

Senate Agricultural Affairs Committee

Minutes
2010



MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, January 19, 2010

TIME: 8:00 a.m.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS 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.

WELCOME: Chairman Corder called the meeting to order at 8:00 a.m. and made introductions of the new staff.

MINUTES:

PRESENTATION: **Dr. Garth Taylor**, Associate Professor of Economics, University of Idaho, presented a report regarding the financial condition of Idaho's agriculture. Dr. Taylor teaches Econometrics, Managerial, Capital Budgeting, Agriculture Policy, and Regional Economics at the University of Idaho in Moscow, Idaho.

Dr. Taylor explained Idaho's agricultural 2010 outlook. He reported that agribusiness is Idaho's largest industry. Agriculture is a \$21 billion sales industry and produces 157,000 jobs with \$4.2 billion in wages. The 2006 report showed Idaho exported \$34 billion in products.

The second major business is high-tech manufacturing which produced \$20.6 billion in sales, and provided 115,000 jobs with \$4.2 billion in wages.

Idaho's farms total cash receipts in 2009 was \$5.4 billion, 17 percent below 2008. Livestock is down 23 percent to \$2.6 billion. Crops are down 11 percent to \$2.7 billion.

Senator Bock asked what products are produced in Idaho that have the greatest impact on the economy. **Dr. Taylor** referred to the 2006 Idaho Exports economy chart listing forest, mining, construction, manufacturing, services, and trade chart. [Attachment #1 page 1].

Idaho's major crops are potatoes, wheat, barley, hay, beans, greenhouse nursery, onions, and sugar beets. Idaho's livestock, cattle and calves, is down 8 percent while milk production cash receipts is down 33 percent. Dairy cash receipts are down \$698 billion less than in 2008.

Idaho's changing agriculture in the last 10 years showed milk fell from 37 percent to 24 percent; cattle averaged 23 percent; potatoes held steady at 14 percent, but grains are down from 16 percent to 13 percent.

Chairman Corder asked about the 2006 report and why data is not more current. **Dr. Taylor** explained the University of Idaho Extension does not have current data about the contributions of agriculture to Idaho's economy. **Senator Bock** asked if the committee would benefit from the current data. **Dr. Taylor** explained that the economy reports deal with the federal reports. That is the holdup.

Dr. Taylor discussed the outlook for 2010 and beyond for Idaho's agriculture. He listed the pluses and minuses for Idaho's farm economy.

- **Pluses:**

- Economic recovery should increase demand - domestic and exports.
- Weak dollar - competitive for exports.
- Low interest rates.
- Oil prices should remain stable.
- Lower fertilizer prices.
- Declining cash rents for crop land.

- **Minuses:**

- Overall, weak (low) commodity prices.
- Credit availability will be an issue.
- Continued high fuel prices.
- Land values will likely decline further.
- Climate change issues.

Dr. Taylor also explained the outlook for the 2010 beef industry. The Idaho beef cow herd is the smallest since 1963. Cow prices have fluctuated around breakeven for two years. Prices could improve slightly as beef supplies shrink.

Idaho dairies had a slow expansion and prices are expected to average \$15.40 - \$15.60 for Class III. Feed costs should be lower.

The outlook for barley in 2010 will be weaker for feed barley and open malting barley. Lower prices in 2010 for malting barley contracts. Malt barley contract prices are tied to wheat futures, not fixed price contracts which mean less price stability for growers.

The outlook for wheat prices will be weak, below the five year average. The United States and world production acreage will likely be down in response to lower prices. The weather and climate risk is rising. World stocks are up 17 percent, and U.S. stocks are up 37 percent.

The demand for potatoes will likely remain weak in early 2010, and production will be down. The 2010 contract prices have not been set, but will likely decline from 2009. The fresh market prices on the 2009 crop marketed in 2010 will be down substantially from 2009.

The outlook for 2010 sugarbeets is that production will be up with higher yield and a few additional acres. Sugar beet prices should be strong for one more year with costs stable or up slightly. The availability of seed and herbicides is uncertain.

Senator Schroeder requested the opinion of Dr. Taylor pertaining to the Cap and Trade legislation. **Dr. Taylor** believes Idaho will be better off with this legislation. **Senator Schroeder** asked how long could we feed the world? **Dr. Taylor** stated he believes that currently it would only be about 150 days.

For a complete review of **Dr. Taylor's** power point slide presentation, please refer to Attachment #1.

Chairman Corder transferred the gavel to **Vice Chairman Winder** who conducted the Rules Review of the Department of Agriculture.

Michael Cooper, Bureau Chief of Feeds and Plant Services, Department of Agriculture, presented the following three related rule dockets, 02.0602.0901, 02.0612.0901, and 02.0641.0901.

DOCKET NO:
02.0602.0901

Rules Pertaining to the Idaho Commercial Feed Law: This pending rule changes the updates for the incorporation by reference section to reflect the 2010 edition of the Official Publication of the Association of American Feed Control Officials (AAFCO) usually published in January or February of each year. This is a standard reference manual for feed control officials for the registration of animal feeds. It provides for consistency in the definition of feed ingredients and registration policies concerning feeds between states and the U.S. Food and Drug Administration when feeds are being registered.

There is no fiscal impact on the state general fund because of this rule change. This is a dedicated fund program.

DOCKET NO:
02.0612.0901

Rules Pertaining to the Idaho Fertilizer Law. The descriptive summary is the same as shown above. There is no fiscal impact with the adoption of this rule change.

DOCKET NO:
02.0641.0901

Rules Pertaining to the Idaho Soil and Plant Amendment Act of 2001. The descriptive summary of this rule is the same as shown in Docket 02.0602.0901. There is no fiscal impact as a result of this rule change. This is a dedicated fund program.

MOTION:

Senator McGee moved to adopt Dockets 02.0602.0901, 02.0612.0901, and 02.0641.0901. **Senator Hill** seconded, and the motion carried by **Voice Vote**.

DOCKET NO:
02.0603.0901
and
02.0604.0901

Rules Pertaining to the Idaho Nursery and Florists Law, and Phytosanitary and Post-Entry Certification Rules: These two fee rules were also presented by **Mr. Cooper**. The Federal Register's intent is to charge to the states that issue federal phytosanitary certificates for the export of agricultural commodities a \$12 administrative fee for each certificate issued by the state. The Department currently charges an hourly rate of \$20 for this service. The Department proposes to drop the hourly rate and initiate a fee of \$60 per certificate issued to cover the

federal administrative fee and increased costs to the program. The fees under this rule have not been adjusted since 1986. Section 02.06.03.050, was revised to reference Section 02.06.04.500 of the Phytosanitary and Post-Entry Certification Rules to synchronize the fees and services between the two rules and thus ensuring that all exporters will be subject to the same fee schedule.

The fiscal impact, based on the 2008 figures, to Docket No. 02.0603.0901 change would generate \$9,000 of which \$1,800 would be remitted to the USDA APHIS and the remaining \$7,200 would remain with the program to cover the cost of the program.

The fiscal impact to Docket 02.0604.0901, based on 2008 figures, would generate an additional \$74,140 of which \$44,484 would be remitted to the USDA/Animal Plant Health Inspection Service (APHIS) to cover the administrative fees and the remaining \$29,656 would remain with the program to cover the increased cost of the program.

MOTION: **Senator Hill** moved to approve dockets No. 02.0603.0901 and 02.0604.0901. **Senator Bock** seconded, and the motion carried by **Voice Vote**.

DOCKET NO:
02.0606.0501
and
02.0606.0901

Rules Governing the Planting of Beans: Mike Cooper from the Department of Agriculture presented this pending rule. The industry states that there is less farm ground being irrigated under rill irrigation as more is being converted to sprinkler irrigation. The current rules for the planting of kidney and garden beans require a two year history of rill irrigation planting in Idaho prior to a planting under sprinkler irrigation. The proposed change would be that kidney beans and garden beans could be planted under the same rules as cranberry type beans. The cranberry type bean rule allows a one year history under rill irrigation in Idaho prior to planting under sprinkler irrigation in Idaho. The seed can then be serology tested and planted again under either sprinkler or rill irrigation in Idaho. Following a second consecutive planting under sprinkler irrigation in Idaho, the seed must be serology tested prior to planting under rill irrigation.

The industry states that unless the rule is changed, Idaho could begin to lose much of its bean seed business as they would be forced to move out of state due to the conversion of farm ground from gravity to sprinkler irrigation.

There is a technical correction to the rule to allow for the acceptance of bean seed crops grown in Malheur County, Oregon and inspected by the Idaho Crop Improvement Association (ICIA) for planting in Idaho.

There is no fiscal impact to the general fund.

MOTION: **Senator Smyser** moved the adoption of Dockets No. 02.0606.0501 and 02.0606.0901. **Senator Bock** seconded, and the motion carried by **Voice Vote**.

DOCKET NO:
02.0608.0901

Quarantine Rules Pertaining to Apples and Cherries: Mr. Cooper explained that after a review of the scientific literature, it has been determined that peaches, apricots and nectarines have never been

found to be a host of the apple maggot and were erroneously listed in the current rules. The Department of Agriculture proposes to revise IDAPA 02.06.08.101.01 strike the words “peaches, nectarine, and apricot” and make the wording consistent with that of Oregon and Washington, who have similar rules.

There is no fiscal impact to the general fund as a result of this rule making.

MOTION: **Senator Bock** moved the adoption of Docket No. 02.0608.0901. **Senator McGee** seconded the motion, and the motion carried by **Voice Vote**.

DOCKET NO: **02.0610.0901** **Rules Governing the Pale Cyst Nematode: Mr. Cooper** presented this rule (a new chapter) with an effective date of October 1, 2009.

The temporary rule is needed to address areas and fields already under regulation by the USDA and ISDA. This rule is based on and parallels a USDA interim rule published in the Federal Register. The rule change incorporates by reference the changes listed in the final Federal rule. By maintaining and enforcing this rule, which parallels the federal rule, the Department avoids having the entire state put under a federal quarantine, which would affect several agricultural industries besides the potato industry.

There is no impact to the general fund as a result of this rulemaking.

MOTION: **Senator Heinrich** moved to adopt Docket No. 02.0610.0901. **Senator Bock** seconded and the motion carried by **Voice Vote**.

DOCKET NO: **02.0617.0901** **Rules Governing the Disposal of Cull Onions: Mr. Cooper** outlined this proposed rule pertaining to onions. The current rule requires that the enforcement of the cull onion disposal begins March 15 of each year, but the rule never set an ending date. The Department enforced the rule through the onion harvest of each year. Malheur County, Oregon has cull onion disposal rules similar to that of Idaho and has recently made a rule change setting a March 15 through July 1 enforcement period. The Idaho Onion Growers' Association requested the Department to make the same change in the Idaho rule.

There is no impact to the general fund as a result of this rule making.

MOTION; **Senator Bock** moved to adopt Docket No. 02.0617.0901. **Senator Hill** seconded and the motion carried by **Voice Vote**.

DOCKET NO: **02.0622.0901** **Rules Governing Noxious Weeds: Matt Voile**, Agriculture Section Manager of the Noxious Weed Program, Department of Agriculture, outlined this pending rule. The amendments to the noxious weed list will be part of an ongoing process to ensure that the rule is up to date and addressing current and future threats to agriculture and the environment in Idaho. This process could result in the removal of current species, addition of new species, and/or reclassification of currently listed species.

There is no impact to the general fund as a result of this rule making.

MOTION: **Senator Hill** moved to adopt Docket No. 02.0622.0901. **Senator McGee** seconded and the motion carried by **Voice Vote**.

ADJOURNED: There being no further business, the meeting adjourned at 10:10 a.m.

Senator Tim Corder
Chairman

Betty Osborn
Secretary

Attachment #1: Power Point by Dr. Taylor.

Attachment #2: Contributions of Agriculture to Idaho's Economy: 2006.

Attachment #3: Financial Condition of Idaho Agriculture: 2009 Projections.

MINUTES

SENATE AGRICULTURE COMMITTEE

DATE: Thursday, January 21, 2010

TIME: 8:00 a.m.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, and Malepeai

MEMBERS ABSENT/ EXCUSED: Senator Bock

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.

MINUTES:

Chairman Corder called the meeting to order at 8:00 a.m. **Vice Chairman Winder** conducted the portion of the meeting reviewing the rules of the Department of Agriculture.

DOCKET NO: 02.0104.0901 **Rules Governing the Idaho Preferred Promotion Program: Leah Clark**, Marketing Trade Specialist, the Department of Agriculture, outlined this pending rule. The proposed rule changes will simplify fee payment for new participants who join midway through the year. Promotion opportunities will be updated to reflect current program options and annual renewal process will be clarified.

There is no fiscal impact on the state general fund because of this rule change.

MOTION: **Senator Smyser** moved to adopt Docket No. 02.0104.0901. **Senator Hill** seconded, and the motion carried by **Voice Vote**.

DOCKET NO. 02.0104.0902 **Rules Governing the Idaho Preferred Promotion Program: Leah Clark** outlined the changes to this pending docket. The proposed changes will allow the Idaho State Department of Agriculture (ISDA) to charge Idaho Preferred participants for promotional materials such as stickers, banners, signs, aprons, shopping bags, etc. The proposed fee language is similar to Section 301.02 allowing fees to be assessed for Idaho Preferred activities.

Current rules allow for collection of fees for promotional activities, but not materials. This rule will allow the ISDA to charge Idaho Preferred participants for promotional materials. Fees collected will offset costs to produce promotional materials increasing the dedicated account by approximately \$3,000 annually.

MOTION: **Senator Smyser** moved to adopt Docket No. 02.0104.0902. **Senator McGee** seconded, and the motion carried by **Voice Vote**.

DOCKET NO: **Rules Governing Certificates of Free Sale:** **Laura Johnson**, Section Manager, Market Development Division, Department of Agriculture, presented this pending fee rule, a new chapter. She explained there had been an extensive survey and there was no objection. No negative comments were received.

02.0105.0901

This rule will provide for the Department to begin a fee for certificates of free sale not to exceed \$50 each. Idaho is one of the few states that do not charge for this service. The new fee rule is expected to generate \$20,000 - \$30,000 to the dedicated fund.

MOTION: **Senator Hill** moved to adopt Docket No. 02.0105.0901. **Senator McGee** seconded, and the motion carried by **Voice Vote**.

DOCKET NO: **Rules Governing the Resource Conservation and Rangeland Development Program (RCRDP):** **Sara Schmidt**, Administrator, Idaho Soil Conservation Commission, outlined the changes in this new chapter.

02.0501.0901

These rule changes in this new chapter will address needed security changes, complete an update of the RCRDP loan program, and remove the RCRDP grant program that is now being covered by the Water Quality Program for Agriculture (WQPA) rules. New application requirements, loan servicing improvement, and updates pertaining to the loan amounts granted to RCRDP program borrows are addressed in the rule.

The pending rule continues to support conservation improvements as recommended by a local soil conservation district while ensuring that the State's position and assets are protected to the maximum extent possible.

The provision of the existing rule that requires application from interested borrowers to first be received and then reviewed by the local soil conservation district to determine a conservation priority will continue.

There is no fiscal impact in the state general fund because of this rule change.

Chairman Corder asked about page 47, section iv, is this policy or statute authority? **Ms. Schmidt** referred to page 53, section 151.01 and .02, Loan Policies, which changes the limits. **Senator Hill** commented that is a significant change. The total maximum program liability of any individual borrower is \$300,000.

One change in the rule will delete portions of the loan program rule for the "grant" program that was last reviewed in 1994. Since then, Idaho Code 22-2733 and 22-2734 authorized cost share and grants under the Water Quality Program for Agriculture and rules (02.05.03) were adopted in year 2000.

Senator Heinrich questioned section 20, page 46, relating to security collateral. **Ms. Schmidt** explained the rule section provides that collateral provided by an approved applicant to secure requested RCRDP funds may include mortgage note, promissory note, security agreement, water

rights, or other assets. She referred to page 49 of the rule, section 057, f. ii, the total RCRDP loan funds combined with other funds cannot exceed 95 percent of the total project costs. This allows up to 95 percent of the loan funds to be disbursed to the borrower during the loan, and holds disbursement of the remaining 5 percent until completion of the project is certified.

MOTION: **Senator McGee** moved to adopt Docket No. 02.0501.0901. **Senator Heinrich** seconded, and the motion carried by **Voice Vote**.

DOCKET NO: **Rules Governing Weights and Measures: Kevin Merritt**, Metrologist, Department of Agriculture, presented this pending rule to adopt by reference the 2010 edition of the National Institute of Standards and Technology Handbook 44, Specifications, Tolerances, and Other Technical Requirements for Weighing and Measuring Devices.

Senator Schroeder questioned if the state has the authority to check gas pumps located on reservations, and if not, who does those inspections? **Mr. Merritt** responded the state does not inspect pumps on the reservation. **Chairman Corder** agreed to check who is authorized or is responsible for the certifications of accuracy of fuel pumps located on reservations.

MOTION: **Senator McGee** moved to adopt Docket No. 02.0214.0901. **Senator Schroeder** seconded, and the motion carried by **Voice Vote**.

DOCKET NO: **Rules Governing Pesticides and Chemigation Use and Application: George Robinson**, Bureau Chief of the Crop Residue Disposal Program, Department of Agriculture, presented this pending rule. Representatives of the Idaho seed industry requested the addition of seven seed crops to the section of the rules that exempt crops from the need for a pesticide tolerance. This will allow the added crops to have additional pesticide products registered for use to control pests, but will also have additional restrictions on the disposal of seed screening and the feeding of treated plant parts.

This rule section applies only to crops grown for seed; therefore, these changes affect a small section of Idaho agriculture and a small number of acres. The revision applies primarily to pesticide Special Local Need (SLN) registrations, which are specific to Idaho and approved by the Department. Prior to approval, all SLNs are required to have either a pesticide residue tolerance or an exemption from the need for a tolerance. This section of rules exempts the listed crops from the need for a tolerance, to allow consideration for SLNs by pesticide manufacturers. This allows seed crops with very few pesticide options, such as kale grown for seed, to seek pesticide solutions to allow them to grow a higher quality seed crop. The rule changes will add seven new crops to this section of rules. This allows increasing the total number of seed crops that are exempt from the requirement for a tolerance to twelve.

