

MINUTES  
**SENATE AGRICULTURAL AFFAIRS COMMITTEE**

**DATE:** Thursday, February 11, 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:** **Vice Chairman Bayer** called the meeting to order at 8:00 a.m.

**RS 24466** **Relating to Animals.** **Chairman Rice** said this legislation adds language to the animal cruelty statutes to allow judges or prosecutors the discretion to order a pre-sentence psychological evaluation. If a prosecutor requests a psychological evaluation, the judge will make a determination whether that evaluation is warranted for the case. **Chairman Rice** stated that when these extreme cases of animal cruelty come forward, there is usually an underlying mental illness issue.

**Senator Lee** asked does this pre-sentence psychological evaluation discretion exist in the statute? **Chairman Rice** explained that prosecutors proceed with what the statutes tell them to do. Prosecutors could currently get a psychological evaluation, but they have large caseloads and a pattern in how they handle their cases. A prosecutor would not necessarily request the evaluation, leaving it to probation and parole to determine whether it was necessary. This change will tell the courts and the prosecutors that they need to look at whether an evaluation is warranted from the outset, after a guilty plea or conviction and before sentencing.

**Senator Lee** asked if the prosecutor does not request a evaluation, will the judge be able to request that evaluation. **Chairman Rice** answered that the judge can always order the evaluation. The second sentence in line 18 says if the prosecutor wants an evaluation and makes that formal request to the judge the judge has to look at the allegations and make a determination of whether the evaluation is warranted.

**MOTION:** **Senator Souza** moved to print **RS 24466**. **Senator Lee** seconded the motion. The motion carried by **voice vote**.

**S 1214** **Relating to Livestock.** **Senator Brackett** stated this legislation concerns animal health and disease prevention. It closes a loophole in code and rule that allows trichomoniasis test-eligible bulls to be removed from a trader lot and returned to the country for breeding purposes without the appropriate trichomoniasis testing. This will add a new section of code under Chapter 2, Title 25. Section 25-239 provides definitions for various livestock marketing activities. Section 25-240 deals with livestock removal requirements from the livestock markets. Currently these definitions and the removal requirements are found in various articles of code and rule; this legislation will consolidate them all in one code section.

**Senator Brackett** concluded that the bill provides traceability with a paper trail as the livestock move through various marketing channels. He believes this bill strikes a good balance between protecting animal health while not impeding commerce.

**Joel Van Lith**, Wendell Buying Station, trader lot, spoke in support of this legislation, stating that it will affect the trader lots, buying stations, dealer license and livestock auctions. **Mr. Van Lith** said he worked with Senator Brackett and others to draft this very straightforward bill. He believes the bill encompasses everything that must be checked for herd health and traceability.

**Stan Boyd**, representing the Idaho Cattle Association, spoke in support of **S 1214**. **Mr. Boyd** complimented Senator Brackett for his negotiation, mediation and hard work. This legislation spells out distinctly how each livestock marketing entity must proceed in the movement of stock within the State of Idaho.

**MOTION:** **Senator Harris** moved to send **S 1214** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

**S 1258** **Relating to Fish and Game.** **Senator Siddoway** stated current statute in Title 36, Section 107, states that the Department of Fish and Game will allocate \$100,000 per year into the Caine Veterinary Teaching and Research Center. The University of Idaho (UI) is closing the Center at the end of year, so those monies must be reallocated. The money was used to do research on disease transmissions that are common to both wildlife and livestock. The money will be spent in accordance to agreements between the Department of Fish and Game and the University of Idaho.

**Stan Boyd**, representing Idaho Wool Growers Association and Idaho Cattle Association, stated that his two clients support this legislation. **Mr. Boyd** said that 15 years ago they had a brucellosis outbreak in an elk herd in eastern Idaho and that communicable disease was transmitted to domestic cattle. There is an ongoing issue of disease transmission between domestic sheep and bighorn sheep. The dedicated funds of \$100,000 were distributed to the Caine Center for the research on the transmission of disease between bighorn sheep and domestic sheep. The Caine Center is being closed and the research will be done at the University of Idaho's sheep center in collaboration with the University of Washington.

