made in Europe with carbon sequestration and our nation's need to "get on the bandwagon" and show proactive efforts before such activities are possibly regulated. It would be more economical to take voluntary steps now rather than the measures necessary later to meet government compliance standards.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 2:50 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: March 10, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** None

GUESTS: Bill Moad, J.R. Simplot Company; Wayne Newbill, Idaho Association of Soil Conservation Districts (IASCD); Cody Anderson, Latah Soil and Water Conservation District; Scott Koberg, Ada Soil and Water Conservation District; Rep. Ken Roberts; Mark Duffin, Idaho Sugarbeet Growers Association; and Dar Olberding, Idaho Grain Producers Association

Chairman Trail called the meeting to order at 1:28 p.m. and directed committee members' attention to memoranda in their folders from the chairman and Mr. Rick Waitley regarding coordination of a meeting with stakeholders to evaluate the field burning season of fall 2008. Also attached to the memorandum was a summary from the Crop Residue Advisory Committee meeting held on February 17, 2009. The field burning review is tentatively scheduled for Thursday, March 19, 2009, at 4:30 p.m., with dinner to follow. Further details will be forthcoming.

MOTION: **Rep. Bolz** moved to approve the minutes from the March 2, 2009 meeting; **motion carried by voice vote.**

HCR 25: **Rep. Roberts** presented **HCR 25**, which would authorize the Legislative Council to appoint an interim committee to undertake a study of statutory provisions of the Idaho Code and any applicable rules relating to the Idaho Soil Conservation Commission (ISCC) and Soil Conservation Districts. The formation of an interim committee was discussed by the conservation partnership at the Annual Conference of the Idaho Association of Soil Conservation Districts (IASCD) held in Coeur d'Alene in November 2008.

Since the ISCC was established in 1939, it has undergone many changes. It was initially established as an independent commission with three members appointed by the governor, to help form and coordinate soil conservation districts. In 1974, Idaho underwent a large-scale executive branch reorganization, during which ISCC was placed within the Department of Lands. In 1997, although ISCC was then placed under the Idaho State Department of Agriculture (ISDA), its authority remained largely intact.

The purpose of the proposed interim committee is to determine whether the current provisions are sufficient to provide the authority, in relation to funding, management and all other powers and duties, upon which ISCC and IASCD may operate as intended by the legislature. The committee will consist of eight legislators: four senators and four representatives. The

Legislative Council will authorize the interim committee to receive input, advice and assistance from interested and affected parties. Overall, the committee's findings should help clarify and better define the relationship between the ISCC and the conservation districts.

Committee members inquired if the bill had encountered any opposition from the ISDA or conservation districts, to which Rep. Roberts indicated none. He stated, in fact, that ISDA's director has expressed appreciation for any clarification the interim committee might provide. One of the committee members added that a lack of clarity regarding the ISDA director's role on this issue has been a matter of historical concern.

One of the committee members from the Lewiston area asked if the troublesome matters in her district would be addressed in their entirety by the interim committee. Rep. Roberts responded that the intent is to bring all involved parties together in an effort to craft legislation that will satisfactorily define the relationship between the conservation districts, ISCC and ISDA.

Wayne Newbill, Project Manager, IASCD, testified in full support of **HCR 25** on behalf of all 51 conservation districts. Committee members asked if other interested parties (outside of the legislators appointed to the interim committee) would be allowed sufficient input in the process. Mr. Newbill and other experienced committee members provided assurance that the legislators appointed to such a committee would, as a matter of protocol, solicit feedback from the appropriate parties.

After the discussion, Mr. Newbill apologized on behalf of **Dwight Horsch**, ISCC Chairman, and **Steve Miller**, IASCD President, for their absence at the meeting; they had planned to attend but were ill that day. Mr. Newbill provided written testimony from both gentlemen in support of the legislation.

Cody Anderson, Chairman of the Latah Soil and Water Conservation District, also testified in support of the bill. He said that while working in Legislative Districts 6, 7 and 8, area legislators and district supervisors indicated that enough issues, discrepancies and misinterpretations existed to merit the formation of a legislative interim committee.

MOTION:

Rep. Stevenson moved to send **HCR 25** to the floor with a **DO PASS** recommendation; **motion carried by voice vote**. **Rep. Roberts** will sponsor the bill on the floor.

Bill Moad, J.R. Simplot Company, provided an update on the status of transportation carriers and concerns relative to retaining a solvent carrier base to serve the needs of the agricultural community. He first presented some of the current challenges in the industry, such as the nationwide credit crunch, which has reduced a carrier's ability to borrow operating capital.

Also, carriers' assets, such as trucks and trailing equipment, are currently worth less than the amount invested by carriers. Mr. Moad indicated that 3,500 carriers owning five or more trucks have exited the market due to bankruptcy or lack of operating capital. In addition, over 106,000 qualified drivers are now unemployed in the industry.

On the positive side, the high unemployment rate has alleviated the previous

shortage in drivers. In addition, carriers will not be facing the expensive diesel fuel prices seen during the last harvest season. Over the past eight months, fuel prices have declined, from a high of \$4.50 per gallon to the current average of under \$2.00 per gallon, and fuel surcharges have been reduced from 60% to 15%.

Currently, carriers are also facing stiff competition for business. In some instances, carriers are hauling loads below their operating cost just to generate a revenue stream. This increased competition has also provided some relief for manufacturers and shippers.

Mr. Moad emphasized that a productive spring is needed in order for carriers to earn enough revenue to continue operations and facilitate the harvest of agricultural products in the fall. At present, processing plants have exhausted most of the raw product from short-term storage sites and are just now beginning to retrieve product from established long-term storage facilities. This will increase the utilization of carriers' assets.

Also, spring planting in the next few weeks will utilize carriers for fertilizer hauls, and the spring flush for the dairy industry will increase the pounds hauled to market, thereby increasing feed sales to dairies. In addition, live-stock carriers will be hauling cattle to pasture ground, as well as spring and summer ranches. Additional commodities requiring seed products or services for farmers, such as equipment hauls for implement companies, should also generate some activity for carriers serving that part of the industry.

Chairman Trail asked Mr. Moad to elaborate on the "credit crunch" facing the industry, upon which Mr. Moad explained that carriers' credit lines have been drastically reduced, so they are running out of cash too quickly. Another committee member asked if producers are sometimes forced to seek carriers from other states to ship their products. Mr. Moad explained that it depends upon the type of commodity — in the case of a big commodity like potatoes, producers must often utilize carriers from the states of Oregon and Washington to meet shipping demands.

Chairman Trail announced that the next speaker scheduled on the agenda, **Roy Eiguren**, Idaho Efficient Truck Coalition, would not be appearing before the committee, as he was ill on that date. While waiting for the next speaker, **Stuart Davis**, to arrive with his presentation on local roads, the committee discussed other transportation issues, such as truck licensing fees, mileage assessment, GPS devices and a current pilot project in the state of Oregon.

ADJOURN:

With Mr. Davis not appearing for the meeting, and there being no further business before the committee, the meeting was adjourned at 2:00 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: March 12, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** Rep. Stevenson

GUESTS: Wally Butler, Idaho Farm Bureau Federation (IFBF); Darl Glead, Idaho Cattlemen's Association (ICA); Stan Boyd, ICA; Charles Lyons, ICA; Deana Sessions, Idaho Dairy Products Commission (IDPC); Laura Johnson, Idaho State Department of Agriculture (ISDA); Kent Lauer, IFBF; Pat McCoy, Capital Press; Janet Gallimore, Idaho State Historical Society (ISHS); Brent Olmstead, Milk Producers of Idaho (MPI); Benjamin Kelly, Nezperce Prairie Grass Growers Association (NPGGA); Jim Briggs, Idaho Alfalfa and Clover Seed Commission (IACSC); Bob Naerebout, Idaho Dairy Association (IDA); Rick Waitley, Idaho Food Producers, Inc.; Don Johnson, Idaho State Grange

After calling the committee meeting to order at 1:30 p.m., **Chairman Trail** asked **Rep. Lake** to provide a follow-up regarding discussion that arose from the presentation of **S 1070** at the March 2, 2009 meeting. The committee had discussed concerns that the Environmental Protection Agency (EPA) was no longer honoring a Memorandum of Understanding (MOU) between the EPA and the Idaho State Department of Agriculture (ISDA). Rep. Lake said **Stan Boyd** shared a letter with him from the EPA, dated March 3, 2009, memorializing their official withdrawal from the MOU in order to properly enforce the Clean Water Act.

In follow-up to his announcement at the last meeting regarding the "Review of '08 Field Burning Season," scheduled for March 19, 2009, at 4:30 p.m., **Chairman Trail** introduced **Benjamin Kelly**, Nezperce Prairie Grass Growers Association (NPGGA), who provided more details. Mr. Kelly said the event will be an excellent opportunity to obtain grower input, share agency reports and engage in a question and answer session. Representatives from DEQ, ISDA and the agricultural industry will be in attendance.

Chairman Trail then directed committee members' attention to a set of "AgClips" articles in their folders pertaining to animal cruelty. The articles included the following topics:

- a cause of action in Washington State regarding cruelty exemptions for livestock;
- dog breeders seeking assistance from the agricultural industry in battling the Human Society of the United States (HSUS);
- animal activists who fear that legislation classifying horses as live-

- stock would result in the slaughter of horses; and
legislation that would hinder animal rights activists' attempts to outlaw cages.

MOTION: Moving on to committee business, **Rep. Chavez** moved to approve the minutes from the March 4, 2009 meeting; **motion carried by voice vote.**

S 1071a: **Stan Boyd** presented **S 1071a**, which would amend the duties of the Idaho State Department of Agriculture (ISDA) director to require administration of a range program. In 1996, the livestock industry approached the Joint Finance Appropriations Committee (JFAC) for the funding necessary to support a range specialist position, after which the position was established. Eventually, the program became successful enough to support three range specialist positions — located in Boise, Pocatello and Twin Falls.