There are some additional requirements for the companies that process these crops. The companies cannot use the seed screening or other processing waste for food or feed, and they will be required to keep disposal records of the seed screening for three years.

MOTION: **Senator Smyser** moved to adopt Docket No. 02.0303.0901. **Senator Malepeai** seconded, and the motion carried by **Voice Vote**.

DOCKET NO: **Organic Food Product Rules: Brandon Lamb**, Program Manager, Organic and Hop Certification, Retail Potato and Brands Program, Department of Agriculture, a pending fee rule. This rule changes the application and registration deadline from March 31 to July 1 and to discontinue the late fees of \$250 for certification and \$100 for registration. The existing March 31 deadline does not provide organic producers and handlers with sufficient time to make cropping decisions.

There will be no impact to the general fund.

MOTION: **Senator Smyser** moved to adopt Docket No. 02.0633.0901. **Senator Malepeai** seconded, and the motion carried by **Voice Vote**.

DOCKET NO: **Rules Governing the Stockpiling of Agricultural Waste: John Bilderback**, Section Manager, Confined Animal Feeding Operation (CAFO) Dairy Bureau, Department of Agriculture, presented this new rule. The rule was negotiated in August 2009 with several organizations such as the Idaho Cattleman's Association, Idaho Dairyman's Association, Idaho Conservation League, Idaho Water Users, Idaho Farm Bureau, Milk Producers of Idaho, Idaho Rural Council, legislators, agricultural producers, and citizens.

This rule establishes specific setback distances for agricultural waste storage to minimize adverse quality of life issues. These rules do not apply to producers who stockpile agricultural waste and are governed by existing rules, IDAPA 02.04.14 "Rules Governing Dairy Waste," and IDAPA 02.04.15 "Rules Governing Beef Cattle Animal Feeding Operations."

Under Section 22-110, Idaho Code, the director of the Idaho State Department of Agriculture (ISDA) has the specific authority to regulate agricultural solid waste, agricultural composting and other similar agricultural activities to safeguard and protect animals, man, and the environment. Agricultural waste, at this time, is strictly defined as livestock waste.

The specific setbacks that were negotiated by the group and proposed for acceptance are:

- 300 feet from a non-responsible party's dwelling.
- 500 feet from a hospital, church, or school.
- 100 feet from a domestic or irrigation well.
- 100 feet from surface waters of the state.
- 50 feet from a public highway.

The penalty provisions are referenced to the penalty provisions in Section 22-110, Idaho Code, which says any person violating the provisions of this section or rules promulgated pursuant thereto may be assessed a civil penalty by ISDA of not more than \$3,000 for each offense, and shall be liable for reasonable attorney's fees.

There is no impact to the general fund by this rule making.

A lengthy discussion was held relating to stockpiling waste distances, wet weather, methane gases, 30 day stockpile and size of waste stockpile, enforcement of rules and enforcement costs, counties' responsibilities, and was the rule written only for a small group.

There were no oppositions submitted to this rule during negotiations.

Representative Stephen Hartgen, District 23, testified and believes this is a very narrowly drawn rule.

Representative Ken Andrus, District 29, testified and recommended rejection of the rule docket.

Brian Oakey, Deputy Director, Department of Agriculture, testified and discussed Idaho's "Right to Farm" law. He is unaware of any cases or lawsuit within Idaho regarding the right to farm.

Senator Bert Brackett, District 23, distributed a photo of a farm's stockpile dated May 12, 2009. (Attachment #1). He believes this should be a matter of being considerate.

Representative Jim Patrick, District 23, testified this is a good neighbor bill and recommended approval of the rule.

Written comments were submitted by **Frank Priestly**, President, Idaho Farm Bureau Federation, recommending withdrawal of Docket No. 02.0431 and re-initiation of the proposed rule making process with respect to this issue after the 2010 legislative session. (Attachment #2).

Naomi Counides, from Payette, submitted written comments to support the rule. (Attachment #3).

MOTION: **Senator Heinrich** moved to adopt Docket 02.0431.0901. **Senator Hill** seconded the motion.

DISCUSSION: A lengthy discussion was held pertaining to Docket No. 02.0431.0901 and organizations who participated in the rule negotiations. A representative from the Department of Environmental Quality (DEQ) will be contacted for the DEQ's status on this rule making.

SUBSTITUTE MOTION: **Senator McGee** made a substitute motion to hold Docket No. 02.0431.0901 in committee. **Senator Corder** seconded, and the substitute motion carried by **Voice Vote**. Therefore, Docket No. 02.0431.0901 will be rescheduled for an additional hearing on Tuesday, January 26, in WW53.

Vice Chairman Winder returned the committee's gavel to **Chairman Corder** who adjourned the meeting at 9:30 a.m.

Senator Tim Corder
Chairman

Betty Osborn
Secretary

Attachment #1: Photo of Stockpiling Waste dtd 05/12/2009
Attachment #2: Letter - Idaho Farm Bureau Federation dtd 10/27/09
Attachment #3: Letter - Naomi Counties of Payette dtd 01/21/2010

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, January 26, 2010

TIME: 8:00 a.m.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS 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.

MINUTES: **Chairman Corder** called the meeting to order at 8:04 a.m. He welcomed twelve students from the University of Idaho and other guests.

John Hammel, Dean, College of Agriculture and Life Sciences at the University of Idaho, presented a report pertaining to the Agricultural Research and Extension Service budget actions.

Dean Hammel explained Idaho's primary industry statewide - urban and rural - is agriculture. The Agricultural Research and Extension Service (ARES) has \$63 million off-campus assets, 4,103 acres of land, and 185 off-campus faculty and staff. The extension system covers 42 county extension offices, and 80 extension educators.

The FY2010, the ARES budget hold back appropriation is \$24,989,900. With a 6 percent hold back of \$1,499,400. The planned reduction actions include:

- Personnel costs \$350,000
- 50% Travel costs 140,000
- 35% Operating expense 589,400
- 75% Capital outlay 420,000

Therefore, the FY10 adjusted ARES base budget is \$23,490,500.

The Centers are critical to communities, agricultural sectors and non-agricultural stakeholders. The stakeholders understand and sympathize with the ARES budget reductions and constraints. **Dean Hammel** emphasized the Centers in each region should be kept operational and budget reductions found elsewhere.

The Research and Extension Centers have many industry partnerships including the Parma R&E Center; J. R. Simplot Company; Tree

Fruit/Table Grape industries; Treasure Valley Agricultural Coalition; Tetonia R&E Center; Idaho Potato Seed Growers; Idaho Potato Commission; Idaho Barley Commission, and the Sandpoint R&E Center.

The FY11 ARES budget recommendation total reduction (10.5%) is \$2,633,300. Actions to meet the base budget include:

- Restructure and consolidate the research and extension centers.
- Designate primary centers.
- Reduce personnel and infrastructure costs.
- Program elimination.
- Extension system restructure, four districts to three districts, and decrease educators per county.
- Personnel costs reduction, eliminate 35 faculty and staff positions.

The major ARES focus is the livestock industry, and that is critical to Idaho's economy. **Dean Hammel** thanked all of the supports, but emphasized there is still a lot of work to accomplish, and how important the work and research of agriculture is to Idaho.

For a complete review of **Dean Hammel's** presentation see Attachment #1.

Vice Chairman Winder conducted the portion of the meeting to review rules of the Department of Agriculture, the Board of Veterinary Medicine, the Idaho Beef Council, and the Idaho Grape Growers and Wine Producers Commission.

DOCKET NO:
02.0431.0901

He explained that on Tuesday, January 21, the committee reviewed Docket No: 02.0431.0901 **Rules Governing the Stockpiling of Agricultural Waste**.

Brian Oakey, Deputy Director, Idaho Department of Agriculture (ISDA), distributed copies of Idaho Code, concerning Section 22-110, Authority and Duties of the Director Concerning Agricultural Waste, and Idaho Codes pertaining to the "right to farm," Sections 22-4501, Legislative Findings and Intent; 22-4502, Definitions; 22-4503, Agricultural Operation not a Nuisance; and 22-4504, Local Ordinances. (Attachments #2 and #3).

Bob Naerebout, Lobbyist for the Idaho Dairymen's Association, testified this is a good neighbor rule and the Association **supports** the rule.

Courtenay Washburn, testified to **support** the rule.

Dean Ehlert and **Barry Burnell**, Department of Environmental Quality, both **support** the rule.

Representative Andrus, District 29, submitted a copy of a letter from the Idaho Farm Bureau Federation (IFBF) dated October 27, 2009, addressed to Mr. Oakey. The IFBF recommended the withdrawal of Docket No. 02.0431.0901 and re-initiation of the proposed rule making process with respect to the issue after the 2010 legislative session. (Attachment #5).

MOTION: **Senator Schroeder** moved to approve Docket No. 02.0431.0901. **Senator McGee** seconded, and the motion carried by **Voice Vote**.

DOCKET NO: **Rules governing Retail Raw Milk**, a chapter rewrite. This pending rule
02.0413.0902 was presented by **Marv Patten**, Bureau Chief, Bureau of Dairy and Egg.

Effective July 1, 1992, the ISDA became the responsible state agency to regulate the Grade A Pasteurized Milk and Raw Milk Programs. Prior to that time, these programs were regulated by the Department of Health and Welfare and the Health Districts.

In 1994, Rules Governing Retail Raw Milk were amended. The amendments were to substitute references made from the Department of Health and Welfare to the ISDA. There have been no amendments to the rule since that time.

This rule was developed through a negotiated rulemaking process that included the Idaho Dairymen's Association, Department of Health and Welfare, raw milk producers, individuals wanting to get started in the business, and individuals wanting a legal source to purchase the product. The primary areas of concern during the process were:

1. The lowering of the coliform tolerance:
 - a. The Idaho Dairymen's Association passed a resolution to lower the coliform tolerance to 10 coliform per m/l (milliliter liters).
 - b. Existing raw milk producers and potential producers preferred the tolerance to remain at 50 coliform per m/l.
 - c. ISDA established 25 coliform per m/l as a compromise.
2. Small herd exemption: The herd exemption was established as a compromise with "cow share" type programs and independent small operators as a means of providing small producers an opportunity to sell raw milk legally in the state if the milk could meet milk quality and herd health standards.
 - a. The maximum number of animals for the small herd exemption was controversial with the vast majority wanting the exemption to include much higher animal numbers.
 - b. Others expressed concern that the small herd exemption would allow the operators an unfair advantage over the permitted facilities that invested heavily into their operation to comply with state requirements.
 - c. Testimony was presented at the House Subcommittee that the pending rules made cow-share type facilities illegal. This is incorrect. The existing rules prohibit cow-share programs.

This rule incorporates by reference the sanitary milk product and milk processing provisions of the 2009 Pasteurized Milk Ordinance. The existing Retail Raw Milk rule used the 1985 Pasteurized Milk Ordinance for the sanitary milk production and milk processing criteria.

The ISDA received several comments and phone calls regarding the proposed changes, and the vast majority concurred with the intent of the

rule.

Naomi Counides, Payette, testified to **support** the small herd exemption regulation. She also submitted written testimony. (Attachment #4).

Art Lee, a dairyman, testified to **support** the rule.

Lou Muicoitio, a dairy producer, testified to **support** the rule.

Alan Reed, Idaho Falls, testified to **support** the rule.

Jermey Pisca, Attorney representing the Melaleuca Company, testified to **oppose** the rule.

Kimberly Hellums, Caldwell, testified to **support** the rule.

Sarah Sweet, Nampa, testified to **oppose** the rule.

After a lengthy discussion and review of Docket No. 02.0413.0902, **Vice Chairman Winder** determined to hold the rule docket in committee until Thursday, January 28, 2010.

ADJOURNED: Due to the late hour, **Chairman Corder** adjourned the meeting at 10:09 a.m. The remaining rules not reviewed today will be rescheduled for Thursday, January 28, 2010.

Tim Corder, Senator
Chairman

Betty Osborn
Secretary

Attachment #1	Agricultural Research and Extension Service power-point report.
Attachment #2	Idaho Statute 22-110 Authority and duties of director concerning agricultural waste.
Attachment #3	Idaho Statutes 22-4501 to 22-4504, Right to Farm.
Attachment #4	Written testimony, Naomi Counides.
Attachment #5	Idaho Farm Bureau Federation, letter dated October 27, 2009.

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 28, 2010

TIME: 8:00 a.m.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS 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.

MINUTES: **Chairman Corder** called the meeting to order at 8:05 a.m. **Vice Chairman Winder** to conduct the Rules Review for state agencies.

DOCKET NO: 02.0413.0902 Continued Rule Review Hearing relating to **Rules Governing Retail Raw Milk-Chapter Rewrite**. **Chairman Winder** introduced **Brian Oakey**, Deputy Director, Idaho State Department of Agriculture to testify. **Mr. Oakey** gave his time to **Marv Patten**, Bureau Chief, Idaho State Department of Agriculture (ISDA). **Vice Chairman Winder** stated that the Committee would like the questions answered that were held over from the Tuesday, January 26, meeting. There will be no additional testimony, but each position would have one more opportunity to present their viewpoints.

Vice Chairman Winder asked **Senator Corder** to summarize the questions from the last meeting. **Senator Corder** explained the outstanding issues needing clarification:

- Clarification on the number of lactating animals.
- Clarification on fees and how they are distributed to the dedicated fund.
- Will there be an additional cost to the department if the Rules are passed.
- The issue of testing animals for diseases.

Mr. Patten explained the number for the Small Herd Exemption, Section 050, Paragraph 02, of the Rule that was highly debated. This is applicable to lactating cows, goats, or sheep on the use of the milk for human consumption for members of the household and non-paying guests. There may be more animals at the facility, but this section only relates to lactating animals that will produce raw milk for sale.

Senator Corder mentioned the concern that was expressed to him is the rules do not explicitly state what **Mr. Patten** just explained. Therefore, the Rule could be interpreted differently by other people enforcing the Rule. **Mr. Patten** stated that the Rules are specific enough that someone, besides himself, interpreting the rules should come to the same result as he.

Mr. Patten explained, relating to the question of diseases in these animals, there is a testing requirement for these animals for disease control. There is a maximum number of animals, but the owner can choose which animals that are under production for sale.

Vice Chairman Winder questioned the incorporation of Grade A samplers, Page 19, Section 004, Incorporation by Reference, the last sentence of the rule, "...except those provisions establishing raw milk standards for raw milk for pasteurization." He asked if Mr. Patten was expecting every person falling under this rule to comply to different standards than they had, except those standards for raw milk capacity pasteurization? **Mr. Patten** responded that this code incorporates by reference the sanitary production aspects of producing Grade A raw milk for existing dairy farms. This document supersedes the older raw milk for pasteurization requirements. The Department needed to exempt-out the raw milk requirements for consumers since those standards are more stringent.

Vice Chairman Winder asked about the potential in the Penalty Provision on Page 25, Section 050, Small Herd Exemption, Paragraph 070 of the rule, that a producer could go to jail for three months. **Mr. Patten** stated this is the same standard that currently exists; there has been no change.

Mr. Patten then testified that the funding for the Dairy Bureau is virtually 100 percent dedicated dollars which come to the Bureau from a mil levy assessment. The assessment can be up to 4 mils, and the producer is required to pay this monthly.

Bob Naerebout, representing the Idaho Dairyman's Association, submitted a letter in **support** of the Rule. He stated that data gathered by the dairy industry for the period from January 2000 to April 2009 indicated there were at least 44 outbreaks of bacteria-related raw milk that caused illness. From these, at least 649 illnesses, 45 hospitalizations, seven deaths and two miscarriages were reported related to raw milk consumption. (Attachments #1 and #2).

Jeremy Pisca, Attorney representing Melaleuca, submitted a letter in **opposition** to this Rule. He stated that Mr. Patten said you could rotate stock into the Small Herd limit of three cows, but he does not read the Rule that way as the Rule does not specifically mention rotating stock. **Mr. Pisca** explained that the Rule, as written, has fundamental flaws, specifically in Section 020, Permits. 01 Requirements; Section 030, labeling. 01 Requirements and Section 007.13, Small Herd. **Mr. Pisca** said the Rule should be **rejected**. He said that health statistics state there has been one case in Idaho of an illness due to consuming raw milk, and

it should not be considered an imminent health concern. There is also a private property rights issue as well in that the producers who own the cows and are knowingly drinking the raw milk from their own cows. (Attachment #3).

Mr. Patten said there are misconceptions as to what the Rule is intended to do. The intent was to make the Small Herd firm a legal entity within the State. There are certain portions of the Rule that need correction. The exemption is clearly spelled out.

Senator Hill stated that he has concerns in relation to the way this Rule is written and if it is passed, then one group has no incentive to change the rule to make it more clear.

MOTION:

Senator Hill moved to **reject** Docket 02-0413-0902 (Chapter Rewrite). **Senator McGee** seconded. Discussion followed.

Senator Corder believes the Rule needs more clarity, and as Chairman of this Committee, would make sure the Dairy Bureau would work with the Committee to make the Rule more clear. He believes the Rule should be passed, and the changes made afterward.

Senator Heinrich stated this reminds him of another bill in a different Committee that was passed with the understanding it would later be changed. Three years have passed and the Rule has not yet been changed. The intent of the Rule is correct, but it is not understood by the general public. There is a tremendous amount of education that needs to take place with the people involved, and it has not happened yet. The intent versus the perception is very far apart, and the Committee still does not know how much the cost would be for a Small Herd exemption. Therefore, for those reasons, Senator Heinrich is in **support** of the motion to **reject** Docket 02-0413-0902.

Motion carried by **Voice Vote to reject Docket No. 02.0413.0902.**

**DOCKET NO:
02.0413.0901**

Rules Governing Raw Milk-Chapter Repeal. **Senator Winder** asked that since Rule 02-0413-0902 was rejected, must this Rule (02.0413.0901) stay in effect? **Senator Hill** stated that a motion would be needed to **reject** this Rule.

