

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, March 13, 2018

TIME: 8:00 A.M.

PLACE: Room WW53

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

ABSENT/ EXCUSED: Senators Bayer, Thayn, and Harris

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

CONVENED: **Chairman Rice** called the meeting of the Agricultural Affairs Committee (Committee) to order at 8:03 a.m.

MINUTES APPROVAL: **Senator Foreman** moved to approve the Minutes of March 1, 2018. Seconded by **Vice Chairman Den Hartog**. The motion carried by **voice vote**.

PAGE GRADUATION: **Farewell to Committee Page Amber Zechmann. Chairman Rice** asked Amber Zechmann to tell the Committee about her experience as a page for the Committee and plans for the future.

PRESENTATION: State of the Company, Amalgamated Sugar Company. John McCreedy, President/CEO. Roy Eiguren, representing Amalgamated Sugar Company (ASC) introduced Mr. McCreedy. He stated Mr McCreedy is a new generation of agribusiness leader. He explained in Mr. McCreedy's presentation the Committee would hear information that in the past would not be in the course of a business plan for other agribusiness leaders.

Mr. McCreedy stated his presentation will encompass a brief review of the items discussed last year and focus specifically on one key project where ASC has taken the lead on the national front. He said the presentation will conclude with a few of ASC's legislative priorities.

ASC is 130 years old operating three factories Nampa, Twin Falls, and Mini-Cassia. The ASC Board of Directors spends \$25 to 30 million each year keeping the factories maintained on a regular basis. ASC is a grower-owned cooperative with a 25 member board of directors. The directors are beet farmers elected from different geographic regions of the State and must act in the performance of their duties in the best interest of the entire cooperative.

ASC is the second largest sugar processor in the United States with 750 grower members, growing sugar beets on 182,000 acres, producing 2.2 billion pounds of sugar annually. The production currently constitutes about 12 percent of the domestically produced sugar, marketing 16 percent of domestic consumption. ASC has 1600 employees, and contributes over \$1 billion to the Idaho economy. Their mission is to be the best sugar company in the world.

Mr. McCreedy highlighted the most important piece of agricultural production for ASC is the use of genetic engineering. On the farm, in combination with other technological advances, genetic engineering has enabled growers to produce more food using safer, more cost-effective technology. In the last 20 years, farmers are 63 percent more productive per acre. The farmers are producing 76 more pounds of sugar per acre and using fewer, safer pesticides. The farmers use 60 percent

less diesel fuel to raise a crop while engaging in less tillage of the soil, which reduces CO2 emissions, and helps with top soil erosion and soil integrity.

The problem is many consumers do not understand the value and benefit of genetic engineering. Over the last five years, a study conducted by Packaged Facts estimates 26 percent of the domestic food and beverage supply is labeled non-GMO. This estimate is predicted to grow to approximately 40 percent. Out of a \$700 to \$800 billion domestic food supply, 38 percent is labeled non-GMO. Consumers have gone from 30 percent to 45 percent seeking out non-GMO foods. The disconnect is if genetic engineering is such a valuable piece of technology, both on the farm and for the planet, why does the industry see these numbers growing so significantly. The answer is the agriculture industry has done a poor job of communicating to consumers what is important in terms of feeding the planet and preserving environmental integrity of the world we live in.

ASC with Betaseed Incorporated, International Beet Sugar Seed Company, Western Sugar Cooperative, Southern Minnesota Beet Sugar Cooperative, Wyoming Sugar Company, American Farm Bureau Federation, National Council of Farmer Cooperatives, U.S. Farmers and Ranchers Alliance and two national beet sugar organizations formed a group entitled "Fresh Look". Fresh Look developed a vision statement: "Know that scientific evidence overwhelmingly supports the safety of food produced from GMO farming." Farming of GMO crops offers environmental benefits, including less water and fewer chemicals. If the agricultural industry does a better job of communicating the benefits to consumers, there would be opportunity to shift the non-GMO to a downturn through education of the consumer.

ASC, in conjunction with Fresh Look, pursued a \$4 million pilot study. The pilot study was designed to demonstrate with the right content consumers can draw a healthier, more balanced conclusions about the food supply in the United States (U.S.). Fresh Look hired a company to engineer a social media-social science study to define an audience through electronic data usage attributes. Through the engineered data, they identified 160 million consumers who might be interested in the non-GMO conversation. The engineered data focused on survey responses, purchase history, affiliations, and interests. Researching of the data identified 40 million moms.

The moms have certain attributes. They are between the ages of 24 and 49 and have one child at home who is younger than 17 years old. Fresh Look then drilled down to the 5 million most moveable moms. These moms would be interested in having a conversation online about GMOs. Fresh Look excluded from the group consumers that exclusively buy organic or non-organic, registered Democrats or Republicans, environmental donors, and passive social media users.