Currently, the Twin Falls position is vacant, and due to the current economic crisis, the ISDA director wants to keep the position vacant. Since Idaho Code does not specifically provide for a range program, this legislation is needed to ensure that the program continues. The legislation will have no financial impact, as only one-half of 1% of the annual budget is devoted to range specialist salaries.

Charles Lyons, Vice President, ICA, testified in support of the bill, indicating that in his ranch operations, range specialists have been particularly helpful. **Wally Butler**, IFBF, also testified in support, indicating that he has worked closely with range specialists, and they are a great resource for ranchers, helping them meet the guidelines of appropriate government agencies. Mr. Butler reiterated that ensuring the existence of range specialist positions is not a financial issue, as the money is already in the budget.

MOTION: **Rep. Patrick** moved to send **S 1071a** to the floor with a **DO PASS** recommendation; **motion carried by voice vote.** **Reps. Patrick** and **Pence** will sponsor the bill on the floor.

HCR 26: **Chairman Trail** then passed the gavel to **Vice Chairman Ken Andrus** in order to present **HCR 26** to the committee, a resolution that would authorize the Idaho State Historical Society (ISHS) to conduct a study of Idaho's historic agricultural buildings and report their findings and recommendations to the Governor and Idaho legislature. Chairman Trail indicated that in the past five years, many state legislatures have encouraged their historical societies to work toward the preservation of historic agricultural buildings, including rural schools, grange buildings and barns, as well as many other buildings that stand as testaments to the role of agriculture in our state's history and economy. These structures serve as scenic landmarks for citizens and visitors alike.

Chairman Trail has been working closely over the past year with ISHS's Executive Director, **Janet Gallimore**, and Deputy Director, **Keith Petersen**, on drafting this resolution. They are seeking legislative support for the ISHS's State Historic Preservation Office (SHPO) to conduct a study of the following: 1) current historic agricultural restoration and preservation efforts and needs in Idaho; 2) the benefits a historic agricultural building restoration program could have on Idaho tourism and other economic activities in rural areas; and 3) programs and incentives utilized by other states to promote

historical agricultural building restoration and preservation. The findings and recommendations from the study would be reported to the Governor and Idaho legislature by December 31, 2010. The fiscal impact of the bill would be approximately \$5,000, and according to Chairman Trail, the study would have no impact on the rights of private property owners.

Chairman Trail then turned the podium over to **Janet Gallimore**, ISHS, who spoke in support of the resolution. She indicated that ISHS researched programs through the American Farm Land Trust, Washington, D.C., as well as the National Barn Alliance and the State Architectural Historian in Washington State, concluding that a preservation program would have great value in Idaho.

A pilot grant program was recommended as a way to begin such an effort. However, due to current economic constraints, a grant program was not considered viable at present. This proposed study is the recommended approach to optimize preparedness for such a potential program in the future and provide a baseline of data, which may prove useful in securing grants or other funding sources for later preservation efforts.

Ms. Gallimore also elaborated on collaborative efforts with other organizations, such as the Department of Commerce, Preservation Idaho and local historical societies in this endeavor. Her organization has also worked closely with **Gaetha Pace** at Idaho Heritage Trust (IHT). Ms. Gallimore clarified that IHT funds cannot be used to support the preservation of structures that are privately owned, as are the vast majority of Idaho's historic agricultural structures. However, with ISHS and IHT working closely together, the hope is that the two organizations can stretch the limited funding available for preservation efforts.

Although committee members raised concerns regarding personal property rights, Ms. Gallimore confirmed that according to **Robert Follett**, ISHS's representative from the Attorney General's Office, the study would have no opportunity to adversely impact the property rights of any private property owner with regard to historically significant agricultural structures located on their property. This led to questions about the registration process for historical buildings, which Ms. Gallimore addressed directly, but emphasized that the study is simply an assessment tool at present. The objective is simply to identify structures with possible historical significance.

Chairman Trail concluded the presentation by sharing how some other countries assess historic agricultural buildings at a lower rate, which could prove an effective incentive in Idaho. Also, some of the historical structures could possibly be utilized in the Ag in the Classroom (AITC) tours.

In his county, Latah, Chairman Trail indicated that a local meeting of the Historical Group generated great interest for the resolution. The chairman further indicated that Washington State performed a similar study four years ago, which gained tremendous support from the private sector foundations and individual citizens.

MOTION:

Rep. Killen moved to send **HCR 26** to the floor with a **DO PASS** recommendation. **Vice Chairman Andrus** expressed discomfort with the phrase "is authorized," as in his experience, when government agencies are granted

authorization for something, often other agencies and regulatory issues become involved as well. Upon a roll call vote, the **motion passed 6-3-1**. **Voting in favor** of the motion were **Reps. Lake, Shirley, Pence, Chavez, Killen** and **Chairman Trail**. **Voting in opposition** to the motion were **Vice Chairman Andrus** and **Reps. Bolz** and **Patrick**. **Rep. Stevenson** was absent and excused. **Chairman Trail** will sponsor **HCR 26** on the floor.

The gavel was then passed back to **Chairman Trail**, and he introduced **Deana Sessions**, Administrator, Idaho Dairy Products Commission, who gave a presentation on her organization. She provided an auditor's report, financial statements and a breakdown of the 2009 budget. She explained that a significant portion of the budget, approximately \$4 million, is dedicated to nutrition and product research, as the commission must be proactive in anticipating and providing information in order to promote and protect dairy products and ingredients.

Research shows that America's children, many of whom are overweight and undernourished, are currently facing a health crisis. Overall, children are not getting enough dairy to meet their dietary needs. Three daily servings of milk, cheese or yogurt are required in a healthy diet. Dairy products contain three of the five essential nutrients that children are under-consuming in their diets. Ms. Sessions stressed the importance of children forming healthy habits early in life, as dairy consumption habits formed during childhood are likely to carry over into adult years.

On behalf of Idaho's dairy farm families, the United Dairymen of Idaho (UDI) is investing in a five-year program called the Child Nutrition Fitness Initiative (CNFI). The program was jointly developed by the National Dairy Council and the National Football League (NFL), and will be implemented by the Idaho Dairy Council. This partnership represents a commitment to inspire, enable and empower individuals to make healthful food and activity choices.

The Meridian School District in Idaho is one of the eleven pilot markets for CNFI. The program engages youth directly by inviting and rewarding them to "make a difference" in their schools and communities by improving access to healthy food options and encouraging peers to adopt healthy habits. The program also engages groups of students (grades six through eight), in collaboration with school leaders, to improve the physical activity environment in their schools.

UDI has also partnered with Domino's Pizza to support the launch of a new line of specialty pizzas called "American Legends," which feature 40% more cheese than a regular Domino's pizza. The new line contains six different varieties, featuring premium toppings and six types of cheese, as well as cheesy crusts. The nationwide program is being supported by the national organization, Dairy Management, Inc., as well as other check-off organizations across the U.S.

The purpose of the program, in part, is to reinvigorate pizza sales, which have slowly declined over the last five years, due to many major chains using less cheese on their pizzas and promoting non-pizza items. Domino's Pizza has implemented a large-scale multimedia campaign, which started February 9, 2009, promoting the American Legends pizzas. Each slice contains between 12 and 35% of the daily recommended intake for calcium

and 10 to 23 grams of protein, depending upon the toppings.

The promotional program should have a positive effect on the dairy industry as well, since 25% of total cheese consumed is used on pizza, representing more than 25 billion pounds of annual milk production. With more than 1.73 billion pounds of milk going into the production of Domino's cheese annually, Domino's essentially "employs" 91,893 cows per year.

Ms. Sessions also provided a handout entitled "Idaho Dairy Facts - 2008," from which she read some of the following key items:

- In 2008, on-farm cash receipts from milk produced on Idaho farms amounted to \$2.100 billion dollars, ranking it as the largest single sector in the state's agriculture industry;
- Idaho is the second largest milk-producing state in the twelve states located in the western region of the U.S.; and it ranks third in the total U.S.;
- As of December 31, 2008, Idaho had 602 dairy farm operations, producing 12,284 billion pounds of milk (1.428 billion gallons) from the 532,353 milking cows;
- 55% of Idaho producers milk under 500 cows; and
- Idaho is the third largest manufacturer of natural and processed cheese.

Committee discussion involved the current troubles in the dairy industry; Ms. Sessions confirmed that it constitutes a tight balancing act right now, but that this is "*not* the time to back off."

Jim Briggs, Chairman, Idaho Alfalfa and Clover Seed Commission (IACSC), then gave a report on the IACSC, which represents Idaho growers, located predominantly in southwestern Idaho and the Magic Valley. Idaho's growing dairy industry and strong cattle industry have placed a new demand for high quality forage crops, which require quality seed. Idaho's high quality seed can be found in every corner of the U.S. and at various locations around the world. Idaho's climate, soil, water and dedicated producers have helped establish it as one of the leading alfalfa seed producing states in the U.S. (second only to California). Idaho is the leading producer of winter-hardy alfalfa seed.

In fiscal year 2008, Idaho produced approximately 11,208,226 pounds of alfalfa and clover seed. In the spring of 2008, upon receiving grower input, **Celia Gould**, Director, Idaho State Department of Agriculture (ISDA), granted the request to raise the assessment amount (which had been in place since 1981), from \$.0035 to \$.0040 per pound. Mr. Briggs indicated that the commission is currently receiving assessment payments from eleven seed dealers in Idaho or Eastern Oregon.

Included with Mr. Briggs' written report to the committee was a year-end financial summary for the commission, as well as a list of commission members. Mr. Briggs explained that a total of six growers make up the commission, and that the Idaho Eastern Oregon Seed Association annually elects a dealer member and alternate to serve on the commission. The commission administrator is **Rick Waitley**, of Association Management Group in Meridian. **Ron Platt**, of Huston, and **Leland Tiegs**, of Caldwell,

were appointed last year by **Governor Otter** to serve three-year terms.