MOTION:

Senator Hill moved to **reject** the Chapter Repeal of Docket Rule 02.0413.0901, **Senator Heinrich** seconded, and motion carried by **Voice Vote.**

**DOCKET NO:
02.0414.0901**

Rules Governing Dairy Waste. **Mr. Patten** testified that in 2009 the State of Idaho was notified by The Environmental Protection Agency (EPA) they would no longer renew Idaho's Pollution Prevention Initiative Memorandum of Understanding (MOU). This MOU had been in place since 1995. There was a change in the philosophical intent with the EPA during the last few years. This is not the opinion of the Idaho EPA, but rather Washington D.C. The duration clause in the existing Rule states that if any one group did not renew the MOU, the rules would become null and void. The groups that had to renew the rule included EPA, Idaho

Department of Environmental Quality (IDEQ), Idaho State Department of Agriculture (ISDA), and the Idaho Dairymen's Association.

Rule 02-0414-0901, presented today, is similar to the temporary rule which is currently in effect with a few changes. Section 08 Idaho Waste Management Guidelines for Confined Feeding Operations was eliminated. The document referenced in this section is more a guidance document than a regulatory document.

Senator Corder mentioned that at the close of the session last year this Committee printed pieces of legislation as a result of the non-renewal of the EPA. These Rules were begun and was a response to the EPA action. Later this month, this Committee will see two pieces of legislation that will further define items that need to be done by IDEQ, ISDA and the counties.

MOTION: **Senator Heinrich** moved to approve Docket 02-0414-0901. **Senator McGee** seconded, and motion carried by **Voice Vote**.

DOCKET NO:
48.0101.0901 **Rules Governing the Idaho Grape Growers and Wine Producers Commission.** **Roger Batt**, representing the Idaho Grape Growers and Wine Producers Commission, testified that the development of the Rule began a few years ago when the Commission realized they did not have set guidelines and policies and procedures for educational projects. This Rule is currently a temporary rule, and is being proposed as a permanent rule. The Rule's objective is to promote development of markets for Idaho grapes and grape by-products, provide research concerning grapes and grape by-products, and encourage the education of individuals, organizations, and the community concerning the production of grapes and grape by-products in Idaho. **Mr. Batt** stated that formal rule-making was done in October 2009 and there was one person who was opposed to this Rule, but they are not present to testify.

MOTION: **Senator Smyser** moved to adopt Docket 48-0101-0901, **Senator McGee** seconded. **Senator Schroeder** asked for clarification that the person opposed to this Rule is not present. **Senator Winder** said that was the case. The motion was approved by **Voice Vote**.

DOCKET NO:
48.0101.0902 **Relating to Rules Governing the Idaho Grape Growers and Wine Producers Commission:** This proposed fee increase rule was also presented by **Roger Batt**. He explained that over many decades, Idaho's agriculture has flourished, producers of commodities have had the foresight and opportunity to keep their commodities viable and sustainable through assessing themselves. These assessments have created effective research, disease and pest control, education, promotion, marketing, advance methods of culture, lowering input costs, and the development of superior and desirable varieties. Idaho's Grape and Wine Industry wishes to explore these same opportunities. In order to do so, the industry has opted to increase revenues to the Commission through the passage of Docket No. 02.0101.0902.

Idaho's Grape and Wine Industry is a specialized and growing agricultural industry that was revitalized in 1971. It currently generates \$92 million in

annual revenue, creates 650 full and part-time jobs, and supplies tax revenue to state, federal and local governments. There are currently 38 wineries and 58 grape growers in Idaho producing nearly 1,600 acres of wine grapes.

During the 2009 legislative session, the Legislature passed HB 100, which authorized:

- Wineries to be assessment separately from their vineyard production.
- Minimum assessment requirements to be set for wineries, growers, and grapes or grape juice purchased from out-of-state.
- The Commission to sit at the table with members of the Grape and Wine Industry to set the actual assessment per acre, gallon, or ton through rule-making.

The Commission has acted on the passage of HB 100 by creating numerous opportunities to meet with members of Idaho's Grape and Wine Industry through personal visits, phone calls, e-mails and regularly held meetings to calculate an assessment and tiered system in the final proposed rule before the Committee today. The assessment agreed to by the industry is \$.04 per gallon of wine produced, and \$7.00 per ton of grapes harvested for the purpose of vinification. An assessment will not be paid to the Commission on grapes not harvested. The \$7.00 per ton of grapes purchased from producers outside Idaho for the production of wine will also be assessed coupled with an assessment of \$6.68 per 167 gallons, or any portion thereof, of grape juice purchased from producers outside the state for the production of wine in Idaho.

The total minimum taxes under these Rules shall be \$100 annually (based on statute).

Senator McGee asked if the wife of the person in opposition happens to be a Pre-Algebra teacher at Vallivue Jr High? **Mr. Batt** said yes.

MOTION:

Senator McGee moved to adopt Docket 48-0101-0902. **Senator Heinrich** seconded, and motion carried by **Voice Vote**.

**DOCKET NO:
02.0609.0901**

Rules Governing Invasive Species. **Amy Ferriter**, Idaho Invasive Species Program Manager, Idaho State Department of Agriculture, reported these rules are the result of two years of negotiation with stakeholders such as the Idaho Water Users, Aberdeen Springfield Canal Company, Clear Springs Foods, the Agriculture Association, the Idaho Farm Bureau, the Idaho Department of Fish and Game, the Idaho Department of Environmental Quality, U.S. Forest Service, U.S. Fish and Wildlife Service, Coeur d'Alene Tribe, Idaho Conservation League, Nature Conservancy, Trout Unlimited, University of Idaho, Pend Oreille Basin Commission, and several western states. The Department held ten public meetings including public hearings in Boise, Sandpoint, Pocatello and Jerome. The Department also received written comments on the rules.

Ms. Ferriter presented a complete list of changes to this Rule including possession, invasive species through circumstances beyond individual

control, an infestations in a water supply system, infestations resulting from natural spread of the species or other acts of nature, importation, shipping or transportation of invasive species, exempt species such as the New Zealand Mud Snail and the Asian Clam to the exempt list only if they are not transported outside the currently known established areas.

She also discussed early detection and rapid response aquatic invertebrate invasive species. This section is aimed at providing preventions for the Zebra and Quagga mussels including contaminated conveyances, firefighting and construction equipment.

Bas Hargrove, representing the Nature Conservancy spoke in **support** of the Rule, and commended the Department of Agriculture on the work they have done with this rule during the past few years.

Chairman Corder commented that “we are in the presence of greatness” in that **Ms Ferriter** is the person responsible for the changes in the rules that have helped to keep mussels out of Idaho.

MOTION:

Senator Corder moved to adopt Docket No 02-0609-0901. **Senator Bock** seconded, and motion carried by **Voice Vote**.

Vice Chairman Winder returned the meeting to **Senator Corder**.

Chairman Corder introduced **Rich Garber**, representing the University of Idaho, College of Agricultural and Life Sciences. **Mr. Garber** stated that **Dean John Hammel** of the University of Idaho is at the meeting today to answer any questions that may not have been answered during Tuesday’s meeting. There were no questions.

Chairman Corder introduced **Jeff Harper**, a farmer from Elmore County and a graduate of the University of Idaho (U of I). **Mr. Harper** testified that the potato research in Idaho is exceptional and potatoes are a sustainable product, as opposed to minerals and timber. The yield of potatoes by acre has increased by 35 percent since 1974. Mr. Harper is the Research and Development Chairman for the Idaho Potato Commission. He works with the University of Idaho potato research team extensively. **Mr. Harper** discussed four specific researchers and their contributions to the potato industry. He would like continued support for the University of Idaho agricultural research.

Chairman Corder introduced **Travis Jones**, Executive Director of the Idaho Grain Producers Association. Mr. Jones is also the Chairman of the University of Idaho College of Agriculture Dean’s Advisory Board. There are 27 members on the board, one of which is Senator Corder. **Mr Jones** delivered a resolution to the Committee in **support** of no further financial reductions (beyond the 6 percent September rescission) for the University of Idaho Agricultural Research and Extension System.

Mr. Jones testified that the Grain Producers make “beer and bread.” Idaho is second in the nation in barley production, and fifth in the production of wheat. Idaho’s growers are aging, and using less acreage to grow food.

Therefore, we need the skills of the U of I agriculture researchers. Idaho's agriculture contributed \$6.4 billion to Idaho's economy in 2009. **Mr. Jones** commented that Idaho's industry did not start with Micron, it started with agriculture. Most of the food that is currently supporting the Haitians comes from U.S. agriculture. (Attachment #4)

Chairman Corder introduced **Elizabeth Criner**, representing the J. R. Simplot Company. **Ms. Criner** reported the food processing industry in Idaho has long relied on a collaborative relationship with the University of Idaho Parma Research Center. Food processing relies on the latest technology being used everywhere from the fields to the facilities, and supporting researchers who work to create the newest technology. Funding for research at J. R. Simplot Corporation is less than it was just a few years ago. She appreciates the time given to react to the potential closure of the Parma Research facility, and the leadership of the Governor and President Nellis. We have developed a collaborative agreement to help both organizations. The J. R. Simplot Corporation has a \$1.5 million multi-year agreement with the research center in Parma. We will contribute \$300,000 yearly over five years, and the Simplot researchers will use the facilities. The fact that we have made this agreement proves how important agriculture is to our state and our economy.

There are other organizations who have also made partnerships. **Senator Smyser** thanked Simplot for stepping up and being a partner, and also the Treasure Valley Agriculture Group who stepped up to support the research center. **Senator McGee** agreed with **Senator Smyser** in her thanks. **Ms. Criner** reported that **Senator Smyser** was also a great help with keeping the research center. The fact that these organizations got involved shows the importance of the facility to Idaho's economy. The Mayor of Parma was instrumental in support and he is here at this meeting. **Chairman Corder** commented that these companies have stepped up to support the research as it is, but wants the Committee to remember that status quo is not the place to be; we need to determine what we will need for the future.

Chairman Corder introduced **John Watson**, from Parma, Idaho. His family operates the J.C. Watson and Company, which was established in 1912. Mr. Watson gave the Committee a handout from the Idaho Oregon Fruit and Vegetable Association.

Mr. Watson testified that 30 percent of the nation's onion consumption comes from Idaho; it used to be 45 percent. He stated that our agriculture industries have been remiss in not paying attention to the gradual decrease in funding and interest for research. The industry has to be more actively engaged in research, but it has to be a partnership and the State has to provide a constant base for industry to build on. The researchers are very supportive and want to continue with their work. Research in agriculture allows us to control the "controllables."

There are six major onion processors in the Treasure Valley. **Senator Smyser** was instrumental in the creation of the Treasure Valley Agriculture Coalition. The Coalition wants answers to three questions:

- How are we going to continue agriculture research?
- Who is going to share in the responsibility?
- Who is going to pay for it?

The growers need quality water to irrigate. **Senator Schroeder** asked what Mr. Watson's feelings are on the proposed Galloway Dam. **Mr. Watson** stated that he had no information about it. **Senator Smyser** commented that based on the testimony we have heard today, it is obvious that research and the University of Idaho are not working under the status quo, but are thinking about the future for survival and what we need to do to make sure we keep sustainable industries. **Mr. Watson** distributed a handout "Idaho Oregon Fruit and Vegetable Association data sheet. (Attachment #5).

Chairman Corder had to leave, therefore, he turned control of the meeting over to **Vice Chairman Winder**.

Vice Chairman Winder introduced **Richard Brooke**, representing Brooke Orchards. **Mr. Brooke** testified that he moved to Idaho twelve years ago, and if it were not for the Parma Research Center, his orchards would not be in existence. If the research center leaves, agriculture will leave. He has increased the footprint of his 25 acres by 25 percent. **Mr. Brooke** also mentioned that he worked with a top researcher from California in the field of fruit preservation and storage, who told him they had to take a 10 percent pay cut in California, so that may be an option for local researchers. Brooke Orchards has introduced a new fruit into the local school system and it is a favorite with the students. Some of the research that the U of I has assisted with has greatly increased the maturation time of trees from ten years to three or four years. We need to ask the people doing the actual work what their needs are. One-third to one-half of Brooke Orchards produce is purchased by the local market.

Senator Schroeder asked what is the mystery fruit? **Mr. Brooke** responded that it is a "Pluot," a cross between a plum and an apricot.

Senator Schroeder asked if any of the local growers in your area have been able to attend any briefings on the Galloway Dam? **Mr. Brooke** responded that most of their water is from the lower Payette River. But, we need to look at how water will be dealt with in the future. The Federal Government is shutting down water in certain areas, and the farmers have to spend \$800 to truck in water simply to keep their trees alive.

Senator Schroeder commented that at the Future Farmers (FFA) student luncheon earlier this week he explained to the students that nothing happens until someone grows something.

Written testimony was submitted by **Frank Priestley**, President, Idaho Farm Bureau Federation in **support** of the Parma Research and Extension Center and the University of Idaho. (Attachments #6 and #7).

ADJOURNED:

There was no other business. **Vice Chairman Winder** adjourned the meeting at 10:10 a.m.

Senator Tim Corder
Chairman

Betty Osborn
Secretary

JoAnn Bujarski,
Transcriber

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- Attachment #1: Letter dtd January 27, 2010 Idaho Dairymen's Association, Inc.
Attachment #2: Facts Concerning Raw milk Consumption .
Attachment #3: Letter dtd January 27, 2010 Risch, Pisca, PLLC.
Attachment #4: Agricultural Research and Extension System, University of Idaho, College of Agricultural and Life Sciences.
Attachment #5: Idaho Oregon Fruit and Vegetable Association.
Attachment #6: Letter dtd July 22, 2009 Idaho Farm Bureau Federation to Governor C.L. "Butch" Otter..
Attachment #7: Letter dtd July 22, 2009 Idaho Farm Bureau Federation to Duane Nellis, Ph.D.

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 2, 2010

TIME: 8:30 a.m.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS 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.

MINUTES: **Chairman Corder** called the meeting to order at 8:30 a.m. **Vice Chairman Winder** conducted the portion of the meeting pertaining to the Rule Review of the Board of Veterinary Medicine.

DOCKET NO: 46.0101.0901 **Rules of the State of Idaho Board of Veterinary Medicine:** Presented by **Karen Ewing**, Executive Director, Idaho Board of Veterinary Medicine (AVMA).

She explained the Board of Veterinary Medicine has several "housekeeping" changes to address. This pending rule will update the AVMA's ethical principles, will provide consistency in application documents between veterinarians and certified veterinary technicians (CVTs), and jurisprudence exam failures.

The rule will remove the requirement that an employer/employee relationship must exist between a veterinarian and non-veterinarian personnel for supervision purposes. Current rules do not allow for CVTs or veterinary assistants to work at a volunteer event unless their employing veterinarian is there to supervise. In addition, current rules do not allow a veterinarian to use a trained family member to assist the veterinarian unless the family member is employed by the veterinarian. Thirty-nine other state veterinary boards were queried; only one required an employer/employee relationship for supervision. Most other states' rules state that for supervision purposes, the person being supervised "is working under the direction and control of the veterinarian."

Ms. Ewing outlined the other requirements in the Rule:

- Removes any verbal abuse or harassment as grounds for discipline of CVTs to conform to grounds for discipline of veterinarians.

- Requires the route of administration be included in medical records to clarify how a particular drug was administered.
- Clarifies a specific time period in which veterinarians must provide a copy or summary of patient records to another veterinarian or animal owner.
- Allows seven days for a verbal prescription drug order to be followed by a written prescription order.
- Clarifies that outdated pharmaceuticals and biologicals must be removed from inventory and disposed of properly.
- Clarifies several changes to the certified euthanasia program.

Senator Corder explained he is aware the House Agricultural Committee passed the rule, but he has concerns relating to the casual and unprofessional approach to these rules. The wishes of the Board are not legitimate occasions for rule making. He noted the Board of Veterinary Medicine needs to come with a more professional standard.

MOTION:

Senator Corder moved to **reject** Docket 46.0101.0901. **Senator Schroeder** seconded, and the motion was **rejected** by **Voice Vote**.

Vice Chairman Winder returned the meeting to **Chairman Corder** who introduced **Rakesh Mohan**, Director, Office of Performance Evaluations.

Mr. Mohan explained good government is not possible without an effective accountability system. Citizens need performance reporting to hold their government accountable. Performance information can also be used by lawmakers in making policy and budget decisions, by program officials to monitor government policies and programs.

He outlined policy intent, goals, and performance expectations. He reported that following the release of the 2004 report *Strategic Planning and Performance Measurement*, the Legislature revised the state's process for reporting performance information (HB300).

He also listed the top ten effective performance measurements. (Attachment #1), and suggested examples of outcome measures for the Idaho Department of Agriculture. (Attachment #2).

Chairman Corder introduced **Celia Gould**, Director, Idaho Department of Agriculture (ISDA), and **Pamela Juker**, Chief of Staff and Communications Director, ISDA.

Ms. Juker outlined the performance measurement, strategic planning process, mission, and the vision of the ISDA. A list of the ISDA's ten performance measures was distributed. (Attachment #3).

The mission is serving consumers and agriculture by safeguarding the public, plants, animals, and environment through promotion, education and regulation.

The ISDA Vision is fostering a cooperative atmosphere within the agency and with other state agencies to create the opportunity for increased

internal efficiency, as well as, promote and complete customer driven service delivery.

Dr. Bill Barton, Administrator, Division of Animal Industries, ISDA, outlined the performance measurement relevance and importance of the Dairy Bureau.

- Measurement: Inspect, test and grade all milk and dairy products. Inspect all dairy farms and milk processing facilities for sanitation requirements, and inspect all dairy farms for compliance with environmental rules.
- Division Mission: To safeguard the public, animals and environment, and provide consumers with wholesome milk and milk products.