**MOTION:** **Senator Burgoyne** moved to send **S 1258** to the floor with a **do pass** recommendation. **Senator Lee** seconded the motion. The motion carried by **voice vote**.

**GUBERNATORIAL APPOINTMENT:** **Glen Gier** of Twin Falls, Idaho, was appointed to the Idaho State Soil and Water Conservation Commission to serve a term commencing August 4, 2015, and expiring July 1, 2020.

**MOTION:** **Senator Patrick** moved to send the Gubernatorial appointment of **Glen Gier** to the Idaho State Soil and Water Conservation Commission to the floor with recommendation that he be confirmed by the Senate. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

**PRESENTATION:** **Idaho Wine Commission.** **Moya Shatz Dolsby**, Executive Director, stated that the Idaho wine industry has 51 wineries; 4 cideries; 2 American Viticulture Areas (AVA's); and more than 1,300 acres. There were 225,000 cases of wine produced in 2014, 3,000 tons harvested, with a \$170 million economic impact. Skyline Vineyard is the largest winery in the State at 500 acres. The Idaho Wine Commission (IWC) is funded by the collection of a wine excise tax, an assessment, USDA grants, events and other income. The IWC budget for 2016 is \$508,000.

At present, Idaho has two AVAs. An AVA is a designated wine grape-growing region; designation requires a feasibility study, testing, and documentation

proving why the chosen area is different from other areas in the country for growing grapes. An AVA is a difficult, expensive and time-consuming process.

There are three AVA's located in Idaho: Snake River Valley AVA ( 8,000 square miles with 34 wineries; Eagle Hills a sub-AVA. (the first AVA that is within the borders of Idaho), which includes 50,000 acres with 1 winery); Lewis-Clark Valley AVA, partly located in Washington and in the process of approval (479 square miles and 4 wineries).

Education is a big component of the IWC, and last year they brought in a master wine expert to evaluate Idaho wines. He gave positive critiques of the Idaho-crafted wines and was very helpful to the wineries. Another event that is very educational for the vintners is the Idaho Wine Competition. IWC brings in journalists to educate people from outside the State about Idaho wines.

**Senator Burgoyne** asked how many cases are being produced in Idaho and how many are being shipped out of State? **Ms. Dolsby** replied that St. Chapelle is the largest winery in Idaho with production of 125,000 cases per year; approximately 30 percent is being shipped out of State.

**PRESENTATION:** **USDA Farm Service Agency. Mark Samson**, State Executive Director, United States Department of Agriculture (USDA) Farm Service Agency of Idaho, began the presentation by introducing the County Office Committee, which is made up of farmers and ranchers in every county who are elected each year and oversee the delivery of federal programs locally.

**Mr. Samson** stated that the agriculture in the United State is experiencing a downturn of 30 percent from last year, but he believes the percentage to be a 10 to 11 percent reduction. What is troubling is the net farm income from 2013 is down 56 percent. This reflects low commodity and cattle prices. He said this is not a sign of a recession but of a "reset." Our farmers and the rest of the world are looking at lower prices.

This downturn comes after six years of record prices and improved balance sheets. Because farmers have healthier balance sheets, the banks are in a better position to make loans to carry the farmers' operating loans. The equipment dealers will suffer in this downturn over the next couple of years. The USDA is concerned that the strong dollar will continue to restrict exports of the crops. The established farmers will be able to ride out the storm, but newer farmers will likely struggle.

**Mr. Samson** then explained the Agriculture Act of 2014 in detail, which addresses commodities livestock, noninsured crop disaster assistance, dairy, revenue protection, conservation and the farm loan programs (see attachment 1).