IACSC oversees disbursement of funds in three major categories of operation: research, education and promotion. Idaho helped fund the following two research/education projects in 2007: 1) "Foliar Boron for Improved Alfalfa Seed Set and Yield," by **Dr. Brad Brown**, Parma Research and Education Center; and 2) "Treasure Valley and Pacific Northwest Pest Alert Network," by **Dr. Jerry Neufeld**, Canyon County.

The commission has spent considerable time studying issues related to Roundup Ready alfalfa seed and hay production, an issue which has drawn national attention, resulting in a court order to halt production. IACSC was prepared to fund a research request related to "Identifying the Presence of the Roundup Ready Trait in Alfalfa Outside of Commercial Fields Planted to Roundup Ready Alfalfa," but could not find the necessary cooperation from seed companies to complete the project.

The commission is also affiliated with the National Alfalfa and Forage Alliance (NAFA), based in Kennewick, Washington. NAFA coordinates educational and research activities in the following eight western states: Oregon, Washington, Nevada, California, Montana, Wyoming, Colorado and Idaho. Representatives from each of these states, along with genetic seed suppliers and university representatives, make up the board of directors for NAFA. Ron Platt, of Huston, represents Idaho's alfalfa and clover seed industry on the NAFA board.

IACSC worked throughout the year to inform farmers about the new crop residue burning regulations and how the Department of Environmental Quality (DEQ) was handling the program in Idaho. IACSC applauds the work of DEQ in providing adequate training and information for growers related to the statewide crop residue disposal program. The industry has submitted the name of an Eastern Idaho grower for consideration of appointment to the Crop Residue Advisory Committee appointed by DEQ.

Committee members then had questions regarding the current high mortality of the leafcutting bees utilized by the industry. Mr. Briggs explained that the problem is related to a disease known as "chalkbrood," which kills the developing bee larvae. Mr. Briggs indicated that this has been an issue for as long as he can remember, one in which millions of dollars of research have been invested. However, not unlike cancer in humans, the disease is still difficult to treat and cure.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 3:05 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: March 16, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** None

GUESTS: Frank Muir, Idaho Potato Commission (IPC); and Candi Fitch, Idaho Apple Commission (IAC) and Idaho Cherry Commission (ICC)

MOTION: **Chairman Trail** called the meeting to order at 1:30 p.m.

Rep. Chavez moved to approve the minutes from the March 10, 2009 committee meeting; **motion carried by voice vote.**

Chairman Trail then reminded committee members to submit their green RSVP slips for the Nezperce Prairie Gross Growers 2008 Field-Burning Discussion to the committee secretary, upon which several members verbally relayed their RSVPs directly to her.

Frank Muir, President, CEO, Idaho Potato Commission (IPC), gave an update on the Idaho potato industry, reporting that it is very healthy and getting stronger every year. He then presented the financial report, which included statements of revenues and expenditures, budget and actual year figures ending August 31, 2008, and projections for the budget year ending August 31, 2009.

Although anticipated revenue was approximately \$12 million dollars last year, due to an unanticipated increase in yield, IPC actually generated \$13,652,997, putting them \$1.5 million ahead of budget. That money goes back into the reserve. IPC always budgets on a five-year average yield, ending the season with a high yield. However, last year, even with the bumper crop, a shortfall occurred.

Further, the crop held at the highest prices seen in many years. The net result was a farm net revenue of nearly \$800 million dollars — the second highest revenue year in the history of Idaho. More importantly, IPC completed their fourth consecutive year gain in farm net revenue. Because alternative crop prices increased, farmers took advantage of what they saw as a one-time opportunity to shift from potatoes to rotation crops. Those farmers, as well as the potato growers, benefitted from this endeavor, with the decreased acreage resulting in higher prices.

Mr. Muir provided an overview of the current fiscal year Legislative Financial

Report. The potato tax is currently set at twelve and a half cents for every 100 pounds of potatoes, although the cap is fifteen cents. The funds generated from this tax are used to advertise, promote and do research to expand the markets for Idaho-grown potatoes. While IPC has been involved in a national advertising program via cable television, it is now targeting local television viewers as well. The advertisements deliver not only a nutritional message, but an economic one as well, focusing on the economic value of potatoes during the current financial crisis.

For the upcoming season, revenue is estimated to be down a little bit from last year; expenditures should be identical to that of the previous year without tapping into the budget. Mr. Muir again emphasized that IPC, and agriculture overall, are strong and doing well in Idaho.

Chairman Trail asked Mr. Muir to elaborate on ongoing research efforts, upon which Mr. Muir described University of Idaho research projects involving fumigation and pesticides, as well as pesticide alternatives containing less chemicals. Research is also being conducted in the areas of variety development and specialty varieties.

Another committee member asked why potatoes are often not designated as "grown in Idaho" in the grocery stores. Mr. Muir indicated that corporate buying decisions are often made by individuals who do not have a local interest, and that overcoming that obstacle it is a current challenge for IPC.

The committee also discussed factors involved with the current friction between growers and processors in the industry. Since Mr. Muir represents both factions, he could not comment directly on all aspects of the discussion.

Candi Fitch, Executive Director, Idaho Apple Commission (IAC), presented the IAC annual report. She reported that growing conditions for the 2008-2009 apple season were excellent. A cooler fall allowed for the fruit to finish nicely. Even with Idaho's reduced acreage, it was one of the largest apple crops Idaho has ever had — the largest since 2000. Since apple trees produce biennially, there was twice as much fruit as the previous year.

Ms. Fitch then directed members' attention to a graph entitled "10-Year Idaho Apple Movement," which showed a sharp decline in apple volume in 1999. She said this occurred due to imported juice prices, which undercut the U.S. juice market that year, resulting in the removal of many apple trees. Since then, although apple volume has risen again, it has not reached previous levels.

The market started strong in fall 2008, with Gala apples being the first to be harvested. Gala apples are very popular with the public and generated good sales. In December and January, pricing was negatively affected by large numbers of small fruit in the market, but at present, the market is still fair. The state of Washington remains competitive, producing one of its largest crop ever — over 113 million boxes of apples. Ms. Fitch claimed Idaho apples are superior to Washington's, however, as they contain two percent more sugar.

The IAC began the 2008-2009 fiscal year with an operating reserve of \$114,326, with an anticipated budget of \$65,143 for the season. Overhead costs have been reduced over the past few seasons, as commissioners negotiated a lower rent and percentage of salaries in the office where the IAC is housed with the Idaho Cherry Commission, Idaho-East Oregon Onion Committee and Idaho-Oregon Fruit and Vegetable Association. With the smaller apple volume creating a smaller budget and less work for the staff, the IAC was able to reduce administrative expenses considerably.

With a smaller budget, expenses and focus on promotional efforts have shifted to the local level. Such efforts have highlighted the importance of educating Idaho residents on the large role agriculture plays in the state and its economy. Local promotion increases that awareness; the hope is that it will also increase consumption of Idaho products within the state. IAC's local efforts include membership with Ag in the Classroom (AITC), as well as participation in the Taste of Idaho, an Idaho Preferred promotion, and the Taste of the Harvest at the College of Idaho in Caldwell. IAC also participates in Ag Pavilion at the Western Idaho Fair-Expo Idaho and the Twin Falls County Fair.

IAC is also active on a regional and national level, holding membership in the Northwest Horticultural Council, in Yakima, Washington, and the U.S. Apple Association, in Vienna, Virginia. Both organizations work for the best interest of the apple industry; being a part of such groups gives IAC a voice where it matters. Idaho apples were also featured with an editorial and one-page advertisement in the "Produce News," an industry trade paper with a large distribution.

In regard to research, the University of Idaho (U of I) Research Station in Parma, Idaho, has proven vital for the wellbeing of the apple industry. The funding of U of I research projects is one of the largest line items on the budget, for which \$14,000 is budgeted annually. This helps the industry stay competitive, ensuring that Idaho has the best product available to ship, both nationwide and globally. Research in the areas of harvest maturity, storability and new varieties keep Idaho growers and shippers competitive.

Expenses for the upcoming season are hard to predict, due to the biennial nature of the industry. This means the 2009-2010 crop will be smaller, with a projected assessment income of \$45,000. Administrative expenses are steady and do not vary significantly from year to year, so these expenses should be similar to the previous season. IAC will also be required to conduct a biennial audit in the 2009-2010 season.

Promotional expenses will include the printing of posters and other items, as well as involvement in activities such as Taste of the Harvest and Ag Pavilion. The IAC has also been coordinating promotional efforts with representatives from Foodservices of America to increase apple production for the 2009-2010 season. IAC's membership with the aforementioned national, regional and local agricultural groups will also be maintained. Ms. Fitch has also obtained a grant for a project geared toward making apples more available in the schools, which has generated a great deal of interest.

In reference to the graph on apple volume for the last decade, a committee member inquired as to whether the dip in volume correlated with the number of growers. Ms. Fitch confirmed that the number of growers, as well as shippers, has declined significantly within the last fifteen years.

Candi Fitch then provided the annual report on the Idaho Cherry Commission (ICC). She reported that cherry prices for the 2008-2009 season were at an all-time high and early estimates predicted the makings of a large crop. However, because the bees did not migrate as needed, lack of proper pollination yielded a very low crop. In the previous season, the crop was negatively affected by frost. As evidenced by ICC's graph showing the ten-year production comparison, a variety of factors can affect cherry production, making the crop somewhat unpredictable.

The ICC began the 2008-2009 fiscal year with an operating reserve of \$16,163.53, with an estimated budget of \$36,242 for the season. As with IAC, overhead costs have been reduced due to the current office arrangement between the four commissions housed together in Parma.

Promotional activities include voluntary membership with the Northwest Cherry Growers (NWCG), in Yakima, Washington. Ms. Fitch stated that membership puts Idaho on a more level playing field, as opposed to competing directly with neighboring states like Washington. ICC will meet in March to determine the amount of dues to send NWCG for the 2008-2009 season. Like IAC, they are also members of AITC and Idaho Preferred.