Dr. Barton explained the statutory authority, Idaho Code, Section 37, Chapters 3, 4, and 5. He explained in FY09, the bureau completed 7,500 dairy inspections and 2,400 environmental inspections.

The Bureau's funding is from dedicated funds. The customers and stakeholders maintain producers' and processors' ability to ship milk and milk products intra/interstate. Inspections completed statewide are conducted by efficiently trained personnel. Some inspections are performed under cooperative agreement with the U.S. Department of Agriculture (USDA) and the Federal Drug Administration (FDA).

Lloyd Knight, Administrator, Division of Plant Industries, ISDA, explained the performance measurements and certification program. The division assures disease-free condition of plants and plant products for export through phytosanitary certification. Its divisional mission is consistent with the ISDA's mission to protect the public, plants, animals and the environment.

Statutory authority is under Idaho Code, Section 22-2016(3). The Idaho Plant Pest Act of 2002, allows the Director to enter into compliance agreements for the purpose of certifying articles as pest free for export certification.

In FY09, the division inspected 66,113 farm acres and issued 6,406 certificates.

Chairman Corder questioned how many inspected acres or commodities were rejected. **Mr. Knight** has no knowledge of any, commodity rejection would occur at the border.

The division receives dedicated funds generated by the fees paid by the companies requesting the certifications. The division provides service to industry and works hand in glove with the ISDA's regulatory responsibilities under the Plant Pest Act. ISDA inspectors and staff are trained and certified by the USDA to perform inspections and sign phytosanitary certificates. The ISDA works cooperatively with the USDA to provide services.

Phytosanitary certificates are required for export of commodities. Without

ISDA providing this service, customers would have to contact USDA for certificates. The USDA is understaffed to meet demands. Timeliness and accuracy are crucial.

Fred Rios, Administrator, Division of Agricultural Resources, ISDA, explained the division conducts chemigation inspections for compliance with State law. The division's mission is consistent with the ISDA. Statutory authority is found in Idaho Code, Section 22-3414, Pesticides and Chemigation, and requires at least 250 annual chemigation system inspections to prevent pollution of surface and ground water from agricultural chemicals.

Inspections are funded through the dedicated pesticide registration and licensing programs. Public drinking water in rural and urban aquifers is protected by inspecting chemigation equipment in agricultural production, nurseries and greenhouses. Inspections are conducted statewide by division investigators and coordinated by the program specialist.

There were no complaints received in the last ten years of any contaminations of ground or surface water as a result of chemigation. The ISDA continues to monitor ground and surface water for pesticides.

Karen Drew, Human Resources and Training Specialist, ISDA, explained the measurement relevance and the agency's importance is to ensure employees are trained in incident command systems. In FY09, 80 percent of staff and 65 percent of managers were trained.

Kelly Nielsen, Fiscal Officer, Financial Division, ISDA, reported about the ISDA funding and the link to the strategic plan. The agency safely and promptly responds to an incident and provides technical skills for mitigation.

ISDA measurements reduce interruption to industry trade and commerce, safeguards the public and animals, and lends technical expertise in emergency response events related to agriculture. The agency measurement reviews and prioritize each program, identifies statute and program requirements, identifies programs ability to meet requirements, and identifies costs budgeted for each program. The division provides timely and valuable information and service to internal and external customers.

In FY09, the division's review is nearly complete for the plant industries. He outlined an additional position to audit tonnage and product registration, provide more timely review of new and modified feed labels, provide better tracking of costs for each program, and identification of needed software updates.

Laura Johnson, Bureau Chief, Marketing and Development, ISDA, explained the performance measurements and promotional programs. The bureau leads domestic and international trade shows and trade missions, recruits Idaho companies to the Idaho Preferred Program.

The mission is to increase domestic and international sales opportunities of Idaho food and agricultural products to foster industry growth and profitability. In FY09, the bureau conducted 11 trade shows and missions,

and recruited 209 companies to the Idaho Preferred Program.

Funding is a combination of general fund, dedicated fund, and federal grants to provide domestic and international sales opportunities by connecting buyers and sellers.

Lee Stacey, Administrator, Division of Agricultural Inspections, ISDA, reported on the division's performance measurements, weights and measures. This division inspects and tests all known commercially used weighing and measuring devices. They strive to safeguard the public, provide uniformity and equity for consumers and the business community.

Approximately 5,000 businesses are licensed with ISDA to perform testing and inspections. Annual testing and inspections involve 30,000 devices. Funding is both dedicated and general funds.

The division serves the public through annual inspections and testing of weighing and measuring devices, ensuring uniformity and equity for consumers and the business community. Inspections and testing are completed statewide by efficiently trained personnel. The annual inspections and examinations ensure financial stability, compliance with bonding and insurance requirements, and suitability of storage facilities.

Mr. Stacey explained the Division of Ag Inspections Shipping Point Inspection measurement is to maintain a 100 percent level of providing inspection service to all those who request such service. The division ensures compliance to marketing orders, contract specifications to ensure good delivery of fresh fruits, vegetables, and certified seed potatoes. It provides auditing services for adherence to good agricultural and good manufacturing practices (GAPs and GMPs).

The division provided certification on 13 billion pounds of fresh fruits and vegetables; auditing certification on 250,000 acres for GAPs; and auditing certification for 30 packing facilities.

The division maintains ability for growers, shippers, processors, and packers to market Idaho grown fruits and vegetables with timely and accurate quality and condition inspections, ensuring quality, accurate, and timely inspections.

The division provides inspections and certifications of organic food products, and ensures consumer protection through USDA's National Organic Program (NOP) for food products marketed and labeled using the term "organic." They provided certification on 208 crops and livestock operations, and certification on 47 handlers and processors. Organic certifications are completed by trained and experienced staff.

He explained the Hop certification since 2002 has been the fastest growing program, and has increased 60 percent. This group provides hops producers with accurate and timely certifications meeting USDA grading requirements; with annual sampling and certification on more than 27,000 bales of hops.

COMMENTS:

Chairman Corder, Director Gould, Mr. Mohan, and Ms. Juker each expressed appreciation for the presentation and efforts of the staff to

update the Committee pertaining to the ISDA.

ADJOURNED: There was no other business; therefore, **Chairman Corder** adjourned the meeting at 10:01 a.m.

Senator Tim Corder
Chairman

Betty Osborn
Secretary

Attachment #1: Introduction to performance measurement (pages 1 and 2).
Attachment #2: Suggested examples of outcome measures for the ISDA.
Attachment #3: ISDA performance measures.

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 4, 2010

TIME: 8:00 a.m.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS 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.

MINUTES: **Chairman Corder** called the meeting to order at 8:10. He then turned the meeting over to **Vice Chairman Winder** to conduct the print hearings and rule review process.

RS19424C1 Relating to **Humane Slaughter of Equines**. **Chairman Corder** presented the legislation which adds the humane slaughter of equines to the codified list of normal for legal practices found in Section 25-3514, Idaho Code.

MOTION: **Senator McGee** moved to Print RS19424C1. **Senator Heinrich** seconded, and the motion carried by **Voice Vote**.

RS19435 Relating to **Cruelty to Animals** was presented by **Chairman Corder**. This legislation adds definition to the animal welfare statutes for Neglect or Torture, and expands the definition of Production animals. Obsolete chapters have been repealed from existing code. The changes include a three step progressive misdemeanor provision that also provides funding for local prosecuting jurisdictions and the Idaho Department of Agriculture, upon success prosecution. This bill amends Idaho Code, Sections 25-3501A.

Chairman Corder stated he was very proud of the coalition that worked on this legislation during the summer. **Senator Schroeder** asked is there anything in the bill that will interfere with normal hunting activities? **Chairman Corder** said no.

MOTION: **Senator McGee** moved to print RS19435. **Senator Smyser** seconded, and the motion carried by **Voice Vote**.

DOCKET NO: 51.0101.0901 Relating to **Idaho Beef Council Rules**. **Vice Chairman Winder** introduced **Traci O'Donnell**, Executive Director of the Idaho Beef Council. **Ms. O'Donnell** testified the rules are being updated to comply with the

changes in the law due to **HB101**, 2009 legislative session. The beef assessment was needed to be increased from \$1.00 to \$1.50 per head in order to counter the effects of inflation, and provide needed funding to maintain the consumer marketing programs and sustain growth in the beef industry. The beef producer may request a refund on the instate \$.50 per head in order to counter the effects of inflation. Section 200 Disbursements, 03. Idaho Beef Council, was changed to "Assessment funds remaining after payment of collection fee and disbursement to the National Beef Promotion and Research Board shall be retained by the Idaho Beef Council and used to fund its activities and operations." **Senator Heinrich** asked if there is a standard form for refunds? **Ms. O'Donnell** replied yes. (Attachment #1).

MOTION:

Senator Heinrich moved to adopt Docket No. 51-0101-0901. **Senator McGee** seconded, and the motion passed by **Voice Vote**.

Chairman Corder introduced two members of the Mexican Consulate in Boise, and **Lou Murgoitio**, a dairy producer in Idaho. **Chairman Corder** mentioned a study, "Community Level Impacts of Idaho's Changing Dairy Industry," dated October 26, 2009, by the University of Idaho, College of Agriculture and Life Sciences. The study was subsidized by the Idaho Dairymen's Association. This copy is not the official copy, and when he receives the official copy he will distribute it the Committee. (Attachment #2).

Chairman Corder introduced **Marge Gonzales**, Executive Director of the Idaho Commission on Hispanic Affairs.

Ms. Gonzalez testified that the Hispanic population is the largest minority in the state, making up to 9.9 percent of the population in 2008. It is also a young demographic, with 46 percent being under the age of 19, compared to 31 percent of the general population. Hispanics are becoming a very important part of the political process. In 2002, 57 percent of the registered Hispanic voters actually voted, and in 2006 it was 74 percent.

The top five school districts with the highest percentage of Hispanic students are:

- Wilder 80.14%
- Caldwell 52.74%
- Murtaugh Joint 46.99%
- Clark County 45.89%
- Glens Ferry 44.90%

By 2013, estimates indicate the Hispanic buying power will be approximately 6 percent of all buying power in Idaho. There are many reports available from the Commission related to Hispanic needs and trends.

Vice Chairman Winder thanked **Ms Gonzalez** for her presentation and asked her what is the Selig Center mentioned in the report? (Slide 16, 2002 to 2007 Comparison). **Ms. Gonzalez** replied that it is a University of

Georgia Research Center.

Chairman Corder introduced **Priscilla Salant**, Outreach Coordinator at the University of Idaho. She and **J.D. Wulfhorst** were the lead researchers on the study, "Community Level Impacts of Idaho's Changing Dairy Industry." (Attachment #3).

Senator Bock asked what controls were in place for the study to stay objective? **Ms. Salant** explained the Idaho Dairymen's Association paid for the study, but did not impose any standards. The criteria was limited to employees on farms, not the manufacturing industry. Dairy workers were not interviewed. **Senator Bock** commented did they use the higher ethical standards for academic research? **Ms. Salant** replied the authors knew the topic was controversial and they wanted to be certain there would be no questioning of their integrity. Some of the research was completed by having personal interviews with people asking about how the dairy industry is affected by different factors in Southern Idaho. The people questioned were members of such groups as:

- Government
- Business/Economic Vitality
- Education System
- Religious and Community Action
- Public Assistance, Health & Social Services
- Justice System
- Dairy Producers

There were also 1,340 telephone interviews conducted. This study concurred with the study from the Idaho Hispanic Commission which stated the Hispanic population is much younger than the population as a whole. The per capita of felony rates of Hispanics are decreasing, and while there is a perception that gang activity is predominately Hispanics; the study found those interviewed said gang activity consists of people from all groups. In the counties where the dairy industry is large, there would be a need for more staff to teach English as a Second Language learners.

Senator Bock asked that the responses seem to be subjective, which does not represent economic data. Was an economic study done as well? **Ms. Salant** replied that an overall economic aggregate study was done by Boise State University. She did not know the economic impact. **Senator Schroeder** asked if the fact the Hispanic population was younger than the total population, was that a factor of longevity or just having more children? **Ms. Salant** replied that she does not know of any study that equates the size of the youthful Hispanic population to longevity. It would be the nature of the workforce that is attracted to South Central Idaho because of the industry there.

Chairman Corder introduced **Brent Olmstead**, Executive Director of the Milk Producers of Idaho and State Coordinator for the Idaho Business Coalition for Immigration Reform. **Mr. Olmstead** said there were three studies done by very different groups. The 2007 White House Council of Economic Advisors, the 2009 Center for American Progress, and the 2009

Cata Institute which all have similar results with the University of Idaho study. They declared there is a net economic gain with immigrant labor.

Mr. Olmstead testified about immigration issues and the changing American workforce. By 2012, more than 75 million baby boomers will retire, and native-born workers are more educated today and less likely to do manual labor. **Mr. Olmstead** discussed the E-Verify system, which is the combined databases of Homeland Security and the Social Security Administration. The E-Verify system is very quick in determining whether or not a hire is legal and 95% accurate. However, it cannot be used until an employer has hired an employee so if there is a problem and the employee appeals the results, the employee still must be paid by the employer during the appeals process. This could take five days to three weeks. During the appeal process, the employee must be paid and trained.

Senator McGee asked if **Mr. Olmstead** had seen the E-Verify system in use? **Mr. Olmstead** explained that he had not, but others who had seen it demonstrated by a Homeland Security employee noted that the demonstrator had problems with the system. **Mr. Olmstead** also said that it cannot be used on current employees, just new hires. The system is not ready for use by small employers, but it is free.

Senator Bock asked if a valid social security number is used, what method can employers use to determine if there has been identity theft? **Mr. Olmstead** responded that it is against the Federal law for an employer to question the authenticity of a person's documents and the E-Verify system does not guard against identity theft.

Vice Chairman Winder asked if E-Verify is the system employers are to use and if it has weaknesses, is there a better system? **Mr. Olmstead** said that he did not know. E-Verify has a lot of potential, and could be a very good system in the future, especially as a pre-screening tool. Currently, it is difficult for some employers to use.

Senator Bock asked do workers on work visas have social security numbers? **Mr. Olmstead** responded no.

Mr. Olmstead explained the guest worker programs through the Federal government, specifically H-2A which is for seasonal agricultural workers. The H-2A guest worker program has quotas set too low for the need, and there is no system for non-seasonal labor, such as is needed in the dairy industry.

Vice Chairman Winder mentioned that last year (2009) there were issues with the H-2A. Workers would come to the border and there was no way to pre-hire or pre-verify, have any of those issues been fixed? **Mr. Olmstead** responded that, in fact, the problems with the H-2A guest worker process have grown in recent years. **Vice Chairman Winder** asked if there are any efforts from an industry perspective to fix some of these issues, and is the government open to recognizing these issues are huge? **Mr. Olmstead** replied there was a conference call last evening with

some national groups, and the guest worker programs was one of the subjects. There are a lot of attempts to change the program in Washington D.C. right now. The agriculture groups are watching these efforts very closely. One of the suggestions in Washington is to get rid of the program entirely, but agriculture feels it is very necessary.

Senator Smyser asked what can Idaho do to help streamline the process for people to work here legally? **Mr. Olmstead** said the Mexican Consulate in Boise has been a big help. Also, the guest worker programs are necessary in Idaho, without them industry suffers and people need to be made more aware of their need.

Mr. Olmstead spoke about laws that may be introduced in this legislative session, and lawsuits that have occurred in other states because of their laws.

Senator Schroeder asked how many undocumented workers are there, and what is the economic impact to our state if they are not allowed to work? **Mr. Olmstead** responded the number of undocumented workers is believed to be around 30,000 to 45,000. No economic impact study has been done in Idaho. Oregon State did a study which included illegal workers and legal temporary workers, and said if they were not available, the impact to the state (Oregon) would be more than \$2 billion to the state's economy. **Ms. Gonzalez** concurred with **Mr. Olmstead** that there has not been a study done in Idaho on what those numbers might be. **Senator Schroeder** asked what economic impact E-Verify has had on Arizona? **Mr. Olmstead** responded he did not know because E-Verify and the recession coincided. Arizona was hit harder than most states and had to cut their budget by 45 percent last year. There was a discussion about damages related to the lawsuit in Arizona. **Senator Schroeder** commented that he hopes we do not proceed forward until we understand the economic impact of our decisions. **Senator Schroeder** asked if undocumented workers are not allowed to work in Idaho, can the dairy industry survive? **Mr. Olmstead** stated that as far as any dairymen in Idaho knows, their workers are legal.

Chairman Corder asked **Lou Murgoitio**, a dairyman, how many cows he milks? **Mr. Murgoitio** responded about 1,200, and we milk 20 hours a day. He has fourteen employees just for the dairy. **Senator Bock** stated the guest worker programs as they are today are well run. The problem is there are many Federal departments to be worked with, such as the Department of Labor, and the quotas are not set at a level that reflects the real needs of agriculture. **Mr. Olmstead** responded the quota system is woefully lacking. There is a rock quarry whose season starts after planting season, so there are not any visas available for them. **Chairman Corder** asked **Mr. Murgoitio** how many people are on his list looking for work? **Mr. Murgoitio** replied that he has a long list of people coming by looking for work, a very small minority of which are Caucasian. **Senator Heinrich** asked **Mr. Olmstead** what action has been taken based on Ms. Salant's report recommendations? **Mr. Olmstead** deferred to **Bob Naerebout**, Executive Director of the Idaho Dairymen's Association. **Mr. Naerebout**

said the report was commissioned three years ago, and the Idaho Dairymen's Association is in the process of working on recommendations and to hire a community outreach liaison to implement recommendations. (Attachment #5).

Senator Schroeder asked **Ms. Salant** about the demographic charts related to the Hispanic community. The non-Hispanic community has a large segment of baby boomers who will soon retire. They will be people who want to purchase items, but won't be producing them. Will we have a problem with having enough workers in the future? **Ms. Salant** responded that she concurs, but there is another piece and that is how education and workforce skills fit into what is needed.