**Mr. Samson** said the most controversial portions of the Agriculture Act are the Agricultural Risk Coverage (ARC) and Price Lost Coverage (PLC). These programs are no longer a revenue guarantee for the producers; instead they are revenue protection. The farmer chooses the price loss coverage and sets a benchmark; if the price falls below the benchmark the farmer will get paid. The ARC is based on a county average of yield and price; or ARC individual, which would be their own farm based on all the crops that are produced and if it falls below a revenue level then the farmer will get a payment. Enrolling in the PLC protects the producers against lower prices. Enrolling in the ARC guarantees producers against yield and disaster prices. Producers must come in and choose one of the programs, which is a one-time decision until 2018. The producers are dissatisfied with this section of the bill because they must predict pricing to 2018. Idaho enrollment in these programs reflects 1.5 million acres with 60 percent of the producers in the PLC and 36 percent enrolled in the ARC.

There are four conservation programs under the Agriculture Act of 2014. 1) Conservation Reserve Program (CRP) where land is taken out of production for ten years. There can be no production or grazing on the property and the producer receives an annual payment, 562,000 acres in this program; 2) State Acres for Wildlife Enhancement for the Sage Grouse protection, which includes about 100,000 acres; 3) Conservation Reserve Enhancement Program (CREP) is for water quality. Considerable interest has been raised for this program for the opportunity to recharge the Eastern Snake River Aquifer. CREP is available in 21 counties and only 17,00 acres have been enrolled. The problem with CREP is the base payment is only \$125 per acre. CREP's purpose is to take irrigated ground out of production. There will be more emphasis on CREP as the commodity prices fall. The water users have asked to partner with USDA to increase the initial payment for the first-time enrollees. Unfortunately, the water users payments would be for only one year; 4) Highly Erodible Land Initiative.

**Mr. Samson** indicated that USDA has been very busy with farm loans, and for the coming year as prices fall there will be more stress on the farmer. Some banks are not as eager to lend as they were two years ago, when prices were high. Idaho has met their national goals and there are no backlogs of applications. The delinquency on direct loans is less than 2 percent; on guaranteed loans it is less than 0.79 percent. The remaining turn rate of the borrowers from 2000 portfolio is less than 18 percent. These numbers reflect that those farmers who are still in business have moved from borrowing from USDA to borrowing from a commercial lender, which is the goal of the program.

**Mr. Samson** concluded that the USDA Farm Service Agency investment in Idaho agriculture for 2015 was \$424 million. The microloans were \$5.2 million, which was an increase of \$3 million over 2014. Guaranteed loans are up and farm ownership loans are down. Livestock Forage Program (LFP) disaster payments jumped to \$17 million, which reflects forage damaged during the drought and the fires. Last year there were 90 applications for LFP; 580 applications have been processed so far this year. Next year that number will likely triple, to \$50 million.

**Senator Burgoyne** asked what the current subsidized interest rate is. **Mr. Samson** replied that for a direct operating loan the interest rates is 2.5 percent. **Senator Burgoyne** said with the subsidy running 0.75 percent, the true cost of the loan between the federal government and the agricultural sector entity would be 3.25 percent. **Mr. Samson** replied that is correct.

**Senator Harris** asked with the increased spending on the LFP, does USDA have any plans to use the CREP and the CRP grounds for emergency grazing? **Mr. Samson** answered that at this time they are not allowed to use the land for emergency grazing. USDA looked at CRP ground in northern Idaho, following the fires. Under the contracts they are not allowed to use the land because there was no disaster declared for the region. He believes that is the reason they rolled out the grassland reserve program. You can put grasslands in reserve, and two of the ten years they can be grazed.

**Senator Patrick** said that \$50,000 is the maximum loan they supply. Agriculture is very capital intensive; that sum would not be enough for a production farm. **Mr. Samson** responded that the \$50,000 is a microloan only. The maximum combined guaranteed and direct loans is \$1.25 million for one entity. USDA is capable of supplying loans to more capital-intensive farm operations. The microloans are being used for individuals who want to expand small acreage. Some microloans are being used to start a goat farm, FFA youth loan to buy cattle, land or to join an interest in an entity, if your parents are farmers.

**ADJOURNED:**

There being no further business, **Vice Chairman Bayer** adjourned the meeting at 9:25 a.m.

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Senator Rice  
Chair

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Carol Deis  
Secretary