ICC contributes to the Soft Fruit Research projects conducted at the Parma U of I Research Station. The Soft Fruit Committee of the Idaho Horticultural Society requested that the soft fruit growers contribute to the projects, and the ICC voted to contribute one cent of the assessment collected to the projects so cherry growers would not be required to submit payment twice.

At this time of year, the forecast for cherry production in the upcoming season is difficult. An estimate of cherry volume is taken in early May, but even with that information, Mother Nature can influence the amount of cherries actually taken off the tree. Income for the 2009-2010 season is estimated at \$25,000, with additional interest income estimated at \$250.

As with IAC, administrative expenses for ICC do not fluctuate much from year to year, and an audit is required in the 2009-2010 season. The only fluctuations are the money sent to the NWCG and funding sent to the Soft Fruit Committee. Since both payments are based upon assessments collected, they will correlate with the amount ICC collects. The total budget for 2009-2010 is projected at \$27,010. ICC likes to keep at least one year of office operating expenses in reserve in the event of crop failure.

Ms. Fitch then provided samples of the apple harvest, which were distributed amongst committee members, secretaries and pages.

Chairman Trail informed the committee that in upcoming meetings, several more commissions would be providing annual reports, and that the committee's page, **Andres Figueroa**, who is visiting Washington, D.C. this week, would be providing a report on his trip.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:22 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: March 18, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** None

GUESTS: Blaine Jacobson, Idaho Wheat Commission (IWC); Erin Gabna, IPA; Ron Bitner, Idaho Grape Growers and Wine Producers Commission (IGGWPC); Moya Shatz, IGGWPC; Darl Gleed, Idaho Cattlemen's Association (ICA); Wally Butler, Idaho Farm Bureau Federation (IFBF); Roger L. Williamson, IGGWPC; and Dar Olberding, Idaho Grape Producers Association (IGPA)

Chairman Trail called the meeting to order at 1:30 p.m.

MOTION: **Rep. Bolz** moved to approve the minutes from the March 12, 2009 committee meeting; **motion carried by voice vote.**

Clive Strong, Attorney General's Office, presented an overview of the Idaho Department of Lands (IDL) Board Subcommittee Recommendations. The subcommittee was formed in June 2007 as a result of Board concerns that the current application/conflict process does not provide applicants with the relevant financial and management information necessary to make an informed bid. In fact, a number of legal disputes, many of which claim applicant discrimination, have arisen from the current procedure. The subcommittee's mission was to review current grazing and cropland leasing procedures and report their recommendations to the full Board.

The recommended modifications relate to the leasing process in which multiple applicants apply to lease a parcel and their proposed uses are inconsistent with each being awarded the lease. The overall purpose of the modifications is twofold: to make the auction process as fair as possible and to foster increased competition at the auctions themselves. These purposes can be accomplished in the following three ways:

- By permitting applications for different uses, thereby creating the potential for greater financial returns (as opposed to the current applications, which are limited to a particular use);
- By applicants reaching an agreement with IDL, prior to the auction, upon the lease terms executed if the applicant is selected (ensuring applicants know the costs involved to structure appropriate bids); and
- By IDL developing and disclosing a list of criteria to applicants that will be used to structure lease terms (which will assist applicants in formulating lease terms and the board in acting as a prudent investor

manager).

An additional recommendation is to increase the maximum lease length for grazing, cropland, conservation and communication site leases from ten to twenty years. This modification is intended to encourage competition for leases by providing to successful applicants greater certainty with respect to making long-term business decisions.

Bob Brammer, Assistant Director, Idaho Department of Lands (IDL), gave a presentation on the Application/Conflict Auction Process. He indicated that the "Summary Overview of Land Board Subcommittee Recommendations" and "Revised 'Grazing' Lease Application/Conflict Auction Process Summary" have been publicly presented and are available on the website, and that IDL has been soliciting written feedback on the documents. He said IDL originally focused on grazing leases, but in the process, discovered that many other leases were treated similarly. Therefore, the proposed process will also address farming, conservation and communication site lease applications, which are treated similarly under Idaho Code 58-310.

IDL will determine two years in advance of lease expiration if it is in the best interest of the endowment beneficiaries to continue the current use. If it is not, the lessee will be notified of the Board's decision to discontinue its use. If the current use is acceptable, the department will send a lease application to the current lessee at least 30 days prior to the application deadline.

Expiring leases will be advertised on IDL's website, beginning one year in advance of the application deadline (currently April 30 of the lease's final year). The nonrefundable lease application fee will be \$250. If IDL has no concerns with the current lease, the new lease will be issued with the existing lease provisions. If IDL has concerns with the current lessee's management, the lessee will be required to meet with IDL staff to review any concerns and develop new lease provisions acceptable to IDL.

Multiple applications for grazing, farming, conservation and/or communication site uses on the same parcel of land will be considered conflict applications. All applicants for conflicted leases will be required to meet with IDL staff to review the proposed use and any resulting concerns. The department will review all conflict applications to determine if the proposed uses are compatible. If they are, no auction will be required and IDL will issue multiple leases. If the uses are not compatible, an auction will be required. All applicants will be provided with the list of criteria that will be used to develop lease provisions.

If, after meeting with IDL, the applicant does not accept IDL's lease provisions, the application will be rejected by IDL. The applicant may appeal this decision with the Land Board within 20 days of receipt of the rejection notice. Scheduling of the auction will be postponed until the Board has issued a decision on the appeal.

When meeting with applicants to develop lease provisions, IDL will also provide information regarding authorized improvements, the age of such improvements and the estimated range in their value. The actual value of the improvements, however, is subject to a valuation completed by IDL. Upon the loss of a lease, the lessee shall be compensated for the value of improvements using methodology used by IDL prior to 2009, unless

otherwise specified in the lease or improvement permit.

For improvements authorized after July 1, 2009, IDL will establish, at the time of authorization, an initial value of the improvement, using standard cost tables. A straight-line depreciation schedule, based upon the USDA Life Expectancy, will be used in future improvement valuation determinations.

Committee members had several questions about various types of improvements and their compensation values. The fairness of the depreciation scale was called into question because unlike automobiles, which depreciate as they become more obsolete, fences in good repair on grazing lands continue to be as functional as when they were built. Mr. Brammer explained that the department is attempting to strike a middle ground, where the improvements are recognized and have at least some value. He pointed out that Idaho is the only state at present that takes the value of improvements into consideration.

Mr. Brammer continued on with a description of the proposed conflict auction process. He explained that both the high bidder and second highest bidder would be required to submit the amount of their highest bid at the conclusion of the auction. All amounts would be held until after the Board reviews the auction results. Bid deposits would be refunded to unsuccessful auction participants. For applicants who withdraw less than three days before the scheduled auction would forfeit their deposit.

Blaine Jacobson, Idaho Wheat Commission (IWC), presented the annual report on his organization. He began by providing each committee and staff member with a complementary Wheaties cap and a round loaf of Great Harvest bread. He then announced that 2008 marked the 50th anniversary of IWC, the beginnings of which are credited to a handful of people who had a vision to establish an organization that would help create and maintain new markets for Idaho wheat.

Mr. Jacobson stated that 2008 saw record wheat prices, and that 40% of the winter wheat was left unsold (as opposed to 80-90% the previous year). Idaho remains among the largest producers of wheat in the U.S. Wheat is grown in 42 of Idaho's 44 counties, and the yield per acre in Idaho is among the highest in the country. Wheat was ranked as Idaho's second largest crop last year (the first being potatoes). Idaho's dry climate and abundant irrigation resources are ideal for consistent high-quality wheat, particularly Soft White and Hard White.

In preparing for the future, one item of concern is the fact that wheat is losing acreage nationally to crops where transgenic characteristics are allowed, such as corn and soybean. In Idaho, wheat acreage is going to crops that provide feed for dairy, particularly in irrigated high-yielding parts of the state. Idaho wheat growers will need to look at increasing the assessment or cutting programs within the next few years. Meetings with agricultural groups throughout 2009 and possible referendum later in the year will determine how IWC proceeds with an assessment increase.

Although the largest part of IWC's budget is devoted to research, more funding is needed, especially in the area of diseases. Idaho wheat growers have helped fill funding voids for certain programs and pieces of equipment for important University of Idaho research. Additional funding is needed for

continuing research that focuses on breeding resistance to Fusarium Head Blight, a fungus found in wheat grown in close proximity to corn. This will become more important as more corn crops are grown in Idaho.

Another disease, which threatens most of the world's wheat population, is Ug99, a virulent strain of black stem rust, which was identified in Uganda in 1999. Since then, it has invaded other African nations and spread to Iran; it may already be in Pakistan. To date, the only remedy is the development of resistant wheat varieties, which may take up to five years. At present, since up to 90% of Idaho wheat varieties are susceptible, more research funding is crucial.

Moya Shatz, Executive Director, Idaho Grape Growers and Wine Producers Commission (IGGWPC), presented the annual report on her organization. Ms. Shatz, who previously worked for the wine commission in Washington, announced that there are now 38 wineries and 57 vineyards in Idaho. Six new wineries have been established in the past seven months. Idaho ranks 22nd in the country for number of wineries.

In 2008, Idaho's wine and grape products (and related industries) contributed nearly \$73 million to Idaho's total economic value, accounting for 625 full-time equivalent jobs and \$19 million in employee wages. Winery revenues have increased significantly since 2002, leading to the increased visibility of Idaho's wine industry. The industry will continue to grow as a result of the national and statewide increase in consumption. Current trends show that although sales of wine by the case have decreased, the sales for individual bottles have increased.

Further, Idaho's climate and soil have proven well-suited for wine production. The characteristic cold winters, which might at first seem a disadvantage, are in fact quite conducive, allowing vines to go dormant, resting and conserving important carbohydrates for the coming season, while discouraging disease and ridding the plants of bugs. In addition, the region's summer combination of cold nights and warm days serves to balance grape acids and sugars favorably. In fact, Ms. Shatz indicated, many California growers are moving their enterprises to Idaho, due in part, to the state's favorable climate.