Vice Chairman Winder asked for clarification on the number of 75 million people due to retire in the next several years? **Mr. Olmstead** said that number was from the U.S. Department of Labor's study in 2004. **Vice Chairman Winder** stated the numbers do not add up, that all of these people are retiring when we have lost so many jobs and still have high unemployment. He then asked if there are no undocumented workers in the dairy industry, where are they working? **Mr. Olmstead** replied they are in the hospitality industry, agriculture, construction, manufacturing, and as day workers.

Senator Schroeder commented that the real question is the standard of living for North America; if industries can not get the workers they need, they will go somewhere else.

MOTION:

Senator Heinrich moved to approve the minutes from January 19, 2010. **Senator Schroeder** seconded, and the motion passed by **Voice Vote**.

There was no other business; therefore, **Chairman Corder** adjourned the meeting at 10:00 a.m.

ADJOURNED:

Senator Tim Corder
Chairman

Betty Osborn,
Secretary

Jo Ann Bujarski,
Transcriber

Attachment #1

Written testimony of Traci O'Donnell related to Rule 51-0101-0901, February 4, 2010

Attachment #2

Response to Criticism of Community Level Impacts of Idaho's Changing

Attachment #3	Dairy Industry, dated February 3, 2010. Written testimony of Maria Gonzalez, Executive Director of the Idaho Hispanic Commission, dated February 4, 2010
Attachment #4	Community Level Impacts of Idaho's Changing Dairy Industry report dated October 26, 2009.
Attachment #5	Written testimony of Brent Olmstead, titled Immigration Issues, February 4, 2010.

MINUTES

SENATE AGRICULTURE COMMITTEE

DATE: Tuesday, February 9, 2010

TIME: 8:00 a.m.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Tim Corder, Vice Chairman Chuck Winder, and Senators Schroeder, Hill, McGee, Heinrich, Smyser, and Malepeai

MEMBERS ABSENT/ EXCUSED: Senator Bock

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.

MINUTES: **Chairman Corder** called the meeting to order at 8:02 a.m. **Vice Chairman Winder** conducted the portion of the meeting pertaining to RS19516 and RS19288 to be presented by **Senator Corder**.

RS 19171 **Relating to Invasive Species: Lloyd Knight**, Administrator, Division of Plant Industries, Idaho Department of Agriculture (ISDA), presented this proposed legislation which will amend Sections 22-1904, 22-1908, 22-1910 and 10A, *Idaho Code*. The intent of this legislation is to clarify the authority of law enforcement agencies to assist in the enforcement of the Idaho Invasive Species Act. The legislation includes a definition for the term conveyance.

Second, the legislation provides for a new section related to Prohibited Actions, which clarifies the requirement for vehicles and conveyances to present themselves for inspection as they travel by inspection stations.

Third, the legislation clarifies the use of Hold Orders by the director in implementing this title.

Fourth, the legislation provides a new section related to peace officers in the state of Idaho, and responsibilities related to the enforcement of this act. Peace officers shall have the duty to enforce the provisions of the act, may require an inspection, and may issue hold orders and require decontamination of conveyance.

There is no new fiscal impact to the general fund or dedicated funds.

Senator Schroeder asked for a definition of a "container" and why not say "shipping container?" **Mr. Knight** explained that RS19171 does not have a definition for "container." **Senator Schroeder** believes "container" needs to be described or law enforcement could stop any

vehicle and check any container. He asked how does the public know unless "container" is clarified in the legislation.

Senator Heinrich questioned the wording "citation" in Section 22-1910A, page 2. **Mr. Knight** reported that law enforcement believes that section gives them the needed authority.

Senator Hill questioned the definition, and asked does that include vans? He believes the definition could be interpreted that any vehicle could be stopped. He also questioned the penalty for violations. **Mr. Knight** referred to Idaho Statute 22-1913(1), Idaho Code, Penalties for Violations, "shall be guilty of a misdemeanor and upon conviction thereof, shall be fined not more than \$3,000 or be imprisoned in a county jail for not more than 12 months or be subject to both such fine and imprisonment."

Senator Malepeai questioned the types of personal water crafts.

After a lengthy discussion and review of RS19171, the following action was taken:

MOTION:

Senator McGee moved to Print RS19171. **Senator Heinrich** seconded.

After discussion, **Chairman Corder** requested a roll call vote.

Senators Corder, McGee, and Heinrich voted Aye. Vice Chairman Winder, Senators Schroeder, Hill, Smyser, and Malepeai voted Nay. Senator Bock was absent and excused.

The motion to Print RS19171 **failed , 3 Ayes, 5 Nays, 1 absent and excused.**

RS 19516

Relating to the Livestock Care Standards Board: Senator Corder explained this legislation establishes a Livestock Care Standards Board for the purpose of evaluating animal agriculture practices and recommending, on the basis of science, best management practices for the care and well-being of production animals. The purpose of the legislation is to maintain the safety of food through best management practices, and protect Idaho farms and families. **Representatives Carlos Bilbao and Tom Trail** co-sponsored the legislation.

Fiscal Note: Approximately \$5,600 in costs will be incurred to the Department of Agriculture.

MOTION:

Senator Schroeder moved to Print RS19516. **Senator Hill** seconded, and the motion carried by **Voice Vote.**

RS 19288

Relating to Pesticides and Chemigation: This legislation was presented by **Senator Corder**. The legislation promotes fairness among companies that provide landscape, lawn care, and pesticide application services. By this legislation; safety will be enhanced for untrained temporary workers that provide occasional pesticide application services through lawn care services.

The legislation eliminates the use of "incidental" as an ambiguous

standard for exemption from the professional applicator requirements. Individuals with two or fewer employees remain exempt. Summer high school and college workers will continue to be employed, and will not be required to be licensed because they will be under the supervision of professional applicators who will direct the safe handling of pesticides as the label requires.

There will be no fiscal impact to local governments, and the Department of Agriculture should notice modest savings in the regulatory efficiency.

MOTION: **Senator McGee** moved to Print RS19288. **Senator Malepeai** seconded, and the motion carried by **Voice Vote**.

RS 19466 **Relating to Animals** was presented by **Senator Kelly**, District 18. The purpose of this legislation is to provide that cities or counties may, if they choose, allow the humane capture, sterilization, and release of free-roaming cats.

This proposed legislation will amend Chapter 35, Title 25, *Idaho Code*, by the addition of a new Section 25-3514B.

MOTION: **Senator McGee** moved to Print RS19466. **Senator Winder** seconded, and the motion carried by **Voice Vote**.

GUBERNATORIAL APPOINTMENT: **Richard L. Bronson**, Payette, was appointed by Governor C.L. "Butch" Otter to serve on the Idaho State Soil Conservation Commission to serve a term commencing August 19, 2009 and expiring July 1, 2014.

He has served as director of the Lower Payette Ditch Company; served on the Payette School Board; the Payette County Planning and Zoning, and the City of Payette Urban Forestry Commission, and with several other organizations.

He is a fourth generation Idahoan and has been involved in agriculture all his adult life. The Bronson family corporation, Lone Pine Company, Inc., and owned and operate farms in Payette and Cassia Counties.

Mr. Bronson's political affiliation is Democratic.

Chairman Corder informed **Mr. Bronson** the committee would vote on this confirmation hearing on Thursday, February 11, 2010.

Representative Jody Boyle, District 9, testified to **support** the appointment of **Mr. Bronson** to the Idaho Soil Conservation Commission.

MINUTES: **Senator Hill** moved to approve the committee's minutes for Thursday, January 28, 2010. **Senator Smyser** seconded, and the motion carried by **Voice Vote**.

PRESENTATION: **Sara Schmidt**, Administrator, Idaho Soil Conservation Commission (ISCC), presented a power-point presentation. The current commission members are Chairman J. Morgan Evans, Downey; Vice-Chair Bill Flory, Culdesac; Secretary Joe Davidson, Jerome; member Dwight

Horsch, Aberdeen; and member Dick Bronson, Payette.

She reported the ISCC's mission is to provide leadership and assistance for natural resource conservation programs in coordination with other local, state, and federal agencies. They provide support to 51 Idaho conservation districts. These local districts, technical assistance, financial incentive programs, and educational programs are provided to private landowners and land users.

The core functions and goals of the ISCC are to provide districts with policy, program, capacity development, and other assistance. They provide technical assistance, address state mandates, develop statewide leadership awareness, and improve efficiencies and accountability with operating procedures, statewide staffing plan, budget requests, training plan, and a communications program.

The committee viewed a video "River Menders" related to the Little Weiser River Stream Bank Protection and Rehabilitation Project.

The ISCC is also involved with the Marsh Creek Watershed Project, Portneuf District, and the Lawyer Creek, Idaho and Lewis Districts.

In 2009, the Idaho Soil Conservation Districts received a total \$52 million of resource conservation dollars to be used during the next several years.

Senator Tim Corder
Chairman

Betty Osborn
Secretary

Attachment #1
Attachment #2

Power-point presentation, Idaho Soil Conservation Commission.
On the Ground publication, January 2010.

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 11, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS ABSENT/ EXCUSED:

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.

MINUTES: **Chairman Corder** called the meeting to order at 8:05 a.m.

CONFIRMATION: **Chairman Corder** introduced **Richard Bronson**, Gubernatorial Appointee to the Idaho State Soil Conservation Commission for confirmation.

MOTION: **Senator Schroeder** moved to send the gubernatorial appointment of **Richard Bronson** to the Idaho State Soil Conservation Commission to the floor with a recommendation that it be confirmed by the Senate. **Senator McGee** seconded the motion. The motion passed by **voice vote**. **Senator Schroeder** will carry the appointment on the floor.

RS 19524 Relating to Beef Cattle Animal Feeding Operations; Amends Section 22-4909A, Idaho Code. **Chairman Corder** introduced **Stan Boyd** representing the Idaho Cattle Association. **Mr. Boyd** said the purpose of this proposed legislation is to amend current law stating that the Idaho Department of Agriculture shall have authority to administer a beef cattle feeding operation (CAFO) that is not under permit issued by the federal environment protection agency. In addition, the nutrient management plan, and all information generated as a result of such plan, shall be kept confidential and shall be exempt from disclosure pursuant to section 9-340D, Idaho Code. There have been major changes to the regulatory environment over the last several years, One of which is the elimination of Memorandums of Understanding. Another change is the EPA reasserting their authority in the State and in effect, pushing aside the Department of Agriculture. Federal court has mandated changes to the federal regulations on CAFOs which place a heavy burden on CAFOs including reporting requirements and public comment. There have been city and county restrictions on CAFOs using local zoning or environmental constraints. The Idaho Courts have looked at the Idaho OnePlan and determined that the confidentiality portion is legal. There are concerns

that there may not be funding, or changes made to the Idaho OnePlan in the future.

MOTION: **Vice Chairman Winder** made a motion to send **RS 19524** to print. **Senator Hill** seconded the motion. The motion passed by **voice vote**.

RS 19517 Relating to Livestock: amending Title 6, Idaho Code, provides additional new Chapter 28. **Chairman Corder** introduced **Senator Brackett** from District 23. **Senator Brackett** stated this proposed legislation adds a new Chapter 28, Title 6, Idaho Code, relating to livestock to define terms to provide for a limitation for certain livestock activities, to provide for application and to provide exceptions. The new Chapter 28 follows the equine act giving livestock activities such as shows, fairs and competitions; immunity against liability. This act does not exclude negligence. Senator Brackett has consulted with the trial lawyers and the wording of the bill is based on their input.

Senator Hill asked what activities would be exempt in this bill that now have liability? **Senator Brackett** responded there was an example in a show ring where a cow kicked a participant behind them. The question was, who is liable? **Senator Hill** requested there be more examples of what the bill is trying to exclude if the bill has a public hearing.

Senator Bock asked what consideration was insurance given to address liability? **Senator Brackett** replied this bill does not replace liability insurance. Fair managers can better speak to the insurance and what it covers. **Senator Heinrich** asked why the definition of livestock is not all inclusive? **Senator Brackett** responded that equines are already covered. What other livestock is there? **Senator Heinrich** replied there was a lawsuit in his district that defined dogs as livestock. **Senator Brackett** stated the categories listed in the bill are the more common livestock at a fair or youth activity. **Chairman Corder** stated the animal cruelty bill will resolve part of this with a definition of production animals.

Senator Bock asked what changes the trial lawyers requested? **Senator Brackett** said the most significant change is verbiage, such as "wanton neglect." There is no legal definition for wanton, so it was taken out. The rest of the changes were sentence structure and paragraph structure.

MOTION: **Vice Chairman Winder** made a motion to send **RS 19517** to print. **Senator McGee** seconded the motion. The motion carried by **voice vote**.

RS 19637 Relating to Miss Idaho. **Chairman Corder** introduced **Senator Smyser**. **Senator Smyser** said this proclamation commends Miss Idaho 2009, Kara Jackson, for her tireless efforts in bringing awareness of the importance of modern agriculture to our State and the nation. Miss Jackson has traveled across Idaho speaking to schools, service organizations, civic clubs and other audiences to help them better understand the importance of agriculture in their daily lives through her platform of "Modern Agriculture: Supporting and Sustaining Society."

MOTION: **Senator Schroeder** made a motion to send **RS 19637** to print and directly to the floor. **Senator Bock** seconded the motion. The motion carried by

voice vote.

RS 19171C1

Relating to Invasive Species. **Chairman Corder** introduced **Lloyd Knight**, Administrator, Plant Industries Division, Idaho State Department of Agriculture. **Mr. Knight** said the only change was made to accommodate this committee; the words “a container” were taken out. There has been a hold order issued just once; a boat was known to have had mussel contamination twice, so the boat needed to be taken apart to be decontaminated, it could not be decontaminated at the roadside inspection station. The Department of Agriculture worked with Idaho Fish and Game, Idaho State Police and the Sheriff’s departments so they understand the hold order and will be able to help if the inspectors at the roadside stations need their help. Last season three boats were decontaminated for mussels. **Vice Chairman Winder** commented there is a significant level of fines and punishment that can occur, and if there is a public hearing there should be justification for the size of the fines. **Mr. Knight** replied the fines and punishments have had no change, they are still at the current level. They will be ready with answers to those questions if there is a public hearing. **Senator Bock** had a concern with page 2, subsection 3 “during hours of operation.” What do boat owners do when the stations are not open? If someone has a boat full of mussels, they could drive through when the stations are not open. The questions will need to be answered at a public hearing.

MOTION:

Senator Heinrich made a motion to print **RS 19171C1**. **Senator Bock** seconded the motion. The motion carried by **voice vote**.

SB 1223
SB 1213

Chairman Corder stated that **SB 1223** and **SB 1213, 2009 Legislative Session**, were printed by the Agricultural Affairs Committee. This was done so the discussion could begin on non-renewal of the Memorandums of Understanding from the EPA. These were worked on over the summer by groups such as beef cattle, dairy, counties, sheep ranchers and others. The presentations that follow are related to these two bills. **SB 1223** moves poultry and swine from the Department of Environmental Quality to the Department of Agriculture and will incorporate the word poultry in the language. There are 4 million to 5 million chickens in Idaho right now and there is no poultry language. **SB 1213** determines the state’s responsibility to govern as it relates to air and water quality and not infringe upon the county’s responsibility to site. The State needs a template and the lawsuit with Gooding proves that.

Chairman Corder introduced **Stan Boyd**, representing the Idaho Wool Growers and Cattle Associations to give the perspective of the sheep and beef interests. **Mr. Boyd** stated the livestock people like the change on Page 3 of Senate Bill 1213, 2009 Legislative Session, that says “A board of county commissioners shall not, however, have authority to regulate the air or water quality of confined animal feeding operations and facilities under their siting power.” This will cause a statewide standard for air and water quality. On Senate Bill 1223, **Mr. Boyd** said the people he represents have no objections to this bill. **Senator Hill** asked if the change on page 3 means the county commissioners cannot use the branding of the situs contingent on the county-level air quality standards? Can the county make using the new site contingent upon meeting air and

water quality standards the county established? **Mr Boyd** replied the site would be examined and the person making the application would make sure the site fits the state air and water quality standards. The county would look at other requirements. **Senator Hill** asked if there is any fear that fewer sites will be approved by the counties because they are losing this control? **Mr. Boyd** replied it would be speculation, but the counties could do that. **Chairman Corder** said changes have been made to these bills, these are not the most current copy, but the discussion should be on what is available today.

Senator Schroeder asked if there is a role for the health districts in these changes? **Mr. Boyd** said he assumed the state will set the standards for air and water quality control and work with the Idaho State Health Department. There would be a closer relationship between state agencies than the State and each individual county.

Chairman Corder introduced **Bob Naerebout**, representing the Idaho Dairymen's Association. **Mr. Naerebout** ceded to **Ken McClure**, attorney for Givens-Pursley to discuss the Gooding lawsuit. **Mr. McClure** said he was the council for the lawsuit against Gooding County that was heard by the Idaho Supreme Court. The lawsuit was a dispute between the dairy industry and Gooding County alleging the county's authority to do certain kinds of environmental regulation was preempted or the exercise of their authority violated due process rights of the dairymen of Gooding County. The federal and state governments had adopted very complex ordinances dealing with air and water quality. The Federal Clean Air Act is monumental and spawned huge regulations at the federal and state levels. The clean water act is similar in scope and size of regulation. These acts are designed to set standards for the health and welfare of Americans. The State of Idaho and Department of Environmental Quality operates clean air and water provisions under the delegated authority from the federal acts. Gooding County's ordinance said they are not going to allow CAFOs in certain areas because there are air and water quality concerns. The view of the dairymen is that air and water quality is the expertise of the EPA and the Department of Agriculture. At what point does the county's authority get preempted by the state and federal government's authority. The Idaho State Supreme Court decided in favor of Gooding County. As a result, the court has opened the door for county regulation for air and water quality that is in addition to regulation by state government. The question needs to be asked, how many regulations are we going to put on an industry. The statutes should allow the counties to call upon the expertise of the state government to check if the location is environmentally acceptable.

