

MINUTES  
**SENATE AGRICULTURAL AFFAIRS COMMITTEE**

**DATE:** Tuesday, February 02, 2016

**TIME:** 8:00 A.M.

**PLACE:** Room WW53

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

**ABSENT/  
EXCUSED:** None

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

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

**INTRODUCTION:** **Welcome and Introduction of Committee Intern, Ryan Lawrence.** **Chairman Rice** introduced Ryan Lawrence, intern for the Agricultural Affairs Committee, and asked him to present his career path and what prompted him to seek out an Agricultural Affairs Internship.

**S 1215** **Relating to the Commission on Pesticide Management.** **Darrell Bolz**, stated that in 2002 he sponsored the legislation that created the Commission on Pesticide Management. They now find that the Commission is not able to function as intended and this legislation will remove the Commission from Chapter 18, Title 22, Idaho Code.

**Mr. Bolz** said Roger Batt has taken over some of the responsibilities of the Commission's duties by creating the Seed Pesticide Council, which is acquiring some of the registrations for the minor crops in Idaho. There is also a national Minor Crop Pest Management Program Interregional Research Project #4 (IR-4 Project), headquartered out of the Rutgers University in New Jersey. The IR-4 Project has regional projects in the 13 Western states to register minor crops for pesticide management. The Commission was originally formed under Idaho Code in 2002 to assist the IR-4 Project, which runs on a priority basis. Because of that priority basis, many of the Idaho crops were not receiving registration. Unfortunately, the Commission lacked the funds to fulfill the pesticide management registration as intended and the Commission will be removed from code.

**MOTION:** **Senator Den Hartog** moved to send **S 1215** to the floor with a **do pass** recommendation. **Senator Lee** seconded the motion. The motion carried by **voice vote**.

**PRESENTATION: Economics of Idaho Agriculture.** **Dr. Garth Taylor**, University of Idaho (UI), College of Agriculture and Life Sciences. Financial Condition of Idaho Agriculture - 2015, offered an overview of what happened in Idaho agriculture last year. Idaho's 2015 cash receipts were \$8.7 billion, down 8 percent from last year; 2015 broke a five-year winning streak in agricultural production. The UI is forecasting \$7.9 billion in cash receipts for 2016. Since 2001, this real dollar amount sits at about 181 percent in agriculture production statewide. Idaho's growth rates have been approximately 3.9 percent since early 2000. They foresee movement of the industry heading towards the long-term agriculture growth in cash receipts. Milk cash receipts were down 27 percent and sugar beets and cattle/calves were the only portion of the industry that flourished in fiscal year 2015. It has been a dismal year for wheat, hay and potatoes and these crops will continue to drop.

He said in 2003, Idaho became the livestock state. Cattle, calves and milk account for 63% of the cash receipts in the state. Hay is Idaho's largest crop with cash receipts of \$551 million, and the value of production is more than \$1 billion.

**Dr. Taylor** explained that cash receipts from dairy have been up 140 percent since 1980. That growth is due to: 1. milk per cow; 2. number of cows and 3. growth in prices. In real dollar terms, prices have dropped by 38 percent since 1980. That means the farmers are getting less for their milk, but milk per cow has risen by 58 percent and the number of cows in the state has risen by 120 percent. Cows produced 13,000 pounds of milk per cow in 1980s; that is up to 26,000 pounds of milk per cow in 2015. Since 1990, farmers have been adding to their number of cows in the state by about 20,000 cows per year. That translates into 0.75 of an acre of feed for each additional milk cow, making the dairy industry one of the biggest propellants of growth in the Idaho agriculture economy.

**Dr. Taylor** discussed farm financials. In 2015, net farm income will go down 31 percent. Since 2000, there have been double-digit increases and decreases in the farm industry income. Agriculture has had this type of volatility and it will continue for some time. **Dr. Taylor** spoke to the farm sector debt balance sheets. The Idaho farmers debt management is reflecting the 1980 downturn of the farm depression. Farmers are taking on the level of debt that UI saw in the 1980s, but their debt asset ratio is at record lows. As the farmers face the lowered incomes and higher land prices, they will be facing this dilemma with clean balance sheets.