Last month, Ms. Shatz designed IGGWPC' new brochure, "Fine Wines," which she indicated has been "flying out the door." She will also be updating the IGGWPC website. **Steve Burns**, one of her colleagues from the state of Washington, was hired by the Idaho commission to develop the strategic plan, which should be completed within the next few weeks.

Upcoming events include the "Savor Idaho" event, which will be held in June 2009 — which is "Idaho Wine Month" — at the Idaho Botanical Gardens. The event will feature 30 wineries and 15 restaurants, and is expected to draw 550 attendees. Idaho will also be hosting "Wine America" in 2010, which is a "Wine and Dine" event, lasting two to three days.

Ron Bitner, IGGWPC, expressed great pleasure at the appointment of Ms. Shatz, as she has a wealth of talent and has already made a big difference at the commission. He indicated that over 85 applications were submitted for the Executive Director position.

Mr. Bitner went on to describe the Snake River Valley American Viticulture

Area (AVA), which is centered in Canyon County, near the Snake River Canyon Scenic Byway. With more than 16 wineries and 1400 acres of vineyards, the Wine Region possesses the majority of vineyard acres in Idaho. Located just 30 minutes west of Boise, the Wine Region is making a name for itself with its panoramic views, diverse agriculture and award-winning wines.

Mr. Bitner explained that IGGWPA works closely with Canyon County to keep the land rural, and that the organization coordinated with the Department of Transportation in constructing the byway. The Region partners with Treasure Valley Community College as well.

Mr. Bitner said the climate in many wine-making regions is becoming too hot to grow grapes, ultimately making a larger market for Idaho. He indicated that high-altitude Idaho desert regions are also offering new wine-making possibilities. He mentioned that the industry is also attracting more and more younger growers.

Roger Williamson, IGGWPC, explained that the grape and wine industry is a good way for people without a large acreage and extensive agricultural experience to get started. He emphasized the importance of promotion, education and research to maintain the industry.

Committee members asked if growers are branching into other areas, such as dessert wines and other liqueurs. Mr. Williamson explained that growers are working with sweet and dessert wines, but that the profit margin for the production of other liqueurs is too narrow to be worthwhile.

Upon concluding committee business, **Chairman Trail** provided samples of chocolate chip cookies made with pea and lentil flour. In comparison to regular flour, pea and lentil flour is higher in fiber and protein and lower in calories. The remainder of the cookies were distributed amongst the committee secretaries and pages.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 3:09 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: March 24, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** Rep. Stevenson

GUESTS: Doug Scoville, United States Canola Association; Diana Caldwell, Idaho Bean Commission; Courtney Washburn, Idaho Conservation League; John Miller, Associated Press; Betsy Russell, Spokesman Review; Benjamin Kelly and Rick Waitley, Food Producers of Idaho; Zach Hauge, Capitol West; Norm Semanko, Idaho Water Users Association; Lee Flinn, Conservation Voters; Laura Johnson, Idaho State Department of Agriculture (ISDA); Mark Duffin, Idaho Sugarbeet Growers Association; Phil Homer, Idaho Association of School Administrators (IASA); Harold Ott, Idaho Rural School Association (IRSA); and Rich Garber, University of Idaho College of Agriculture and Life Sciences

Chairman Trail called the meeting to order at 2:25 p.m., after adjournment of the afternoon House floor session.

MOTION: **Rep. Chavez** moved to approve the minutes from the March 16, 2009 meeting; **motion carried by voice vote.**

SCR 109: **Sen. Corder** presented **SCR 109**, a resolution that sets forth the nature of an emergency in Idaho involving invasion of Idaho's waterways by zebra and quagga mussels. The resolution further authorizes the proactive issuance of deficiency warrants by the Idaho State Department of Agriculture (ISDA), as authorized by the Idaho Invasive Species Act of 2008. The funding would be used by the ISDA for the necessary personnel, equipment and facilities for the performance of any and all activities associated with prevention of the imminent invasion, as well as the development and implementation of incident response plans and interagency agreements.

Sen. Corder said that resolutions typically do not have much impact, but this one does, as the threat and pressure of a possible mussels invasion is imminent. He said that he and **Chairman Trail** have been working together on this legislation, which originated in the Senate, and the two legislators presented it to the Joint Finance and Appropriations Committee (JFAC) together.

The senator explained that waterways in Utah have already been impacted by mussel invasions, and that such an invasion in Idaho would be catastrophic. In fact, if the state delays taking action until the initial invasion, the cost to the general fund and local jurisdictions would exceed \$90 million annually. He said although they would like to use resources from the

general fund, there is not enough money available. Resources are also being sought from Idaho Power and other interested parties.

One committee member made the observation that deficiency warrants are not typically issued to prevent events, but for those that are currently happening. Therefore, he wondered if the legislation was an "end run" around the budgetary process. Sen. Corder confirmed that this might be a basis for any uneasiness surrounding the resolution, but that if an invasion occurs, all 44 Idaho counties would be in a state of emergency. He compared the situation to an encroaching wildfire in another jurisdiction — state authorities generally do not wait for the fire to cross the border before taking action. He also confirmed that the ISDA director will be "most judicious" in issuing warrants and that she is being very cautious.

Rep. Anderson spoke in support of the resolution as well, stating that it is a necessary and proactive step. He indicated that such a proactive approach would be consistent with Idaho's response to the Trapper Creek fire, in which preemptive measures were taken. He also characterized the mussels invasion as a "biological wildfire" and stated that Idaho must build a "fire line" in order to stop the imminent invasion. He also stressed the importance of working closely with Utah agencies in this endeavor, as the invasion is already underway in that jurisdiction. The first area likely to be at risk in Idaho is the Bear Lake region.

Courtney Washburn, Idaho Conservation League, also spoke in support of the resolution, as did **Norm Semanko**, Executive Director, Idaho Water Users Association. Mr. Semanko said the mussels invasion is the most important issue facing irrigators at this time, and that an invasion would clog up irrigation systems, fisheries and hydro-power facilities. He said although traps have been established, but by the time mussels are in the traps, the invasion is already in progress.

Chairman Trail said his understanding was that Bear Lake contains four unique species of fish, all of which would be wiped out if a mussels invasion occurs. Mr. Semanko confirmed as much and added that the operation and maintenance costs would be astronomical.

When asked where the "brakes" are with the deficiency warrants and the appropriations process, **Sen. Corder** clarified that the funding is authorized by the Invasion Species Act and that the State Board of Examiners would approve the warrants ahead of time.

MOTION:

Rep. Bolz moved to send **SCR 109** to the floor with a **DO PASS** recommendation; **motion carried by voice vote**. **Rep. Anderson** will sponsor the bill on the floor.

Rick Waitley, Food Producers of America, introduced **Lauren Clark**, a 4.0 freshman at Meridian High School who serves as secretary for her local 4-H Club. Ms. Clark wrote an article entitled, "Making a Difference in Idaho Agriculture;" it addresses California's Proposition 2, which requires expanded housing for chickens, pigs and calves. Ms. Clark has won speaking competitions for the Meridian Future Farmers of America (FFA) Chapter, Boise Valley District FFA, the District Farm Bureau and the State Farm Bureau. She will be competing in the State FFA speaking competition at the

College of Southern Idaho, Twin Falls, next month. This year, she will be showing steers at the Canyon County and Western Idaho fairs; she has also started her own herd of purebred Angus cattle.

Ms. Clark began with a quote from Ingrid Newkirk, President and co-founder of People for the Ethical Treatment of Animals (PETA): “a rat is a pig is a dog is a boy.” This is part of the rationale underlying Proposition 2, legislation passed in California in November 2008. Proposition 2 requires veal calves, pregnant pigs and egg-laying hens to be confined only in ways that allow them to lie down, stand up and fully extend their limbs and turn around freely. In the belief that they were assuring the humane treatment of animals, 63% of Californians voted in favor of the proposition. Proponents of the measure say it will not only prevent animal cruelty, but promote food safety, support family farmers and protect the environment.

However, veterinary and public health experts agree that current housing systems for hens are safe, humane for the birds and protect human health. Not only do the modern systems provide ample space, food, water, light and sanitation, they allow the hens to stand, stretch, turn around and lie down. Further, the current housing systems allow for the immediate detection and treatment of any bird health issues. If domestic poultry were to have outdoor access, the likelihood of direct contact with migratory and wild birds would be enhanced, significantly increasing the risk of Avian Influenza (Bird Flu) and other diseases.

The biggest impact of Proposition 2 will be felt by the massive California egg industry, with farmers facing a minimum increase of twenty percent in production costs involved in increased food, housing and labor costs. Producers would be required to spend approximately \$50 million for additional land and buildings. One farmer estimated that in order to keep his family farm in business, he would have to acquire 300 more acres and invest \$15 million to give his 600,000 chickens larger cages. According to a University of California agricultural economist, **Dan Sumner**, “The most likely outcome [of Proposition 2] is the elimination of almost all of the California egg industry over a very few years.”

Compromise of the California egg industry would result in the increased importation of eggs, increasing fossil fuel use and carbon emissions. Unfortunately, food safety would be compromised as well, as most importation would be from Mexico, where producers are not required to meet the same strict regulations of California producers. Currently in California, nearly all egg producers participate in the California Department of Food and Agriculture’s Egg Quality Assurance Program, which has practically eliminated food-borne illnesses from California eggs. In the past ten years, not one case of salmonella can be traced back to California eggs.

Proposition 2 will also have a devastating impact upon California’s economy, causing a \$615 million loss in economic activity, \$18.5 million loss of state tax revenues, the loss of 3,400 jobs, and ultimately, significantly higher egg prices for consumers. While Idaho does not have a large egg and pork industry, the legislation would have a significant impact on Idaho’s number one agricultural industry — dairy. Many Idaho dairy calves are shipped to California veal farms, so the impact of Proposition 2 on California veal farmers will directly impact Idaho dairy producers. In the end, the proposition may actually put the animals, the food they produce, the environment

in which we all live, and an entire industry — as well as the public — at risk. Ms. Clark concluded by saying, “So whether you are a chicken, a pig or a boy, you will most likely be affected by Proposition 2.”