Senator Hill asked if the belief was the county should not be able to deny an application for a CAFO if their only concern was air quality and the application was approved by the state? **Mr. McClure** replied yes. There are other reasons that counties can deny an application and they should be allowed to follow those, but not for air and water quality reasons. If the application meets the federal and state requirements for air and water quality, then the county should not be able to deny the application on those terms.

Chairman Corder introduced **Kerry Ellen Elliot**, representing the Idaho Association of Counties. **Ms. Elliot** introduced two county commissioners, one from Gooding County and one from Cassia County. **Ms. Elliot** said the IAC policy is that local siting decisions remain local and believe the counties have available to them the tools they need to make well-thought out decisions. These decisions should remain local and the county commissioners know the impact of these facilities in their area. **Chairman Corder** asked if some of the tools available to the counties are state tools? **Ms. Elliot** replied that is correct. **Chairman Corder** asked if the staff that the county uses are state employees? The state gives the county the tools they use to make a decision? **Ms. Elliot** said yes, they do that, but there are other considerations they use as well. **Chairman Corder** stated that beyond science, a county may decide they only want a certain number of cows or chickens in the county. As the county gets to the number, rather than passing an ordinance that says there are only a certain number of cows allowed, isn't it possible a county could use air and water standards to disallow any more livestock? **Ms. Elliot** replied that this would be happening after an ordinance has already been passed. **Ms. Elliot** introduced **Commissioner Tom Faulkner** from Gooding County.

Commissioner Faulkner stated the county wants to be able to take water quality into consideration because the nutrients are being over applied a mile from the canyon rim and Gooding County has the largest trout industry in the United States. Gooding and Cassia counties are tied for the largest dairy industries in Idaho and want to see the industry strong and vibrant. They don't want the industry to suffer because the ground is barren because of poor environmental management. The counties should be allowed to take air and water quality into consideration. **Senator Hill** asked what other items can a county use to deny an application besides air and water quality? **Commissioner Faulkner** replied the ordinance Gooding County has needed to be written so there is no picking and choosing of sites, everything is objective.

Senator Schroeder asked if the county commissioners have access to the nutrient management plans? **Commissioner Faulkner** replied yes. **Senator Schroeder** asked if the nutrients are being over applied based on the Nutrient Management Plan? **Commissioner Faulkner** stated the plans allow applications to a certain threshold and after that only for updates. So, the updates are over application. **Senator Schroeder** asked what role the state has in this over application? **Commissioner Faulkner** responded the state has the authority to be sure the nutrient plan is being followed. The county has no authority to enforce that. **Senator Schroeder** asked if the Department of Agriculture is not enforcing the plan?

Commissioner Faulkner replied there is a weakness in the plan, as soil that has exceeded a level of nutrients is not required to not be updated. **Chairman Corder** stated the statewide template has not allowed different areas of the state to take into consideration the situation in their particular location. Choosing the number for density is an arbitrary number. **Commissioner Faulkner** replied that is true. That is part of the dairy industry's argument, the number of livestock is arbitrary. **Chairman**

Corder said as this bill is worked on, perhaps there is a way to make the state more flexible in applying the template in a way the state and counties can agree on. **Vice Chairman Winder** said he would like the science behind the number of animals per acres.

Commissioner Faulkner introduced **Commissioner Paul Christensen** of Cassia County. **Commissioner Christensen** handed out an ordinance for a modern and large poultry operation. There are two different regulations, one for flocks of under 50,000 chickens and one for flocks of over 50,000 chickens.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 1).

Commissioner Christensen discussed the ordinance in detail, including Page 2, Section 9-10-3 of the Enclosed and Totally Confined Poultry CAFO Operations ordinance of Cassia county. The ordinance lists the definitions that make up a confined operation. A CAFO of 50,000 birds or more has to have a buffer zone of four miles and the buffer zones cannot overlap, so between two operations, there must be eight miles. **Senator Schroeder** said there are three different types of poultry operations; does this ordinance address all three types? **Commissioner Christensen** said this ordinance covers all types. There have been no requests for a rendering plant in Cassia County. **Senator Schroeder** asked if the Commissioner had been to any grow-out facilities? **Commissioner Christensen** said no.

Chairman Corder introduced **Courtney Washburn**, representing the Idaho Conservation League. **Ms. Washburn** spoke in support of SB 1223 as long as the current regulations are transferred along with the authority. The definitions also need to be changed to include turkeys and all types of chickens. **Ms. Washburn** said that only local government is looking at the CAFO land use comprehensively in relation to SB 1213. There are different localized environmental issues across the State and one area should not have to comply with specific regulations because of an environmental issue with another area.

Chairman Corder introduced **Brian Oakey**, Department of Agriculture. **Mr. Oakey** stated these bills will raise significant public policy questions and should be decided by the legislature and not the Department of Agriculture. The department's role is one of a technical resource for this Committee. **Mr. Oakey** worked with Curt Fransen on SB 1223 and said it needs word smithing and review. **Chairman Corder** introduced **Curt Fransen** of the Idaho Department of Environmental Quality. **Mr. Fransen** said the DEQ went through a process about nine years ago of modifying rules for large swine and poultry farms. The rules say the counties may be more stringent than the State. The process does not involve particular siting criteria. **Chairman Corder** thanked everyone for their presentations and said the presentations helped the committee understand the scope of the challenge before them.

The meeting was adjourned at 9:35 a.m.

Senator Tim Corder
Chairman

Jo Ann Bujarski,
Secretary

Attachment #1

Handout from Commissioner Paul Christensen, Cassia County
Enclosed and Totally Confined Poultry CAFO Operations

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Monday, February 15, 2010

TIME: 8:30 a.m.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, Heinrich, Smyser, and Bock

MEMBERS ABSENT/ EXCUSED: Senators Malepeai and McGee

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.

MINUTES: **Chairman Corder** called this special Print hearing to order at 8:32 a.m.

RS 19616C1 This legislation, RS19616C1, was proposed by Senator **Bert Brackett**, District 23. This legislation is a joint memorial to the Senate and House of Representatives of the United States in Congress Assembled, and to the Congressional delegation representing the state of Idaho in the Congress of the United States.

The Idaho Senate and House of Representatives concur that Congress is urged to oppose federal legislation that interferes with a state's ability to direct the transport and processing of horses, and is encouraged to discontinue language in the yearly appropriation bills which has effectively ended processing of horses in the United States.

There is no impact to the general fund.

MOTION: **Senator Schroeder** moved to send RS19616C1 to Print with the recommendation it be returned to the Committee for a hearing. **Senator Bock** seconded, and the motion carried by **Voice Vote**.

ADJOURNED: There was no other business; therefore, **Chairman Corder** adjourned the meeting at 8:35 a.m.

Senator Tim Corder
Chairman

Betty Osborn
Secretary

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 16, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, and Bock

MEMBERS ABSENT/ EXCUSED: Senator Malepeai

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.

MINUTES: **Chairman Corder** called the meeting to order at 8:05 a.m.

MOTION: **Senator Winder** made a motion to approve the meeting minutes of January 21, 2010. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

MOTION: **Senator Hill** made a motion to approve the meeting minutes of February 2, 2010. **Senator Winder** seconded the motion. The motion carried by **voice vote**.

MOTION: **Senator Winder** made a motion to approve the meeting minutes of February 4, 2010. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

Relating to University of Idaho College of Agricultural and Life Sciences. **Chairman Corder** introduced Dr. John Hammel, Dean of the College of Agricultural and Life Sciences. **Dean Hammel** stated the college and the President of the University of Idaho are strongly committed to the building of the livestock center and the center is very important to the dairy industry. This project is a priority because the agricultural industry is the number one industry in Idaho. The dairy sector is the number one sector in agriculture. There are significant partnerships for the livestock center with INL, USDA, NRCS and others. Southern Idaho is the primary agricultural production area of Idaho and this livestock center will create a platform not only for dairy but all research surrounding agriculture in the future. There is a misconception as to why the livestock center has not progressed. Initially, all of the money had to be in place before there was any movement. That money included the University's money and the dairy industry money. The Governor's support of the \$10 million mandated inclusion of the joint lab facility which added another \$9- \$10 million in costs to the project without additional resources. At the same time there

was a downturn in the economy which impacted the plan. There was no cash in the beginning except for the \$10 million appropriation. There is 280 acres in Caldwell as endowment land. It is currently valued at \$10 million; in the beginning of the process the land was valued at \$18 - \$20 million. There is an additional 40 acres, valued at \$2 million that the Caine facility is located on. However, the Caine facility is very important and care must be taken not to impact Caine. The dairy industry also committed \$5 - \$10 million for the project. The new strategy is a phased approach since the money will not all be available at one time. The budget would need to be redeveloped for a phased process. There would be a phased approach to purchasing more land for a total of 1000-1500 additional acres in the same location. The dairy industry needs to be sure the University is serious about these plans and having a large amount of land would show that seriousness. In the later phase a core milking facility would be built. Anything that is done needs to be approved by the State Board of Education and the Legislature and needs to be economically viable.

Senator Schroeder asked when will the livestock center be a reality? **Dean Hammel** replied, in his opinion, it will be in three- five years. If there is an upturn in the economy, it could be earlier and we need to work on this aggressively. **Senator Schroeder** asked if there is a timetable for when \$10 million will come back? **Dean Hammel** requested that the language be placed in a negative appropriation that the state would replace those dollars once the economy has improved. **Senator Schroeder** commented that "economic recovery" is a non-definitive term. Do you think this will happen someday? **Dean Hammel** responded it needs to happen. The Agriculture industry is going to be the leading industry in the state for a long time to come. Southern Idaho is very important to the economy of the state and agriculture research is very important and there would be a lack of vision if this did not occur. Washington State has a great relationship with the federal government and they have done a great job of piecing together projects such that if there is a problem with some of the funding, they can continue with their project. The state and University needs to figure out a way to make it happen. **Senator Schroeder** asked how this committee can help? **Dean Hammel** appreciates the support of the Committee; when the companies are asked for money, the companies always want to know if the state is invested. Before the state took the money back, the State was invested, now, language is needed to show the legislature's support.

Chairman Corder stated the question of how the committee can help is not asked very much and probably should be. **Chairman Corder** then asked was it the college's fault the \$9.4 million was lost? **Dean Hammel** replied that the State Board of Education required to have full funding of the \$24 million in place before anything was done. Another mandate was inclusion of the joint ISDA Caine facility, which was not a problem originally because the land was worth \$18 - \$20 million. However, the value of the land dropped significantly. If the facility had been started when the \$10 million was available and, but not the total amount, people would be questioning why it had begun. **Senator Corder** said there was criticism of the business plan; that the original one was unworkable. **Dean**

Hammel responded the business plan was set for ten years and it had to be self-sustainable. The plan included both the dairy and its production and was flexible to respond to the economy. The business plan also included how to add the beef to the plan. There were numerous iterations of the plan and the plan was built to work in the economy as it was. The herd always has to be fed and milked regardless of the economy.

Chairman Corder said the numbers are needed as to how the old plan would have reacted in the current economy.

Senator Schroeder asked the technical name for the center? **Dean Hammel** replied the name is The Idaho National Center for Livestock and Environmental Studies.

MOTION:

Senator Schroeder made a motion that the minutes reflect the Senate Agricultural Affairs Committee recognizes the contribution of Idaho's Dairy Industry to Idaho's economy and support reinstatement of the \$10 million of State funding for the Idaho National Center for Livestock and Environmental Studies at such time as Idaho's estimated Fiscal Year tax revenues increase 2% or more. **Senator Bock** seconded the motion.

Senator McGee stated everyone on the committee recognizes the need to support the center; however, tying this to a specific revenue growth number puts the committee into a situation where we may not even know the ramifications of a definite number.

**SUBSTITUTE
MOTION:**

Senator McGee made a substitute motion that the minutes reflect the Senate Agricultural Affairs Committee supports funding for the Idaho National Center for Livestock and Environmental Studies. **Senator Hill** seconded the motion. **Senator Hill** stated the state revenues have dropped over 20% in the last two years and while this is an important project, there are a lot of important projects. The support needs to be expressed, but not tied to a certain revenue number because of all the other issues the state is contending with currently. The substitute motion carried by **voice vote**.

Presentation Relating to Idaho Dairymen's Association. **Chairman Corder** introduced **Bob Naerebout**, Executive Director of the Idaho Dairymen's Association. **Mr. Naerebout** introduced **Rick Naerebout**, Manager of a Dairy Co-Op in Magic Valley and a consultant for CIH which focuses on risk management. All dairy producers are a member of the Idaho Dairy Producer's Organization. The board made a fee change this past year, that when the price of milk drops below \$11/cwt, there is no assessment collected. There have been five months this past year with no assessment collected. IDEAL LLC was formed in 2003, the Idaho Dairy Water and Land Trust was established in 2004 as a 501 (C) 4 and the IDEAL Foundation was established in 2008 as a 501 (C) 3. The state of Idaho is down 13,186 cattle over the same time a year ago. There are many milk processing centers in Idaho, which is valuable for the dairymen and the state as a whole. In the U.S. milk production over a 20-year period has grown 48%, but in Idaho over the same period it has grown 533%. The amount of dairy production in Idaho that is exported is 91%. There are approximately 11,000 jobs on the dairy farms which cause an additional 18,000 jobs to be created in the state to support those jobs.

The dairy industry does not have any federal visa programs that can be used by the industry for foreign-born labor. The 2009 average price of milk was \$11.25/cwt which is down \$5.50/cwt from 2008 which represents a decrease in income of \$665.5 million from the previous year. The dairy producers who do not grow their own feed are now going to the bankers to pay for the feed for the cows. The banks are currently tightening their loans, so some dairy producers have to go month to month on their credit and feed purchases. When businesses are asked to donate money for the Idaho National Center for Livestock and Environmental Studies, they want to know what the State is doing to support the development. The motion that was passed stating support for the Center will help to show the State is still interested in the development of the Center.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 1).

Relating to the Idaho Bean Commission. **Chairman Corder** introduced **Diana Caldwell**, Administrator of the Idaho Bean Commission.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 2).

Senator Tim Corder
Chairman

Jo Ann Bujarski
Secretary

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 18, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS ABSENT/ EXCUSED:

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.

MINUTES: **Chairman Corder** called the meeting to order at 8:05 a.m. **Chairman Corder** stated there would be a presentation from this Committee to the JFAC Committee this morning. They will be discussing performance measures and evaluations, efficiency warrants, the Livestock Center and the motion in support of the Center that the Committee made previously. They will also discuss the soil conservation district and some of the animal issues that are before the Committee.

Relating to Preservation of Agricultural Lands. **Chairman Corder** introduced George Crookham of the Crookham Company and the Coalition for Agriculture's Future. **Mr. Crookham** stated the Coalition for Agriculture's Future is a local organization consisting of large agri-businesses, financial institutions and agriculture-related institutions. **Mr. Crookham** stated the population is increasing and viable farmland is decreasing. The Coalition is not opposed to responsible growth. **Mr. Crookham** said the Coalition forms cooperative partnerships with public and private organizations to safeguard the heritage of farmland. In the past forty-two years, Idaho has lost 42 million acres of farmland. Ada County lost 10% of their farmland and Canyon County lost 25% of theirs. Ada County did a better job of managing their resources. Canyon County allowed Conditional Use Permits (CUP) which have had a huge negative impact on the agriculture industry. Once a house is built using a CUP, the land will never be returned to farmland. One acre of farmland lost equals \$9,000 in lost tax revenue. There was a \$100 million seed company that left the Treasure Valley because of land uncertainties and went to Washington. Many fields are no longer being farmed because the CUPs have made the field isolated from other farm land and it is no longer economical for the farmer to transport his equipment through the residential area. The Coalition is working hard to educate the public and local government entities about the issues that face agriculture. **Mr.**

Crookham said Crookham Company will be having their 100 anniversary next year. The business of the Crookham Company is 99% exported out of the State. Their products are sold on every continent but Antarctica.

Senator Bock asked how the development of farmland hurts the seed business? **Mr. Crookham** said they need the land to grow the seed. The seed business is a small part of the agriculture industry, but the estimate for Canyon County alone is \$250 million for seeds. **Senator Bock** asked how the trend of developing land affects the ability to do business? **Mr. Crookham** replied they now grow 15% of their crop in Oregon rather than Idaho, and 10% of the production is in Argentina. **Senator Smyser** thanked the Crookham Company for stepping up financially in regards to the University of Idaho experiment station.

Vice Chairman Winder asked for an explanation of this area's uniqueness for seed production? **Mr. Crookham** responded that Idaho is one of the top three seed production areas in the world. There is good volcanic soils, dry climate, great grower base and high-quality seed is consistently produced. **Senator Schroeder** asked when loss of acres are being calculated, how are CRP and Crep acres calculated? **Mr. Crookham** responded that he didn't know. **Senator McGee** stated that they are so proud of the Crookham Company and the Crookham family is very involved in the community. **Mr. Crookham** said other countries protect their farmland and understand the importance of it.

Mr. Crookham introduced Roger Batt, the Executive Director of the Coalition for Agriculture's Future. **Mr. Batt** said another reason there is a large seed industry in Idaho is the ability to divert water for irrigation. One acre of seed taken out of production has a significant impact on the world's food supply. Education is key for the general public to understand how agriculture supports them. If growers are paying good money for the use of land, the owners will continue to keep it in production. If they are not, the land will be sold for development. **Mr. Batt** stated a frivolous lawsuit was filed by the Canyon County Commissioners in 2004 that helped drive a global seed business out of the State.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachments 1 and 2).

S 1332

Relating to Pesticides and Chemigation. To revise certain exemptions.

Chairman Corder turned the gavel over to **Vice Chairman Winder**.

Chairman Corder said the safety will be enhanced for untrained temporary workers that provide occasional pesticide application services through lawn care services. The legislation eliminates the use of "incidental" as an ambiguous standard for exemption from the professional applicator requirements. Individuals with two or fewer employees remain exempt. Summer high school and college workers will continue to be employed and will not be required to be licensed because they will be under the supervision of professional applicators who will direct the safe handling of pesticides as the label requires. **Senator Bock** asked if there were specific cases that prompted the change? **Chairman**

Corder said there were no cases of anyone harmed.