**Dr. Taylor** pointed out that economists look at how much the base or exports propel the state at each segment of the States economy. The State will get rich by bringing in exports as the engine of growth. This is the new money that drives the economy. When UI measured all the industry in the State by this equation, they found that agricultural business is the largest industry in Idaho with a 1 in every \$5 of sales or output in the State directly or indirectly tied to the exports.

**Dr. Taylor** highlighted that the real growth in agricultural business for Idaho's GDP is in production agriculture (4.7 percent) versus food processing (2.9 percent). Exports drive the production agriculture economy as the engine of growth. The export market started to decrease in 2015 by 25 percent and a shift took place on the destinations of those exports. Mexico is now the largest destination for Idaho's agricultural exports. This shift is symptomatic of a decline in exports from the U.S.

The U.S. is facing one of its biggest challenges in the export market: the Trans-Pacific Partnership proposal (TPP). This partnership is made up of 12 nations around the Pacific Rim. These nations account for 36 percent of the global trade in the world and 25 percent of all of the exports. The motivation behind the TPP is to remove the trade barriers for intellectual property. What the TPP indicates is: 1. the World Trade Organization (WTO) is broken and there is no transparency; 2. they have tried to get the trade restrictions with China removed but the only exception to the restrictions is that the Chinese are finally letting in American beef. The overall tariffs that face the U.S. is 2.2 percent, but an examination of agriculture exports in the TPP shows they are 37 percent. Reducing these high agricultural tariffs would be a tremendous gain for the U.S. agriculture industry (see attachment 1).

**Dr. Taylor** concluded with the 2016 revenue outlook that reflects: 1. a weak export market; 2. a strong dollar (11 year high); 3. weak foreign economies; 4. Russian embargo; and 5. record grain production. He summarized challenges with crop prices: 1. grains down 15 percent, hay continued low prices (almost not traded); 3. potatoes downward price; 4. beef prices declining; and 5. milk revenues weak and barely above break even for the rest of the year.

**Senator Souza** asked Dr. Taylor if he could clarify why there are such restrictive embargoes and tariffs for U.S. agricultural products in the world economy. The European Union (EU) does not allow some of the U.S. crops into their countries. **Dr. Taylor** explained that the EU is anti-GMO and its farmers are inefficient. These two reasons block U.S. crops from that sector of world trade. Japan and China have shut down their markets, at times, because of anti-GMO issues. These countries are looking for an excuse to protect their own markets and farmers.

**PRESENTATION: Idaho Rangeland Resource Commission. Gretchen Hyde, Director,** commenced her presentation by stating that the Idaho Rangeland Resource Commission (IRRC) is funded by a refundable assessment to ranchers and it commenced in 1997. The funding is based on a 2-cent-per-acre category five dry land grazing assessment as well as a 10 cents per animal unit month (AUM) of public and state grazing fees. The Idaho "On the Range" license plate has also augmented their budget needs. These added funds have allowed IRRC to expand some of their educational programs. (see attachment 2).

The two main focus areas of the IRRC are education and outreach (public relations). Some of the educational outreach programs are Future Farmers of America (FFA) and 4H. Most of the youth programs have been geared to the midwest so IRRC is creating a Western curriculum for these two groups. **Ms. Hyde** explained why outreach to these groups is important. The more the students are educated the more they will support the rangeland when they reach adulthood.

IRRC's outreach programs are targeting recreational users, such as hikers, bikers, hunters and fishermen. Their public opinion poll included in their annual report indicates that people support the use of rangeland for livestock grazing. Another outreach program is the Care and Share Program, which has been a long-term partnership with agencies to create trailhead signs and kiosks to educate the users in a specific area. One of the Care and Share areas is the Boise Front Range, which was one of the first sites selected because of the hiking and biking. This area is rangeland and there is still livestock in the area. Another successful use of their public relations efforts has been their annual press releases as the sheep come across the Boise Front.

IRRC's mission is to form a positive relationship with other users both on public and private lands and to ensure an informed public that understands that the livestock industry is important to Idaho. (see attachment 2). Idaho's rangeland programs work because of good management. Their website outreach contains more than 30 video stories of life on the range throughout the State.

**ADJOURNED:** There being no further business **Chairman Rice** adjourned the meeting at 9:22 a.m.

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Senator Rice  
Chair

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Carol Deis  
Secretary