The committee engaged in further discussion about the economic affects of such legislation, noting significant job losses in San Diego County, California, and the likelihood of many California poultry farmers moving their industry to Idaho.

Mark Duffin, Executive Director, Idaho Sugarbeet Growers Association, gave an update on the sugarbeet industry, which experienced considerable challenges and milestones in the past year. He indicated that exceptionally high prices for wheat and hay in the spring of 2008 caused difficulty for sugarbeet growers, as did frost and high winds that season, resulting in 21% of acres having to be replanted at least once. Nearly 19,000 acres were eventually abandoned as a result of the weather. Overall, the harvest was the smallest sugarbeet crop since 1965.

However, 2008 also marked the first commercially grown biotech sugarbeet crop in Idaho’s history. Most growers were pleased with the weed control afforded by the new Roundup Ready varieties. In spite of the rough start, the crop still averaged 31.4 tons per acre and over 17% sugar content. Growers are also being schooled in the best techniques for using the new technology and assuring its successful application. Sugar from biotech sugarbeets has been broadly accepted by customers because they know the sugar is the same as that produced from conventional sugarbeets. The industry stood ready to assist in a successful and smooth transition.

Another issue on this front is the pending lawsuit brought last January by a coalition of biotechnology opponents against the USDA regarding the deregulation of Roundup Ready sugarbeets. Arguments are scheduled with Judge White, 9th Circuit Court, San Francisco, on April 3rd; a ruling will then be made as to whether the government properly exercised its authority. The industry is making preparations for a strong case.

Mr. Duffin was pleased to announce the satisfactory settlement last fall of the false advertising lawsuit against Johnson and Johnson, the makers of the artificial sweetener, Splenda. No sooner was it resolved, however, when the makers of high fructose corn syrup (HFCS) began marketing their product as “not different than” and “nutritionally equal” to sugar. In January 2009, the industry issued a letter to cease their false advertising campaign, as well as a position statement regarding the advertisements.

Locally, water issues are of vital importance to sugarbeet growers across the regions. The association has growers on both sides of the groundwater and surface water issues, so it is hopeful that the issues can be fairly resolved. He also expressed their deep appreciation for the legislature’s work in addressing this challenging issue.

Regarding the outlook for 2009, Mr. Duffin stated that the Farm Bill’s sugar provisions should prove helpful in bringing stability to the industry and that the growers have a greater sense of optimism. Also, the new legislation gives the USDA the ability to manage the sugar policy and enables it to divert excess imported sugar into corn ethanol refineries for energy production if domestic prices are being driven down.

For the first time since 1985, the sugar loan rate was increased, and over the next four years, the refined beet sugar loan rate will be raised incrementally, from 22.9 to 24.09 cents per pound. The return of other commodities to more traditional price ranges, though a mixed blessing, has resurrected the interest of many farmers in growing sugarbeets.

Mr. Duffin further stated that the decreased sugar production in 2008 — in Idaho and across the nation — has resulted in a tighter supply, thereby strengthening sugar prices. While the 2008 crop is still being processed and marketed, growers can likely expect a beet payment of at least \$40 a ton. Also, producers are taking advantage of the better sugar market and forward contracting much of the sugar from the 2009 crop. With these dynamics, he expects sugarbeet acres to be back up to traditional levels of over 170,000 acres and beet payments to be above the 2008 levels.

Committee members asked further questions about Roundup Ready crops, which Mr. Duffin confirmed are more environmentally friendly, as they use less chemicals. Also, less cultivation of the ground is required for the crop. He said data collected within the next few years will provide a clearer picture of the benefits involved. One committee member asked about the ratio of sugar obtained from cane and sugarbeets, to which Mr. Duffin indicated 45% and 55% respectively. While the ratio from imported sugar is unknown, he estimated that to be approximately 50/50.

Diana Caldwell, Administrator, Idaho Bean Commission, gave the annual report on her organization. She indicated that the commission was founded 52 years ago, and is made up of four dealers and four growers. Over the past ten years, she stated, the bean tax income has declined and Idaho has lost acreage in the Magic Valley to forage crops and the Treasure Valley to development. However, Idaho's yield per crop of 2,270 pounds per acre exceeds the U.S. level of 1,792 pounds. Idaho is the sixth largest producer of beans, with North Dakota being number one. Idaho is still the largest producer of pinto beans; the value of garden bean seed is significant as well.

Ms. Caldwell went on to describe the commission's 2009 activities in Mexico, including participation in the Expo Sinaloa with the testing of yellow seed. It is also planning tests for Nayarit (black bean seed) and an exhibit at the Chihuahua Agricultural Trade Show, which is the largest pinto-producing trade show in Mexico. It is also considering the promotion of seed exports to Central America. She also indicated that bean exports to Mexico have experienced an increased of over 100% (from 23% to 52%).

The commission is also involved in University of Idaho research in dry and snap beans, for which they have invested \$56,000. They also participate in the Ag Pavilion, as well as Magic Valley and Treasure Valley grower/dealer forums. Only 9% of the 2008 budget was devoted to education and information. However, the commission pays a large percentage to the U.S. Dry Bean Council, facilitating the industry with Ms. Caldwell's involvement at a national level.

Issues for 2009 include the loss of acreage to forage crops, uncertainty about specialty crop support in the current Farm Bill, the decline in check-off funding for the commission, and the instability of the Mexican government. **Chairman Trail** asked Ms. Caldwell if she would like to address challenges in the budget, to which she responded that without federal funds, the com-

mission may have to cut into its reserves. However, it is not currently requesting additional funding.

Doug Scoville, President, U.S. Canola Association, gave a report on the oilseed industry. He also provided copies of a letter from **Mike Hubbard**, Chairman of the Idaho Oilseed Commission, the commission's annual report from **Rick Waitley**, and several publications of the "U.S. Canola Digest" for the committee's review. Mr. Scoville indicated that the U.S. Canola Commission's major goal in 2008 was to work on the Farm Bill. He also described the leading research at the University of Idaho in the area of national biofuels research and education, for which the USDA renewed a five-year \$1 million grant.

Mr. Scoville said there is a six-million acre national demand for canola and Idaho only grows one million. However, Idaho currently has an initiative to increase the acreage to three million by the year 2012. At present, Idaho is not the best canola-growing state, due to the number of competitive crops. Production can also be increased by the winter production of canola in warmer states. Canola can also be used as dairy feed, as it increases milk production up to one liter per day and increases butter fat as well. It can also be used for chicken and pig feed, though it may not be as cost-efficient to use for cattle feed.

One committee member inquired as to any climate limitations in Idaho, to which Mr. Scoville responded that canola can be grown anywhere barley is grown, and that both spring and winter varieties exist for the crop. When asked if it would be competitive with barley, Mr. Scoville answered that it would be priced between 17 and 18 cents per pound.

Before the committee adjourned, **Rick Waitley** informed the committee of issues with the current audit requirement for the Idaho Oilseed Commission, as well as other commodity commissions. Whereas audits were previously conducted every two years for a cost of approximately \$650, they are now required annually at a cost of \$2,900, an increase that would ultimately affect all commissions and their districts. Commissions are currently working with legislators to address these concerns. **Rep. Bolz** indicated that he would be involved in some of the meetings on this issue and the possible changes to the Idaho Code, and that the agricultural commodity commissions would be a top priority.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 3:50 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: March 26, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** Rep. Patrick

GUESTS: Pat McCoy, Capital Press; Roy Eiguren and Tony Smith, Eiguren Public Policy; Tony Dupont, Io Dupont

Chairman Trail called the meeting to order at 2:43 p.m., after adjournment of the afternoon House floor session.

MOTION: **Rep. Bolz** moved to approve the minutes from the March 18, 2009 meeting; **motion carried by voice vote.**

Chairman Trail brought committee members' attention to a letter in their folders from **Diana Caldwell**, Idaho Bean Commission, to **Dean Hammel**, University of Idaho College of Agriculture and Life Sciences. Ms. Caldwell states her opposition in the letter to any changes in the current status of the University of Idaho programs and facilities located at the Kimberly Research and Extension Center. She states that eliminating the breeding program for beans — or even consolidating it with another commodity program — could negatively affect Idaho's standing as a leader in the dry bean industry. Further, it could result in a significant loss of future revenue to the state. **Rep. Bolz** indicated that he would be speaking to **Rich Garber** at the University of Idaho in this regard.

Rep. Bolz then announced the upcoming retirement of **Pat McCoy**, reporter for the Capital Press, whose stories he attributes to increasing the publication's distribution. Ms. McCoy stated that although she came from a farming family, she did not have a traditional agricultural upbringing. In fact, she vowed growing up that she would have nothing to do with agriculture, yet has enjoyed her reporting in this field. With a 92-year-old mother and several grandchildren, she expects to stay busy, but hopes to do some freelance reporting as her schedule permits.

Rep. Bolz then presented an update on the Idaho Food Quality Assurance Institute (IFQAI), which was formed by a House bill in 1996. The board consists of ten members appointed by the Governor, representing various agricultural industries; its purpose is to ensure quality assurance of food products.

Rep. Bolz explained that initially, the lab was funded only by commodity commissions; however, that did not last very long. It was then funded by the University of Idaho, which continues to ensure quality assurance, but as of

three years ago, the lab has been under the jurisdiction of the Idaho State Department of Agriculture (ISDA). At present, the Idaho Potato Commission (IPC) is the only commodity commission that contributes funding; 20 to 30% of funding is provided by the state. An agreement with the College of Southern Idaho to hire their graduate students as interns also provides funds in the amount of \$15,000 annually.

Roy Eiguren, Attorney, Idaho Efficient Truck Coalition, reported that the coalition is an organization that represents 40 companies and trade associations across southern Idaho. Mr. Eiguren handed out a breakdown of coalition membership, as well as some data about the more efficient truck, which is 129,000 pounds, and has more axles and brakes than traditional trucks.

