

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 09, 2021

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Burtenshaw, Senators Patrick, Den Hartog, Johnson, Zito, Ricks, Nelson, and Rabe

ABSENT/ EXCUSED: Vice Chairman Bayer

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

CONVENED: **Chairman Burtenshaw** called the meeting of the Senate Agricultural Affairs Committee (Committee) to order at 8:00 a.m.

MINUTES APPROVAL: **Senator Johnson** moved to approve the Minutes of January 28, 2021. **Senator Den Hartog** seconded the motion. The motion carried by **voice vote**.

Senator Ricks moved to approve the Minutes of February 2, 2021. **Senator Patrick** seconded the motion. The motion carried by **voice vote**.

RS 28093C1 **Relating to Environmental Quality. Dr. Mary Anne Nelson**, Surface and Wastewater Division Administrator, Idaho Department of Environmental Quality (DEQ), stated that DEQ, Idaho Division of Financial Management, and Idaho Legislative Services Office worked together to strategize a manageable solution to handling funds appropriated for the implementation of agricultural best management practices. Furthermore, **Dr. Nelson** said that this proposal establishes a dedicated account, identifies funding sources, places sidebars on DEQ for allocating funds out of the account, and includes an emergency clause.

MOTION: **Senator Den Hartog** moved to send **RS 28093C1** to print. **Senator Patrick** seconded the motion. The motion passed by **voice vote**.

DISCUSSION: **Senator Johnson** asked Dr. Nelson about the emergency clause. **Dr. Nelson** replied the clause was included in the anticipation that the Legislature would approve DEQ's 2021 budget request. This would ensure that there is a dedicated account set up in time for the funds coming in, and the appropriated funds would be distributed into the account accordingly without any delays.

PRESENTATION: **Idaho Barley Commission (IBC) Annual Report. Laura Wilder**, Executive Director, IBC, spoke about its mission, members, and funding. She also presented IBC's budget for fiscal year 2020-2021. She cited that 40 percent of this year's expenditures are allotted for research; 21 percent for market development; and the rest for education and information programs, partnerships, and administrative expenses. (Refer to Attachment 1.)

Ms. Wilder affirmed that Idaho leads the nation in barley production, followed by Montana and North Dakota. In 2020, Idaho grew one-third of the nation's barley. If combined, the three mentioned states cultivated 78 percent of the nation's total barley yields. She shared that based on University of Idaho (UI) data, 2020 Idaho barley revenue was valued at \$279 million and was up by 10 percent over 2019.

Despite all the challenges last year due to the COVID-19 pandemic, **Ms. Wilder** pointed out IBC continued to work on programs for growers. She cited some of IBC's accomplishments and marketing initiatives both domestic and foreign. She mentioned that IBC embraced new ways of executing its activities to be able to showcase and promote barley, and provide more opportunities to Idaho barley growers. With regards to export market development, **Ms. Wilder** indicated that Idaho exported most of its barley to Mexico, Canada, Japan, and most recently, China. Lastly, she discussed about the trends and future of Idaho barley industry. She commented that Idaho will continue to be a strong producer of barley in the nation. (Refer to Attachment 2.)

DISCUSSION: In response to a question by Senator Nelson, **Ms. Wilder** acknowledged that it was a challenging year for the beer industry. Sales of traditional brands of beer were stagnant, and there was a 8-9 percent decrease in craft beer production due to less consumption of alcoholic beverages and shift to lower-alcohol-content drinks.

With regards to a question by Senator Ricks, **Ms. Wilder** answered that 75 percent of barley goes to malt for beer production, and 25 percent to livestock feed and human consumption. Of that 25 percent, 10 percent is for food barley and 15 percent for livestock feed. She also highlighted that 50 percent of Budweiser beer originates from Idaho barley.

Senator Johnson asked about the barley export market, specifically Australia, as well as the variety of barley being grown in Idaho. **Ms. Wilder** explained that due to escalating tensions between Australia and China, China has imposed an 80 percent tariff on Australian barley. As a result, Australia has to look for other markets for their barley. **Ms. Wilder** informed the Committee that two-row barley varieties produce higher yield and are better agronomically for growers, thus there is an increase in demand. However, there is still a small niche market for the six-row barley varieties used for tea production.

Chairman Burtenshaw and **Ms. Wilder** discussed the quality of barley produced in Idaho, what contributes to its quality, and barley protein testing. **Ms. Wilder** advised that Idaho barley growers, Idaho's altitude, climate conditions, and abundant irrigation water make Idaho an ideal location to grow premium-quality barley. She asserted that Idaho has the most consistent and reliable supply of barley in the country and in the world. As for barley protein testing, she assured the Committee that there has been no problems with it in recent years.

PRESENTATION: **Idaho Bean Commission (Commission) Annual Report.** **Andi Woolf-Weibye**, Executive Director, Commission, presented its annual report. She spoke about the Commission's mission statement and objectives, and reported about its activities in 2020. (Refer to Attachment 3.)