Representative Darrell Bolz of Caldwell testified in **support** of the bill. **Representative Bolz** said **Chairman Corder** has done a fine job with the changes and the problem was approached years ago without a solution. The issue is safety. Many unrestricted pesticides are actually mildly-diluted restricted pesticides. **Representative Bolz** stated that in his experience as a farmer extension agent there are many people who do not use pesticides safely.

Vice Chairman Winder then introduced **Tracee Crawford** of Crawford's Pest Control who testified in **support** of the bill. **Senator Bock** asked if the reference was to something that was a pesticide or a herbicide? **Ms. Crawford** replied pesticides include herbicides. **Senator Hill** asked if temporary employees such as college students need to be licensed? **Chairman Corder** said "no" because they will be supervised by a licensed employee.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 3).

- MOTION:** **Senator McGee** made a motion that **S 1332** be sent to the floor with a do pass recommendation. **Senator Hill** seconded the motion. The motion carried by **voice vote**.
- S 1316** Relating to Humane Slaughter of Equines. **Chairman Corder** stated the bill adds the humane slaughter of equines to the codified list of normal or legal practices found in Section 25-3514, Idaho Code. The intent of this change is to do nothing other than add equines to the bill. **Representative Ken Andrus** spoke in support of the bill. **Charlie Lyons** representing the Idaho Cattle Association spoke in **support** of the bill. **Wally Butler**, District V Regional Manager of the Idaho Farm Bureau and a Range and Livestock Specialist spoke in **support** of the bill.
- MOTION:** **Senator Hill** made a motion to send **S 1316** to the floor with a do pass recommendation. **Senator Smyser** seconded the motion. The motion carried by **voice vote**.
- RS 19618** Relating to Stating Findings of the Legislature and Rejecting a Certain Rule of the Veterinary Medicine Board Relating to Rules of the State of Idaho Board of Veterinary Medicine.
- RS 19621** Relating to Stating Findings of the Legislature and Rejecting Certain Rules of the Department of Agriculture to Rules of the Department of Agriculture Governing Retail Raw Milk. **Senator Schroeder** asked for unanimous consent for **RS 19618** and **RS 19621** to be sent to Senate Judiciary and Rules to print. Unanimous consent was **granted**.
- SJM 104** Relating to urging the U.S. Congress to oppose federal legislation that interferes with a state's ability to direct the transport and processing of horses. **Chairman Corder** introduced **Senator Brackett**, District 23, who

said this memorial is to the Senate and the House of Representatives of the United States in Congress Assembled, and to the Congressional delegation representing the state of Idaho in the Congress of the United States. The Idaho Senate and House of Representatives concur that Congress is urged to oppose federal legislation that interferes with a State's ability to direct the transport and processing of horses and is encouraged to discontinue language in the yearly appropriation bills which has effectively ended processing of horses in the United States.

Senator Bock asked if there are still excess horses and what is being done now when they can't be processed? **Senator Brackett** said there are sanctuaries and safe havens for them, but many horses are starving. There is no accurate count of how many horses are abandoned. There is also a huge economic impact due to the loss of production of the horses. In 2006, the last year horses were able to be processed, the industry brought \$65 million to the economy. **Senator Bock** asked if the horses are being shipped to Canada or Mexico for processing? **Senator Brackett** said yes.

Senator Schroeder asked if its legal to ship horses to other countries for processing? **Senator Brackett** said there is no action that prohibits it. **Charlie Lyons** representing the Idaho Cattle Association spoke in **support** of the resolution. Wally Butler, District V Regional Manager of the Idaho Farm Bureau and a range and livestock specialist spoke in **support** of the bill. **Mr. Butler** said fewer than 1% of excess horses are being slaughtered for zoo meat and dog food. **Senator Schroeder** asked what the potential value for humans is? **Mr. Butler** said \$.10/pound for the good ones. **Senator Schroeder** asked what the size of a good one would be and how many could be on the market. **Mr. Butler** said a horse that weighed 1200 lbs would have a value of \$700-\$900 and the excess ones primarily would go to Canada, some to Mexico. The last full year of slaughter had over 100,000 horses processed. **Senator Bock** asked what happens to the bad ones? **Mr. Butler** replied they are left on the public lands. They would be a good protein source for starving children.

Dr. Greg Ledbetter, a veterinarian, spoke in support of the bill. **Dr. Ledbetter** testified there are 2.9 million more horses than there were ten years ago. There are twice the number of horses than the Bureau of Land Management says the land can support. The BLM says there are 30,000 horses in feed lots and pens currently. **Senator Schroeder** asked what the cost to the BLM is for supporting these horses? **Dr. Ledbetter** said two or three years ago the BLM was spending in excess of \$20 million/year. **Senator Brackett** said there is a need for a thorough inspection program and one horse will cost taxpayers \$15,000 over it's lifetime. In 2007, \$38.8 million was spent on the wild herd program.

MOTION:

Senator Schroeder made a motion to send **SJM 104** to the floor with a do pass recommendation. **Senator Bock** seconded the motion. **Senator Hill** said that it was disturbing to hear what was happening and there needs to be a humane approach to this issue. The motion carried by **voice vote**.

MOTION: **Senator Smyser** made a motion to approve the minutes of February 9, 2010. **Vice Chairman Winder** seconded the motion. The motion carried by **voice vote**.

Chairman Corder adjourned the meeting at 9:15 a.m.

Senator Tim Corder
Chairman

Jo Ann Bujarski
Secretary

Attachment #1	Coalition for Agriculture's Future, presented by George Crookham
Attachment #2	The Impacts of Irrigated Agriculture and the Economic Base of Canyon County, distributed by George Crookham
Attachment #3	Written Testimony by Tracee Crawford of Crawford's Pest Control

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 23, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS ABSENT/ EXCUSED:

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.

MINUTES: **Chairman Corder** called the meeting to order at 8:00 a.m.

MOTION: **Senator Heinrich** made a motion to approve the minutes of February 15, 2010. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

Relating to Tapeworms in Wolves. **Chairman Corder** gave to the Committee a letter which he and Senator Schroeder had written regarding the Echinococcus parasite which causes a disease called Hydatid disease. The steps that have been taken are:

- Evaluate the value of explicitly adding human echinococcal disease to the State's reportable diseases and conditions.
- Department of Agriculture will evaluate placement of the disease on the "Notifiable" list of livestock diseases.
- Request for wildlife biologists that have worked with canids to be checked for the presence of Hydatid cysts.
- Request federal inspection reports from slaughter houses processing livestock.
- The Department of Health and Welfare will update their web site to place a link for hunters and those handling wild game. The site will offer safe handling techniques and precautions.
- The Department of Agriculture will offer similar information to livestock producers.
- State medical authorities Dr. Hahn, Dr. Barton, and Dr. Drew will contact the individuals whose research has been cited on the internet to ensure they have a full awareness of those researchers' positions on echinococcal disease and transmission risk.
- Drs. Hahn and Tengelsen from the Department of Health and Welfare will make the CDC aware of the changing epidemiology and concerns about potential risk and enlist their assistance in gathering information that will help clarify the epidemiology of

- echinococcal disease in Idaho.
- Develop a plan for expanding the examination of canid, cervid, ungulate and other carcasses and the accumulation of data.
- Use examinations to determine whether more than one species of echinococcus is present.
- Designate a resident location for the compilation of data and available resources.

Chairman Corder then turned the gavel over to **Vice Chairman Winder**.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 1).

S 1317

Relating to Cruelty to Animals. **Chairman Corder** stated he was very proud of the legislation. The legislation is the culmination of the work of the past year with many diverse organizations involved. Approximately 80% -90% of cruelty complaints are related to horses and the ISDA is called on to help in the investigation. Those horses are companion horses, not production animals. This legislation allows the local authorities to address the cruelty issues and the ISDA does not need to get involved. The legislation adds birds to the definition of animals, adds neglect and torture to the definitions of cruelty, adds to the definition of production animals. The bill changes “dog” fighting to “animal” fighting, thus it eliminates the need to have a separate section for cock fighting. The sections that were eliminated because they were unused or irrelevant are:

- I.C. 25-3506 cock fighting exhibition
- I.C. 25-3510 impounding without food or water
- I.C. 25-3516 high altitude decompression chambers
- I.C. 25-3518 beating and harassing animals
- I.C. 25-3520A current penalty provisions

This bill provides a funding source; 25% of the new fee will go to local prosecuting jurisdictions and 25% will go to ISDA. Since the new fee will be twice what the current fine is, the funding sources will not affect the courts at all. There is a scientific link that people who abuse animals go on to abuse people. The three-step misdemeanor penalty system is unique and significant.

Senator Schroeder asked if the rodeos are protected in this bill?

Chairman Corder replied “yes”. **Senator Schroeder** asked if the Attorney General’s Office reviewed this legislation and there is nothing in it that will interfere with the use of hunting dogs or hunting practices?

Chairman Corder replied there is nothing in the bill that would prevent the use of hunting dogs. **Senator Hill** asked how the bill applies to minors? **Chairman Corder** responded that adults and minors were not specified and there are no changes specific to age of offender. **Senator Heinrich** asked if carrying in a cruel manner does not mean letting a dog loose in the back of a pickup? **Chairman Corder** replied that the only change made to this section is to apply it to the three-step penalty phase. **Senator Heinrich** asked why there is a mandatory sentence? **Chairman Corder** responded there is not, the only change is to have a range of penalties for the judge to use. **Senator Heinrich** asked if this is an issue

in the State? **Chairman Corder** replied there are a lot of cases, not all of them make the newspapers, not all make it in the courts.

Vice Chairman Winder said that in Section 25-3509, Idaho Code, there is an ability to arrest without warrants. Does law enforcement have the same right on any other types of criminal activities? **Chairman Corder** responded that the only change to this section, is the word "birds". The rest of the section is original to the bill. The enforcement section has not been changed at all.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 2).

Vice Chairman Winder introduced Representative Tom Trail. **Representative Trail** testified in **support** of the bill. **Representative Trail** congratulated Chairman Corder for working with the diverse groups to get legislation written.

Vice Chairman Winder introduced Camille Kirkpatrick, President of STOP (Stop Torturing Our Pets). **Ms. Kirkpatrick** testified in **support** of the bill.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 3).

Vice Chairman Winder introduced Vicki Smith, Executive Director of the Idaho Veterinary Medicine Association. **Ms. Smith** sent the bill out to at least 480 veterinarians throughout the state. The members of the organization are in **support** of this bill. On Page 3, line 8 there is a question related to medical care. Is not vaccinating a pet considered negligence? Common sense would say no. The members of the Association are appreciative of the abandonment rules being shortened to three days from seven days.

Vice Chairman Winder introduced Bob Naerebout, Executive Director of the Idaho Dairyman's Association. **Mr. Naerebout** testified in **support** of the bill. The food producers formed an animal issues committee as an advisory group. **Mr. Naerebout** said the food producers are supporting this bill because it better defines production and agriculture animals rather than companion animals. **Senator Schroeder** asked Mr. Naerebout if he was involved in the language of the bill? **Mr. Naerebout** replied "yes", of the added new language, not the original language. **Senator Schroeder** then asked on page 3, line 8, the addition of the term medical care; in your opinion what is the intent of the inclusion of that new language? **Mr. Naerebout** said they didn't spend a lot of time on that language, but he would assume the intent is looking strictly at medical care of the animal, but would not go to the detail of vaccination. General medical care, looking at the livestock industry of our animals.

Vice Chairman Winder then introduced Brent Olmstead, Executive

Director of Milk Producers of Idaho. **Mr. Olmstead** testified in support of the bill. **Mr. Olmstead** publicly thanked Chairman Corder for his work on this bill. This bill brings clarity to the issue and will help prosecutors and those who own production and companion animals.

Vice Chairman Winder then introduced Lisa Kauffman, State Director for the Humane Society of the United States. **Ms. Kauffman** testified in **support** of this bill. **Senator Schroeder** asked Ms. Kauffman if the Humane Society of the United States is on record for opposing some kinds of hunting, trapping, and so on. Do you see some of the language in this bill as helping you to eliminate those activities? **Ms. Kauffman** replied no, I don't. We are against the most egregious forms of hunting and I think what we have on this statute is fine.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 4)

Vice Chairman Winder introduced **Diane Ayres**, who testified in **support** of the bill.

Vice Chairman Winder introduced Sara Lee, Caldwell Educator who testified in support of this bill. As an educator, **Ms. Lee** says the stories she hears from students who abuse animals at home escalate to bullying fellow students and teachers. **Senator Schroeder** stated that in Idaho we encourage young people to start hunting at the age of 10, accompanied by an adult. Does Ms. Lee think hunting leads to development of these anti-social activities she described? **Ms. Lee** replied that she has her personal feelings about hunting, but she would say the best way to look at it, is how the hunting is looked at. There are many different ways you can look at hunting. She spent a number of years in Wyoming and it's the same sort of questions that come up, so there is a graceful and honorable way to hunt and there is a not honorable way to hunt. How the child is instructed in that activity makes a huge difference. **Senator Schroeder** asked if he was hearing Ms. Lee say that the hunting by a 10-year old under supervision by a responsible adult would not lead to the development of activities you describe as undesirable? **Ms. Lee** replied I would hope not in the same sense a young person is taught about how to treat livestock in the production industry or how a young person is taught to treat their horse or how a young person is taught to treat a 4-H animal. **Senator Schroeder** replied there are ethical ways to hunt and unethical ways to hunt. **Ms. Lee** responded exactly.

Vice Chairman Winder introduced Wyoma Clouss, a licensed judge from the American Kennel Club. **Ms. Clouss** spoke in **support** of the bill. **Senator Schroeder** asked if Ms. Clouss was aware the legislation was expanded to include birds and changed dog fights to animal fights? **Ms. Clouss** responded they are aware of those changes and pleased with them.

Chairman Corder said the medical care definition was left purposefully

vague for anyone in agriculture who administered medical care. The definition was not for veterinary services.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 5)

MOTION: **Senator Schroeder** made a motion to send S 1317 to the floor with a do pass recommendation. **Senator Bock** seconded the motion. The motion passed by **voice vote**.

S 1331 Establishes Livestock Care Standards Board by addition of a new Chapter 5, Title 25, Idaho Code. **Chairman Corder** stated this is a companion to **S 1317**. This bill has a fiscal impact listed, but they are not sure what the actual cost will be. There has been significant national debate about the need for a board or council in a position of authority to make determinations as to what is proper care for production animals. There will be thirteen members of the board, ten will be appointed. One board member will be Director of ISDA, the Dean of the College of Agricultural Life Sciences and the State Veterinarian. There will be one position appointed from the Senate Agricultural Affairs Committee and one from the House Agricultural Affairs Committee. This bill has an emergency clause so the board will be in place when **S 1317** becomes active, if it is approved.

Vice Chairman Winder introduced **Bob Naerebout**, Executive Director of the Idaho Dairymen's Association, who spoke in **support** of the bill.

Vice Chairman Winder introduced **Wyoma Clouss** a judge from the American Kennel Club who spoke in **support** of the bill.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 6)

Senator McGee asked if there is an opportunity to recapture the \$5600 in costs? **Chairman Corder** replied that 80% - 90% of the calls for abuse investigations of horses are related to companion animals. Those calls will no longer be investigated by the ISDA.

MOTION: **Senator McGee** made a motion to send S 1331 to the floor with a do pass recommendation. **Senator Schroeder** seconded the motion. The motion passed by **voice vote**.

Vice Chairman Winder turned the gavel back to **Chairman Corder**. **Chairman Corder** adjourned the meeting at 9:10 a.m.

Senator Tim Corder
Chairman

Jo Ann Bujarski
Secretary

Attachment #1	Handout by Chairman Corder and Senator Schroeder related to tapeworms in wolves.
Attachment #2	Chairman Corder's notes related to S 1317.
Attachment #3	Written testimony from Virginia Hemingway, President, Stop Torturing Our Pets in support of S 1317
Attachment #4	Written testimony from the Idaho Humane Society in support of S 1317.
Attachment #5	Written testimony from Wyoma Clouss in support of S 1317.
Attachment #6	Written testimony from Wyoma Clouss in support of S 1331.
Attachment #7	Written testimony from Kamion and Randy Garner in support of S 1317.

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 25, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS ABSENT/ EXCUSED:

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.

MINUTES: **Chairman Corder** called the meeting to order at 8:00 a.m. **Chairman Corder** introduced Peter Olson, the committee page for the second half of the session.

Idaho Wheat Commission presentation. **Chairman Corder** introduced Blaine Jacobson, Executive Director of the Idaho Wheat Commission. **Mr. Jacobson** said the Idaho Wheat Commission is a self-governing state agency that was created in 1959. **Mr. Jacobson** introduced the five Commissioners of the Idaho Wheat Commission Board who were all in attendance, Joe Anderson, Chairman; Kieth Kinzer; Mark Darrington; Gordon Gallup; and Jerry Brown. Wheat is Idaho's second largest crop and is grown in 42 of Idaho's 44 counties. Approximately 50% of Idaho wheat is sent to domestic markets. Idaho's wheat is used in Japan for noodles and sponge cakes, in China for steam breads and noodles, in Egypt for flatbreads and in Taiwan for donuts, cookies, crackers, steam breads and noodles. The Idaho Wheat Commission's budget for 2009 was \$1,881,806.

Mr. Jacobson said the Fusarium Head Blight has increased in areas where the corn crop has increased. There has been a loss of high-yielding wheat acres in the Magic Valley to corn and hay. Idaho is the second largest state to grow hard white wheat. There is a list of education available from the Idaho Wheat Commission on the website: www.idahowheat.org. There was a questionnaire sent out to the members of the Wheat Commission that asked if the members would support increasing their assessment by \$.01/bushel. There were 67% of the members in support, 75% when weighted by production. Japan is the largest foreign customer and China is studying shifting their wheat production to soybean and importing more wheat.

Supporting documents related to this testimony have been archived and

can be accessed in the office of the Committee Secretary (see Attachments 1 and 2).