In 2003, the Idaho legislature enacted a ten-year Pilot Project in southern Idaho which allowed the 129,000 pound trucks on limited highways. The Idaho Transportation Department (ITD) is required to report information to the legislature every three years regarding the impact of the heavier trucks on bridges, roadways and highway safety.

The 2007 ITD report reveals that U.S. Ecology experienced savings of \$1.5 million per year. Participants from Idaho's sugarbeet, potato, wheat and grain, milk and phosphate industries experienced reduced fuel consumption and equipment maintenance, and increased productivity, based upon an estimated five to eight percent savings in freight costs. The program also allowed **Amalgamated Sugar Company** to reduce truck trips by 30,000, resulting in estimated savings of just under \$300,000. Program participants also identified a small number of additional routes that would save millions of dollars in transportation costs if included in the new pilot project.

In regard to road safety, survey responses from participants reveal that safety was the same or greater because of fewer trucks being on the road. Mr. Eiguren maintains that the 129,000 pound truck is the safest truck on the road. The 2007 report also shows no significant change in pavement conditions when compared to previous years. However, at this stage, only three years into the project, sufficient data leading to definitive conclusions regarding the impact on Idaho roads and bridges has not been collected.

Tony Dupont, owner of Io DuPont, then presented information about his company — which he started in his garage in 2004 — as well as its current products and future prospects. His company's first product was a synthetic fiber cable, Power Cordz, which was designed to replace steel control cables in bicycles and industrial applications. The fiber cable is stronger than steel, but 75% lighter, and it does not stretch, rust or corrode. Mr. DuPont said product sales have been mostly in international markets. However, the company will also be conducting NASCAR testing.

Mr. Dupont said the fiber cable was a stepping-stone for a bigger product — the continuously variable transmission. Though it is used in bicycles, it can also be used in automobiles or anything with a rotating shaft. Mr. DuPont said he has been working on this concept for about 20 years. He showed the committee a plastic model of the transmission, for which he has filed patents in Asian and European markets. The advantage of the transmission is that it saves energy; unlike traditional transmissions, it does not have to restart from zero speed.

Mr. Dupont said he has a Letter of Intent from a company that intends to install the variable transmission on 250,000 bikes and further develop it for use in automobiles. Mr. DuPont said this product could help reduce automobile pollution in heavily populated countries like China and India. He has also received an inquiry from the Department of Defense regarding its interest in obtaining 30,000 cables. There are about 15 different products built around the concept of the Power Cordz, and Mr. DuPont said it is his opinion that synthetic fiber is the future of control cables.

Mr. DuPont said his desire is to keep his company in Idaho, but he needs to attract capital in order to grow. He said most of his production, printing and packaging is currently done in the state, while various other processes are done in other states. He is working to obtain intellectual property rights in a number of countries around the world but has not been able to pursue international investors yet.

Mr. DuPont said a portion of the federal stimulus money should be used to create more jobs, which will in turn create more wealth. This could be done through education and research and development grants. He said most universities are not capitalizing on their intellectual property. Another problem he has encountered when partnering with universities is that they want to control the intellectual property that his company has spent many years developing.

Grant-writing has been a difficult endeavor for Mr. DuPont's company because often the cost of hiring a grant writer is a large percentage of the total grant award. He said he hopes to team up with universities that have grant-writing expertise, thereby aiding him in that process. So far, he has met with both Boise State University and the University of Idaho.

Mr. DuPont said his company currently employs senior design students who like to work on real-world problems. These students could potentially be hired permanently by the company, which would be a beneficial arrangement for both the company and the students.

Mr. DuPont explained his difficulty in getting sufficient backing for bank loans, saying banks require a personal loan guarantee, as well as inventory to secure the loans. He said it is his understanding that even the federal Small Business Association loans require double-backing. There is also difficulty raising money from the general public because of securities regulations. Mr. DuPont said he would like to be able to solicit from the members of the public who would have the opportunity to invest in his company.

In regard to Mr. Dupont's business endeavors, **Chairman Trail** confirmed that Mr. Dupont graduated from the University of Idaho with an engineering degree, but his business degree was obtained from the "School of Hard Knocks."

Andres Figueroa, the committee page, then presented an overview of his legislative trip to Washington, D.C. last week, in association with his membership on the Mayor's Youth Advisory Council (MYAC), City of Caldwell. He explained that every year, the council focuses on an issue in the nation's capitol — this year, it was the national debt and student dropout rates. The students proposed that a balanced budget amendment be created for the federal government in order for it to "change the direction of the debt's curve and over time get the U.S. back on two feet and walking in the right direction." Over 400 signatures have been obtained on the petition.

On March 18, 2009, the students, along with Nampa Mayor, **Tom Dale**, and Caldwell Mayor, **Garret Nancolas**, met with **U.S. Senator Mike Crapo**. In his Press Release, Sen. Crapo said, "These young people said what I and many others have been saying, only they said it best. Our inability to control our fiscal house here in Washington, D.C., is jeopardizing their future." The students also met with **U.S. Representative Walt Minnick**, as well as the staff of **U.S. Senator James Risch**.

When asked to elaborate on the MYAC, Mr. Figueroa explained that school districts come together with the mayor to discuss community improvement projects, and that the students selected often participate in volunteer work. **Rep. Bolz** informed the committee that the Skate Park Memorial in Canyon County was designed by MYAC youth. Mr. Figueroa was also asked how many students went on the trip, to which he replied that the group consisted of seven students from Caldwell and four students from Nampa.

Chairman Trail then brought committee members' attention to some items of correspondence in their folders. The first item was the March 29, 2009 letter from **Celia R. Gould**, Director, Idaho State Department of Agriculture, to **Don Hale**, President, Idaho Hay and Forage Association, regarding **S 1052**. The letter was in response to Mr. Hale's request for better communication in the future regarding "proposed changes in law, policy, rules or regulations that will impact [the] industry" and "that ample be allowed for response by the industry." Ms. Gould's letter includes a table outlining ISDA's numerous attempts to involve the Idaho Hay and Forage Association, Inc. in public meetings over the last three years; most meetings went unattended by the association. On this subject, Chairman Trail concluded that the Hay and Forage Association had ample opportunity to become involved.

The other item of correspondence referenced by the chairman was a Memorandum of March 20, 2009 from **Sen. Tim Corder**, Chairman, Senate Agricultural Affairs Committee, to **Dawn Justice**, President/CEO, Idaho Bankers Association, and **Blair Wilson**, Community Lending/FPR Relationship Manager, Northwest Farm Credit Services, regarding suicide prevention resources for struggling agricultural producers. Chairman Trail indicated that dairy producers are especially susceptible to suicide right now.

The chairman also announced that the committee's last meetings would be conducted next week.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 3:47 p.m.

Representative Tom Trail
Chairman

Lisa F. Daniels
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: March 30, 2009

TIME: 1:30 p.m.

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** None

GUESTS: Dar Olberding, Idaho Grain Producers; Bill Barton, Idaho State Department of Agriculture (ISDA) Animal Industries; Laura Johnson, ISDA; Dennis Tanikuni, Idaho Farm Bureau; Erik Makrush, Idaho Association of Highway Districts

Chairman Trail called the meeting to order at 1:30 p.m., after adjournment of the afternoon House floor session.

MOTION: **Rep. Chavez** moved to approve the committee minutes from March 24, 2009 as written; **motion carried by voice vote.**

Dar Olberding, Idaho Grain Producers Association, reported to the committee on the history of the Association, saying it was started 52 years ago by a group of grain growers who decided to improve the industry. They formed a nonprofit organization, the Idaho Wheat Growers Association, now known as the Idaho Grain Producers Association. Mr. Olberding introduced Travis Jones, the Executive Director of the Association.

Travis Jones stated he has been with the Grain Producers for the past two years. He said the Association has between 800 and 900 members, and is currently involved in its 2009 membership drive. Mr. Jones said grain producers are organized in 26 of Idaho's 44 counties, the counties where wheat and barley are being produced. The Board includes one member from each of those 26 counties; there is also a five-member executive board. Mr. Jones represents the interests of the Grain Producers on legislative and policy matters.

Mr. Jones has updated the operations of the Association and modernized their website. He distributed copies of the Association's policy booklet, which also contains all contact information for board members and county representatives. Members meet to develop resolutions helpful to grain growers, a process that culminates in November or December each year. Growers can propose changes to resolutions or can agree to accept old resolutions. Mr. Jones distributed a sheet listing the Association's 2009 legislative priorities.

The mission of the Idaho Grain Producers Association is to bring profitability, viability, and sustainability to Idaho's wheat and barley growers. At the present time, their priority is to be sure the 2008 farm bill is implemented.

There are other outstanding issues such as crop insurance for malt barley and wheat. The issue of climate change is also getting more attention; Mr. Jones said the Association needs to determine how grain producers might play a role in the area of carbon offsets. This is an issue that his organization is closely following, in order to make sure that Idaho's grain producers can benefit in some way.

Mr. Jones said there are several free trade agreements still pending in Congress, including some with Panama, Columbia and Peru. He said over 50% of Idaho grain, mostly wheat, is exported to other countries. Governor Otter and others have been to Cuba to explore market potential there.

Mr. Jones said transportation is always a challenge for grain producers. He noted that rail transportation is an asset to agriculture; Burlington Northern runs through northern Idaho and Union Pacific serves southern Idaho. The Association maintains a good working relationship with these two railroads and is working to arrive at more reasonable rates and greater access.

Trucks also carry agricultural products, and Mr. Jones said his association supports registration and fuel tax increases but wants to make sure they are equitable. In general, growers also support better roads and bridges in the state of Idaho. He also reported that there is an effort to get a representative on the Surface Transportation Board who would represent the West; most present members are Midwestern and Eastern representatives.

During committee discussion and questions, Chairman Trail commented on a recent article in National Geographic about the serious drought in Australia, and noted the same situation is occurring in Chile. Since these countries are major wheat producers, their crop problems could have an effect on Idaho's wheat market.