Ms. Woolf-Weibye summarized the Commission's 2021 budget analysis. She noted the Commission's involvement in grants and research programs in recent years. She also mentioned the Commission partners with organizations to provide grants. However, she anticipated that only a fraction of the budgeted expenditures will be spent as a result of less travel and the Commission's cost-efficient spending programs. (Refer to Attachment 4.) She emphasized that Idaho is fifth in bean production but first in seed production.

Ms. Woolf-Weibye recounted that there was a global bean crop problem that led to a bean shortage in 2019, after which the COVID-19 pandemic came. These circumstances put the bean industry in a high-demand and short-supply position.

In conclusion, **Ms. Woolf-Weibye** discussed the future of the Commission. She advised the Committee that there will be a continuation of the rulemaking process on the Commission's administrative rules in 2021, in compliance with the Governor's directive in his Red Tape Reduction Act. She said that some of the issues to be discussed in the process are disposal of crops after a regulated disease is found, laboratory testing requirements, some definitions, and language that is obsolete. (Refer to Attachment 5.)

DISCUSSION: **Senator Ricks** asked about the storage life of beans and stockpiling concerns. **Ms. Woolf-Weibye** introduced Monty Hamilton, Garden Bean Representative, Commission, to help answer Senator Ricks' questions. He stated that beans' shelf life is long but that they only retain their quality for one year. He explained that after a year, beans will start to lose their moisture and take longer to cook. He also said that the majority of Idaho beans are contracted by companies, thus growers do not hold back beans. As for a shortage, the growers are doing great job to meet demands, **Mr. Hamilton** said.

Senator Patrick asked about the progress in controlling night shade beans. **Ms. Woolf-Weibye** admitted that the Commission has not done any trials on night shade beans for the last two years.

Senator Zito asked if the Commission has done research on growing organics beans. **Ms. Woolf-Weibye** replied no.

Senator Nelson asked Ms. Woolf-Weibye to elaborate on the Commission's 2021 budget. **Ms. Woolf-Weibye** recalled that six years ago the Commission recognized that its reserve funds were high, and there was a need to use the funds in programs and initiatives to help its members promote the bean industry. As a result, the Commission's main focus is to advocate, educate, and support the bean industry through its programs and initiatives. Furthermore, she added that the Commission's target reserve is between \$150,000 to \$200,000 annually.

PRESENTATION: **Idaho Wheat Commission (IWC) Annual Report.** **Casey Chumrau**, Executive Director, IWC, talked about IWC's Commissioners, mission, and funding. She emphasized that it is IWC's mission to maximize profitability for Idaho wheat producers. (Refer to Attachment 6.)

Ms. Chumrau detailed the 2021 IWC budget allocation. She specified that 38 percent goes to research, 31 percent to communication and grower education, and the rest for market development and office operations. She explained that over \$1 million has been allocated in research each year, and majority of the funds went to UI. She stated that since 1982, IWC contributed \$13,622,713 to UI in support of agricultural research and education. IWC also received grant requests from U.S. Department of Agriculture - Agricultural Research Service, Oregon State University, and Utah State University.

Ms. Chumrau also named some of IWC's ongoing programs (see Attachment 7). She said that these programs help educate the public and growers about wheat production, and show how wheat production is connected to the wider industry and marketing chains. In addition, IWC collaborated with different organizations to leverage IWC funds in executing its objectives. She explained that partnerships with other organizations utilized and amplified the expertise of the people within the consortium. The consortium also addresses and efficiently resolves the needs and issues of the growers.

Ms. Chumrau briefed the Committee that the U.S. grows six different classes of wheat, and Idaho grows five of them (as shown in Attachment 8). Moreover, Idaho is the only state that grows more classes than any other states. She emphasized that 50 percent of wheat production is exported internationally, and 50 percent is consumed domestically. She reaffirmed that Idaho was the second-largest crop by revenue in 2020.

Lastly, she presented IWC's 2021 focus, which included continued assistance to wheat growers and producers; continued support of Idaho's river transportation system (RTS); a possible return to in-person activities; a possible replacement of the current IWC building; completion of IWC's endowment program; and UI Cookie, a variety of wheat developed in UI funded by IWC.

DISCUSSION: **Chairman Burtenshaw** asked Ms. Chumrau to expound on the effects of the removal of dams on RTS. **Ms. Chumrau** anticipated that removal of the dams would result in a change of transportation methods of all grains. Additionally, the change from water to rail or road would increase transportation costs, which will be borne by the farmers. She explained that a one-cent expense increase could make a big difference on the farmers' profit margins. She speculated that 4,500 farms might go bankrupt if the removal of dams pushes through. RTS is the most cost-effective method of moving big volumes of crop within and out of state. Moving away from RTS might also cause loss of a lot of overseas markets and Idaho growers might not be able to recover its market share.

Chairman Burtenshaw expressed his appreciation to all the Commissions for their efforts to support agricultural industries in Idaho.

ADJOURNED: There being no further business at this time, **Chairman Burtenshaw** adjourned the meeting at 9:16 a.m.

Senator Burtenshaw
Chair

Rellie Wisdom
Secretary