Fresh Look created robust content calls and videos for this pilot group. All this content was directed at 4 million of the 5 million moveable moms. Fresh Look introduced their content to this audience while the moms are out doing their normal electronic activity. **Mr. McCreedy** then introduced to the Committee Liz Bingham. Mrs. Bingham is the wife of an Idaho sugar beet grower. Fresh Look's advertisement depicted Mrs. Bingham holding her young son. She stated, "I use "GMO Farming" (Coined phrase developed for use in pilot group content.) techniques because I want to leave behind a healthy planet for my son." Fresh Look has reframed GMO into a positive by adding the term GMO farming. Mr. McCreedy asserted directing the consumer's perception from GMO being something in your food, or a chemical, or bug, or something peculiar, instead informing the consumer this is actually a technique a way to produce food. This reframing of the discussion has become effective. Genetic engineering is not the introduction of something into the food supply, it is a way to grow food.

The numbers reflected Fresh Look reached this group of moveable moms 32 million times. The pilot study exposed 4 million to the content and held out 1 million from the study. Fresh Look had 6 million complete video views, 15,000 hours spent reading and watching the content, and 5 million social media engagements. Fresh Look had a lot of content in the social media forum and people spent time looking through the data. Of the 4 million moveable moms, Fresh Look exposed them to the campaign content online and tested their comfort levels without them knowing they would be a part of a survey. Fresh Look did not expose 10 percent of the audience to the content and then asked them the same set of questions as the exposed audience. The main question was: "How comfortable are you with the use of GMOs in farming and food production?" Their content audience response was a 95 percent increase in comfort level with moveable moms from those who were not exposed to those who were.

Fresh Look identified their top performing messages which informed the moms GMO farming provides the same nutrition, fewer pesticides, is healthy for humans and animals, is good for the environment, less pollution, and uses less water, and energy. Fresh Look is redefining the top performing messages and expanding the audience. Fresh Look plans on expanding from 5 million moveable moms to 9 million to grow this positive message. Fresh Look believes it is critical to redefine how the consumer views GMO.

Fresh Look has presented the results of the survey to Idaho Farm Bureau Federation and has a meeting in May with the 50 Farm Bureau delegates. In March, Fresh Look will meet with U.S. Farmer and Ranchers Alliance. This reformatting will take ten years to shift the conversation; during this time there will be distinct changes in the way genetic engineering will be used in the U.S. The seed and big agribusiness companies have been interested in this pilot study; however, Fresh Look does not receive funding from these companies. The Fresh Look pilot study is farmer-led and they believe this is an important distinction. Many consumers want to talk to the farmers and, primarily, to women who have experience on the farm.

ASC's legislative priorities for Idaho are education and transportation. ASC has 73 receiving stations and their vehicles travel 10 to 12 million miles on Idaho roads each year transporting sugar beets, another 1.3 million miles transporting sugar outbound. They travel another 2 million miles transporting raw materials into Idaho. Over the last 20 years, ASC has identified the use of larger trucks is safe, more efficient, and increases transportation efficiency along with the right way to protect the roads.

In terms of education, the four-year college and two-year trade school type education is an important part of supplying their workforce. They have welders, mechanics, carpenters, maintenance specialists, electricians, instrument specialists, engineers, agricultural, IT, and operations degrees. ASC's success as a company is dependent on the top three groups of welders, mechanics and carpenters. Tradesmen is where the company struggles to fill positions. ASC's challenge is finding the group of young people who do not want to go to college, but want to learn a trade.

Senator Patrick said the Legislature has approved a workforce development committee headed by industry. He wondered if ASC or Snake River Sugar were involved in this group. **Mr. McCreedy** answered that the ASC human resource department is aware of the group and will be joining the committee.

Vice Chairman Den Hartog stated she applauded the pilot study ASC pursued because it is important for the consumer to understand that genetically modified is not a distressing endeavor. Changing perceptions and directing them to the value that genetic engineering adds to the lands and resources of the U.S. She asked if there has been a drop in consumption of ASC's product.

Mr. McCreedy indicated there are two sources of sugar in the U.S: beet and cane. Beet is 55 percent of domestically produced sugar and cane is 45 percent. Because of the 12 million tons of consumption each year in the U.S., the two domestic sources produce 85 percent; 15 percent is imported raw cane sugar. Over the last five years, ASC has seen major food producers use the two sugar sources for different purposes. Some producers have shifted from beet sugar to cane sugar in order to label their product non-GMO, with that shift their companies have realized a 20 percent price increase on their products. When cane sugar became expensive and beet was affordable that shift in labeling began to disappear as the price of the raw material escalated. Some of the non-GMO companies shifted back to beet sugar. At this point, ASC has not lost the ability to sell all of their sugar.

ADJOURNED: There being no further business, **Chairman Rice** adjourned the meeting at 8:35 a.m.

Senator Rice
Chair

Carol Deis
Secretary