Mr. Jones was asked about their resolution on the effect of long-term residue removal in the production of small grains. He said the Idaho grain producers will partner with the wheat and barley commissions to find out what role grain stubble can play in ethanol production. The effort will be to determine how to contribute to the new energy boom without damaging soil and grain production in Idaho. On the question of genetically-modified crops, Mr. Jones said that in a survey of about 5,000 growers, 76% of them indicated they support biotech wheat. There are still issues between producers and consumers, in terms of resistance to such biotech products.

Mr. Jones said he understands the continuing frustration in Idaho over rail transportation costs. In one instance, a grower had already contracted a price for his crop, and when he shipped it, a surcharge was placed on the shipment, making his costs increase. He said transportation issues remain one of the Association's top two priorities.

Crop insurance coverage is another important issue. Mr. Jones said basic crop coverage is usually 70-75% of value; he would like to see crops insured at full value. He said the new administration in Washington, DC, is studying a cut in premiums.

Dar Olberding offered additional comments about crop loss in Idaho. He said the Association is working on solutions other than requesting additional

money from the government. They are currently studying a reinsurance program used by Pennsylvania, which is the only state in the union to have implemented such a system. In Pennsylvania, the state purchases federal crop insurance and reinsures growers from 75% up to 85% in specific areas of the state. This could also be helpful in addressing livestock losses from wolves. Mr. Olberding said payments are based on gross revenue from year to year, rather than on specific analysis of each individual instance of loss.

Stuart Davis, Executive Director of the Idaho Association of Highway Districts (IAHD), reported on local roads in the state of Idaho. His association is governed by a 13-member board, ten of whom are farmers and ranchers. Local roads are critical in the movement of agricultural products. There are 5,000 miles of state highway, but over 33,000 miles of local roads. Mr. Davis said there is no real interconnection between the 290 jurisdictions who have responsibility over local roads and bridges.

Because there had never been a good study of local roads, IAHD decided to undertake a study of what would be necessary just to preserve the current road system. It found that 80% of Idaho's roads and bridges need to be improved; if improvements do not take place, the cost to Idaho will be an additional \$4.9 billion over the next 20 years. He said the local road system has increased by 14% since 1996, with about 4,000 miles of new roads.

Local roads carry the highest number of vehicles in the state; 55% of the truck traffic in Idaho travels on local roads. Two-thirds of all accidents and injuries take place on the local road system; on a per-mile-driven basis, this is twice as high as on the interstate system.

Mr. Davis said 50% of funding for local roads comes from property taxes and impact fees. According to the Wilbur Smith study, the ideal ratio for local road financing should be 70% paid by users and 30% by nonusers. The biggest challenge to local roads is to develop new and better ways to spread existing dollars. Mr. Davis said more joint planning is being done across the state, including efforts by city and county highway districts to share equipment and bids.

Asked about the frequently-heard objection that trucks don't pay their fair share of road costs, Mr. Davis said this country's transportation needs are largely dependent upon the trucking industry. He said a 1996 cost allocation study had mixed results; an interim study to look at cost factors might be helpful. Mr. Davis said, in his experience, counties and highway districts object to trucks that do not register, which is an enforcement issue.

Mr. Davis said obviously consolidation of highway districts would result in efficiencies, since there are sometimes multiple highway districts in localities. He said the Ada County Highway District is the best conceivable model, but there is still a lot of infighting in Ada County. Idaho County has 13 separate highway districts and only four major towns. However, each district is divided according to geographic areas, and there would be some negative impacts of consolidation as well. Mr. Davis said it could be advisable to allow highway district boards to expand their membership numbers, possibly by removing the population requirements.

Highway commissioner pay varies widely throughout the state, ranging from \$15 per month to \$2,400 per month. Some of this variation reflects the

amount of work and number of meetings that commissioners attend. Each county sets its own rate of compensation. Mr. Davis said he is not aware of any highway district commissioners who are compensated for their family members' health benefits.

Dr. Bill Barton, Division of Animal Industries, Idaho State Department of Agriculture, gave a presentation on dead animal movement and disposal in the state of Idaho. In fiscal year 2008 his division investigated 92 complaints about dead animal disposal and approximately 50 complaints concerning routine waste management at CAFOs. Dr. Barton said dead animals must be disposed of within 72 hours of the responsible party becoming aware of the death. Dr. Barton discussed the approved methods of disposing of animal carcasses, which include rendering, burial, landfill, composting, digestion, incineration, burning and decomposition.

Carcasses held for pickup by rendering facilities must be screened from public view. New rules to help control the spread of mad cow disease were scheduled to take effect in April but the effective date has been extended 60 days to receive more comment. The new rules will increase the cost of doing business, and those increases will be passed on to users of the services. Dr. Barton said determining the age of a carcass is an inexact science, although the Food and Drug Administration is providing dentition charts that help identify age based on wear and dentition. Rendering plants currently charge \$50 per animal to pick up carcasses; this could increase to \$100 because of new regulations.

Dr. Barton said it is appropriate to bury dead animals under certain circumstances. The burial must be at least three feet deep from the natural surface of the ground, and must meet additional setback requirements from water sources, residences, roadways and property lines.

Sanitary landfill disposal is allowed if arrangements are made with cities, counties, or private landfills. Dr. Barton said this option may become less available, though, since some landfills are electing not to take animal carcasses any more.

Carcasses can also be composted, and new technologies are available that cause rapid composting of carcasses. Drainage and ground requirements are spelled out by administrative rules. Dr. Barton said several CAFO facilities in the state have their own composting facilities. He said if certain procedures are followed, an average 800 to 1,000-pound cow carcass can be composted in as little as five to seven days. Composting requires plenty of organic material, typically straw, wood chips, or manure, in order to generate sufficient heat to effect rapid composting. In addition, the material needs to be turned regularly. This option needs to remain available, particularly since landfills are beginning to refuse carcasses.

Dr. Barton was asked about the odors emanating from composting plants. He said it has been his experience that such facilities produce surprisingly little odor. It is important, however, that the right components in the right proportions are used to effect the decomposition. There is a possibility of odors if an inadequate amount of organic material is used in the process. Dr. Barton said there is a specific protocol required, and a facility's protocol should be available for public review. He said he is not aware of any specific setback requirements for composting plants.

Digestion is another approved method to dispose of animal carcasses. Dr. Barton said some dairies in the state of Idaho have their own digesters, although this is an expensive method.

Incineration is performed for small animals in crematoria. Some incineration facilities can process animals as large as horses; however, none of them can process more than one or two large animals at a time. Larger animals have to be sectioned before incineration. This method is fairly expensive, with a 20-pound dog costing about \$100 and a horse costing about \$1,000. Dr. Barton said cremation effectively eliminates any disease that might be present, due to the very high temperatures used. The resulting ashes are sterile and can be spread on tree farms or other areas.

Dr. Barton said burning is not allowed as a method of disposal, except as authorized by the administrator in coordination with the Department of Environmental Quality. This method is reserved for such events as an outbreak of disease where large numbers of dead animals need to be disposed of quickly.

Animals that die on private or state range lands, from causes other than disease, can be left to naturally decompose, provided specific setback requirements are met. Dr. Barton said wildlife carcasses on state highways are the responsibility of the Department of Fish and Game. He said he does not know whether that department has disposal rules similar to the Department of Agriculture, which apply only to domestic livestock.

Dr. Barton also reviewed requirements for dead animal movement, saying that carcasses must be concealed from view during transport and the vehicles hauling them must prevent seepage or drainage of any byproducts. In addition, the vehicles are required to travel directly to their destination, and they cannot be used to transport live animals, human beings, or feed without first being disinfected. Both civil and criminal penalties can be imposed for violations of the requirements.

Dr. Barton explained the ban on “downer cows” who become injured on their way to slaughter. These cows now must be condemned if they are not ambulatory, and they will not go to slaughter. Dr. Barton said this new rule will effectively remove about \$1.5 million worth of meat that will come out of the food chain. These carcasses will have to go to a renderer or to an approved disposal facility. The effective date is April 17, 2009.

The Prevention of Equine Cruelty Act of 2009 provides for a fine and prison term of up to three years for possessing, shipping, transporting, purchasing, selling, delivering, or receiving horses intended for human consumption. Dr. Barton said the last two horse slaughtering plants in the U.S. have closed down, and the Equine Cruelty Act will close the door to shipping animals out of the United States for slaughter. He said Montana has passed legislation allowing slaughter houses to be built in that state; North Dakota and Missouri are considering similar legislation. Dr. Barton said the majority of euthanized horses go to landfills, although this option may become less available. Zoos are experiencing difficulties with the loss of horse carcasses as a food source for carnivorous zoo animals. Dr. Barton said even if a sovereign nation like Duck Valley Indian Reservation were to build an equine slaughter facility, it wouldn't be able to receive horses from across state lines.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 3:00 p.m.

Representative Tom Trail
Chairman

Mary Lou Molitor
Secretary

MINUTES

HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: April 2, 2009

TIME: Upon Adjournment of the House

PLACE: Room 228

MEMBERS: Chairman Trail, Vice Chairman Andrus, Representatives Lake, Stevenson, Bolz, Shirley, Patrick, Pence, Chavez, Killen

**ABSENT/
EXCUSED:** Reps. Lake, Killen

GUESTS:

Chairman Trail called the meeting to order at 1:50 p.m., after adjournment of the afternoon House floor session.

MOTION: **Rep. Bolz** moved to approve the committee minutes from March 26, 2009 and March 30, 2009 as written; **motion carried by voice vote.**

Chairman Trail explained that Roger Batt, Idaho Mint Commission, was scheduled to give a presentation at today's meeting but was ill and would not be able to attend.

Chairman Trail recognized the work of Page Andres Figueroa, who served the Agriculture Committee during the second half of the session. He also noted that this would be the final meeting of the committee for this legislative session.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 1:56 p.m.

Representative Tom Trail
Chairman

Mary Lou Molitor
Secretary