Chairman Corder commented that this Committee is becoming Agriculture's best friend in the Legislature. **Senator Schroeder** asked what is the current world supply of wheat stocks? **Mr. Jacobson** replied there is currently a four month inventory. **Senator Heinrich** asked how much the Wheat Commission contributes to research with the University of Idaho and what stations are involved in the research? **Mr. Jacobson** replied the budget for 2010 is \$453,000. In 2009, the Wheat Commission gave over \$500,000. The five-year average is over \$500,000 per year. There are over 26 different test plots throughout the State, some in Aberdeen and Moscow and some where the wheat producers donate their land. Idaho has more test stations than most agriculture states. **Senator Malepeai** asked how much growth has there been in foreign countries in wheat production in the last ten years? **Mr. Jacobson** replied that most of the growth is in the Black seas area. **Senator Bock** had four questions to be answered at a later date:

- What is the per capita consumption of wheat worldwide?
- How do the various countries rank in wheat consumption?
- What is the cost of production of that consumption?
- What is the cost of consumption?

Vice Chairman Winder asked if the port of Lewiston is significant for transportation of the wheat? **Mr. Jacobson** replied the port of Lewiston is a key part of transportation. There are three basic ways wheat is transported, 1/3 is on the railroads, 1/3 trucking and 1/3 on the river. In northern Idaho, most of the transportation is by river. Without the barges, rail rates would go up about 70% due to lack of competition. It is much cheaper to ship products from Silver Bow Montana than Idaho Falls because there is no rail competition in Idaho Falls. **Vice Chairman Winder** asked if it costs twice as much to ship by rail, what can we as a committee and State do? **Mr. Jacobson** replied that Representative Pence has scheduled a meeting with the railroad, and Idaho needs infrastructure in place for the long term.

Senator McGee stated there was a grants program for short line railroads, is that program working well for the wheat producers? **Mr. Jacobson** said the grants program has been publicized and there have been several inquiries from elevators for investing in better loading facilities along the shoreline.

Chairman Corder introduced Wally Butler, of the Idaho Farm Bureau Federation. **Mr. Butler** introduced Gretchen Hyde, Executive Director of the Idaho Rangeland Resource Commission. **Ms. Hyde** presented the Idaho Rangeland Resources Commission Budget Report. They are working with many agriculture teachers in the public schools and have found the teachers did not have any materials to teach the subject matter. Dr. Launchbaugh and Ms. Hyde created a workshop and started to educate teachers on rangeland. There is now a curriculum for Kindergarten through 12th grade. All of the material available is free.

There was a competition for FFA students in Burley on rangeland which had 120 students in participation. The first Annual Western National Range CDE will be hosted in Twin Falls, Idaho on April 16-17, 2010. The University of Idaho, the Idaho Rangeland Resources Commission, and FFA have developed a contest for students from Idaho, Nevada and Utah. Dr. Arthur Hart created a book called Idaho's Rangelands: A History that is for sale on the Rangeland Commission's website.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 3).

Mr. Butler introduced Dr. Karen Launchbaugh, Program Director of Rangeland Ecology and Management at the University of Idaho. **Dr. Launchbaugh** said rangeland management started in the United States and the Society for Range Management was founded in Boise 56 years ago. **Dr. Launchbaugh** said targeted grazing is the application of a specific kind of livestock at a determined season, duration, and intensity to accomplish defined vegetation or landscape goals. The timing of the targeted grazing matters, what animals are used is based on the type of vegetation that needs to be controlled. Sheep have been used to keep the shrubs under orchard trees from growing and damaging the trees. Once animals are introduced in an ecosystem, they have to be part of the long-range plan. When you take them out, the plants being controlled will come back. Grazing affects the perimeter of fire, intensity or patchiness, but will not stop fires. **Senator Schroeder** asked if the seeds are destroyed when the animals eat the plants? **Dr. Launchbaugh** said the seeds are destroyed in the animal's digestive tract.

Vice Chairman Winder asked if this information can be used to give conservation groups alternatives to nongrazing use? **Dr. Launchbaugh** said people in the grazing industry realize that grazing is good, but have not spent a lot of time making sure the public understands the benefits. There are effects of not grazing; increases in weeds and fire risk are two of the negative ones. There are costs to using targeted grazing, there are many contract grazers who move animals from area to area. However, they need to be able to have places for the animals to go continuously. There is a website where more information on targeted grazing can be found: <http://www.cnr.uidaho.edu/rx-grazing>. The University of Idaho was one of the first two universities to offer a rangeland degree. The first degrees at the U of I were offered in 1919.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 4).

Relating to the Murphy Complex Fire. **Mr. Butler** said there was a day-long seminar last year with growers talking about targeted grazing and how it can help with landscape management. The photographs taken two years after the Murphy Fire show that the areas that were grazed had less fire damage because the fire did not burn as hot. There is a lot of soil

erosion after a fire because there are no plants to keep it in place.

Chairman Corder had to leave the meeting, so he turned the gavel over to Vice Chairman Winder. About 95% of the 600,000 acres that burned have been reopened to grazing. In the past there has been a two-year rest period for the land, but now they are using a two growing season rest period. **Vice Chairman Winder** asked Mr. Butler to discuss the Governor's trail-riding groups at Three Creek. **Mr. Butler** said each year there is a ride with the Governor to discuss range issues. Last year the ride was on the Murphy Complex Fire area. The BLM monitoring program was discussed. There was \$11 million of rehabilitation work done after the Murphy Fire and that investment could be lost very easily if this area is not managed properly.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 5).

Vice Chairman Winder adjourned the meeting at 9:40 a.m.

Senator Tim Corder
Chairman

Jo Ann Bujarski
Secretary

Attachment #1	Idaho Wheat Commission Presentation
Attachment #2	Idaho Wheat Commission Annual Report
Attachment #3	Idaho Rangeland Resource Commission Annual Report
Attachment #4	Targeted Grazing-Presentation by Dr. Karen Launchbaugh, Program Director of Rangeland Ecology and Management, University of Idaho
Attachment #5	After the Fire presentation by Wally Butler, Idaho Farm Bureau Federation
Attachment #6	Western Legacy Alliance Brochure

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, March 2, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS ABSENT/ EXCUSED:

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.

The meeting was called to order at 8:00 a.m.

H 464 Relating to Veterinarians; Amending Section 54-2107 Idaho Code to Remove Reference to an Unlimited Time Limit in Which Certain Examinations May be Taken. **Chairman Corder** introduced Karen Ewing, Executive Director, Board of Veterinary Medicine. **Ms. Ewing** stated **H 464** is to limit the number of times a candidate can take the North American Veterinary Licensing Examination (NAVLE) to five times. In the 2008-2009 testing window, 93% of the candidates passed the test the first time they took it. The National Board of Veterinary Medical Examiners (NBVME) recommends that states limit the number of times a NAVLE can be retaken to insure the integrity of the examination. As of September 1, 2009, thirty-one states and all Canadian provinces have changed their statutes and rules to conform to the NBVME recommendations.

Senator Hill asked what is a passing grade for the test? Is it 90%? **Ms. Ewing** stated the maximum possible score is 800 and 425 is a passing score. The 90% for passing is referring to the test on Idaho Jurisprudence that is an open book test on Idaho laws and rules. **Senator Hill** asked what is the fate of people who fail? **Ms. Ewing** said there are states that do not have restrictions on the number of times the test can be taken and the failing candidate can move there and try to take the test again. The most time a candidate in Idaho has taken the test is three times in six years. **Senator Bock** asked where the statute cross reference the rule since the five times limit is not in the statute? **Ms. Ewing** responded the statute is giving the board authority to limit the amount of times the test can be taken. **Senator Smyser** asked Ms. Ewing if anyone is opposed to these changes? **Ms. Ewing** replied they haven't heard of anyone opposing the changes.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 1).

MOTION: **Senator Smyser** made a motion to send **H 464** to the floor with a do pass recommendation. **Senator Hill** seconded the motion. The motion carried by **voice vote**. **Senator Smyser** will carry the bill on the floor.

H 465 Relating to Veterinarians: Amending Section 54-2118, Idaho Code, to revise provisions relating to remedies and penalties for violation of the Idaho Veterinary Practice Act. **Ms. Ewing** said the main purpose of the legislation is to grant the Board of Veterinary Medicine authority to allow a licensee a one-time opportunity, in an appropriate case, to avoid the stigma and consequences of a formal disciplinary action by simply paying a monetary civil penalty. This option will only be available to a licensee who has committed either a record keeping or continuing education violation, has not been disciplined by the Board within the past five years, is not currently on probation or being investigated by the Board for another violation and complies fully with Board requirements regarding remedying the continuing education or record keeping violation. There is a fine of \$500-\$1000 attached to this civil penalty. When there are complaints against a veterinarian, they usually find the treatment was appropriate, but the record keeping is poor.

Senator Schroeder asked if there are different degrees of omissions in record keeping? **Ms. Ewing** replied this opportunity would only apply for minor violations. Whenever a veterinarian is audited, there is a closing letter that outlines any issues that may be found. This letter outlines exactly what needs to be done. **Senator Schroeder** asked if these infractions are all administered from the Board of Veterinary Medicine? **Ms. Ewing** replied the administration is through the Board office. There is a member of the Board who is a senior veterinary member who does the audits each year. This position rotates each year. There is also a contract veterinarian investigator who assists when a full investigation is done. **Senator Schroeder** asked if the enforcement throughout the state is uniform and impartial? **Ms. Ewing** replied that she provides that consistency. There is a list of the different violations and fines attached to each one.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 2).

MOTION: **Senator Bock** made a motion to send **H 465** to the floor with a do pass recommendation. **Senator Malepeai** seconded the motion. The motion carried by **voice vote**. **Senator Bock** will sponsor the bill on the floor.

S 1344 Relating to Invasive Species. **Chairman Corder** introduced Lloyd Knight, Administrator of the Plant Industries Division, Idaho State Department of Agriculture. **Mr. Knight** said this legislation is to clarify the authority of law enforcement agencies to assist in the enforcement of the Idaho Invasive Species Act. The legislation includes a definition for the term conveyance.

Second, the legislation provides for a new section related to Prohibited Actions, which clarifies the requirement for vehicles and conveyances to present themselves for inspections they travel by open inspection stations. Third, the legislation clarifies the use of Hold Orders by the director in implementing this title. Fourth, the legislation provides a new section related to peace officers in the state of Idaho and responsibilities related to the enforcement of this act. Peace officers shall have the duty to enforce the provisions of the act, may require an inspection, and may issue hold orders and require decontamination of conveyance. There were over 18,000 inspections last year and only three water craft needed to be decontaminated for invasive species. The inspection authority is broad as far as what can be inspected, however, the inspections are only allowed related to EDRR listed invasive species.

Senator Bock stated the bill states that vehicles must stop when the stations are open, what happens during the hours they are closed? **Mr. Knight** replied the stations are open twelve hours a day, seven days a week. There are two stations in parks and they are open during the park hours. Each inspection station costs about \$50,000 a season to operate. **Senator Bock** asked if there has been any consideration to charge a fee to recoup for inspection stations being open twenty-four hours a day. **Mr. Knight** replied that last year the boat stickers' price was increased and those were dedicated funds for this program. At this time, there can be no additional fees, possibly in the future. **Senator Schroeder** asked if there was a charge when a boat needed to be decontaminated? **Mr. Knight** said there have been only three boats that have needed decontamination, and there is no additional charge for that. **Senator Schroeder** asked if the officers at the stations could arrest people for other things, will there be drug dogs at the stations? **Mr. Knight** replied this department is not in the law enforcement business. All they can do is issue hold orders. **Senator Schroeder** said he has heard the stickers won't stick to the rubber rafts. **Mr. Knight** said the Department of Parks and Recreation is working with the people who use rafts to address this issue.

Chairman Corder introduced Mike Kane, of the Idaho Sheriff's Association who spoke in **support** of the bill. **Mr. Kane** said law enforcement's responsibilities in this case are to stop someone who refuses to stop at a station, or if someone refuses to cooperate.

Chairman Corder introduced Kate Wilson, of the Pend Oreille Basin Commission who spoke in **support** of the bill.

Chairman Corder introduced Doug Man, of the Southern Idaho Conservation District who spoke in **support** of the bill.

Chairman Corder introduced Neil Colwell, representing the Avista Corporation who spoke in **support** of the bill.

Chairman Corder introduced Representative Eric Anderson, who spoke in **support** of the bill. **Representative Anderson** said rafters can attach their stickers to the rope which is part of the raft using a zip tie. Idaho is

implementing this bill with one full-time equivalent employee and Utah has implemented theirs with 54 full-time equivalent employees, so Idaho is being very frugal in their implementation. **Chairman Corder** thanked Representative Anderson for all of his hard work on this issue. **Senator Schroeder** asked why rafters can't use paper licenses they keep in their wallets? **Representative Anderson** said that would be a nightmare for law enforcement and the rafter. If the sticker is put on the raft's rope, law enforcement would not have to stop the rafter to check if they have a sticker. Many rafters don't carry their wallets and there would be times when they would forget to bring the license. **Mr. Knight** said the Food Producers and Water Users both support this bill.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 3).

MOTION:

Senator Schroeder made a motion to send **S 1344** to the floor with a do pass recommendation and **Chairman Corder** to sponsor the bill. **Senator Malepeai** seconded the motion. The motion carried by **voice vote**.

Presentations relating to Idaho Trade Delegations. Chairman Corder introduced Laura Johnson, Section Manager of the Idaho State Department of Agriculture. **Ms. Johnson** introduced Eddie Yen, Idaho-Asia Trade Office Manager. **Mr. Yen** said Taiwan's trade with the U.S. was down 20% in 2009; however, Idaho exports were up 88% more than in 2008. Taiwan is the 6th largest market for US agriculture products and the 9th largest market for non-agricultural products. There is no anti-American sentiment in Taiwan at all. There is a caviar company in Idaho that moved from San Francisco that could have a big opportunity for exporting in the future. **Senator Schroeder** asked if Taiwan has mink manufacturing ranches? **Mr. Yen** said no, but there are cattle and pig hide manufacturing facilities.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 4).

Ms. Johnson introduced Dr. Guoi Cao, Idaho-China Trade Office Manager in Shanghai. **Dr. Cao** said in 2009 China's exports dropped by 14%, but the imports dropped by only 11.2%. China is Idaho's 3rd largest export destination with a value of \$571,946,473 in 2009. The Crookham Company and The Simplot Company both sell to China. The Agriculture exports to China have grown approximately 15% in the last year.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 5).

Ms. Johnson introduced Armando Orellana, Idaho-Mexico Trade Officer Manager. **Mr. Orellana** said in 2009 Mexico had one of the economies most affected by the world's recession. The growth for 2010 is expected

to be 3.9%. More than 1000 of Mexico's import tariffs have been decreased which will allow more imports from Idaho. In 2009 Mexico became Idaho's #1 export market. There are six new yellow-bean varieties being developed for Mexico. These beans have a high profit margin. There are strengthening agreements between BSU and the U of I with their counterparts in Mexico. The Idaho trade office in Mexico currently has one intern, a student from BYU-Idaho. **Senator Schroeder** said since there are many farm workers in Idaho from Mexico, what can the government do to ease tensions? **Mr. Orellana** replied that question is hard to answer, but the Mexican government is not encouraging people to go to the U.S. at this time.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 6).

MOTION: **Senator Smyser** made a motion to approve the minutes of February 18. **Senator Malepeai** seconded the motion. The motion carried by **voice vote**.

MOTION: **Senator Heinrich** made a motion to approve the minutes of February 16. **Senator Malepeai** seconded the motion. The motion carried by **voice vote**.

The meeting was adjourned at 9:45 a.m.

Senator Tim Corder
Chairman

Jo Ann Bujarski
Secretary

Attachment #1	Karen Ewing, Executive Director of Idaho Board of Veterinary Medicine, summary for H 464
Attachment #2	Karen Ewing, Executive Director of Idaho Board of Veterinary Medicine, summary for H 465
Attachment #3	Written Testimony from Food Producers of Idaho in support of S 1344
Attachment #4	Presentation from Eddie Yen, Idaho-Asia Trade Office Manager-Taiwan
Attachment #5	Presentation from Dr. Guoi Cao, Idaho-Asia Trade Office Manager-Shanghai
Attachment #6	Presentation from Armando Orellana, Idaho-Mexico Trade Office Manager.

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, March 4, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS ABSENT/ EXCUSED:

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.

MINUTES: **Chairman Corder** called the meeting to order at 8:00 a.m.

MOTION: **Vice Chairman Winder** made a motion to approve the minutes of February 23, 2010. **Senator Bock** seconded the motion. The motion carried by **voice vote**.

MOTION: **Senator Hill** made a motion to approve the minutes of January 26, 2010. **Senator McGee** seconded the motion. The motion carried by **voice vote**.

S 1345 Relating to Livestock. **Chairman Corder** introduced Senator Brackett of District 23. **Senator Brackett** said this legislation adds a new Chapter 28, Title 6, Idaho Code, relating to livestock to define terms to provide for a limitation of liability for certain livestock activities, to provide for application and to provide exceptions. There are groups who would like the word "alpaca" added to the list of animals under the definition section. **Senator Brackett** said there is no issue with including the word alpaca into the bill. Livestock activity means fairs, parades, competition, performances or races.

Chairman Corder introduced Judith Heidel, Alpaca Farmer of Magic Valley Alpacas, who spoke in **support** of the bill. **Ms. Heidel** also mentioned the word alpaca needs to be added to the legislation. They are gentle animals, well suited to 4-H activities. **Chairman Corder** asked if there are other species in the family Camelids that should be added to this category? **Ms. Heidel** replied llamas are already included and the other animals of the family such as camels and vicuna are not appropriate for these activities.

Chairman Corder introduced Shawn Dygert, Agriculture teacher at Kuna High School, Superintendent of the Dairy Show and Legislative Liaison for IVATA, who spoke in **support** of the bill. **Senator Heinrich** asked in your

opinion, does this legislation cover all the issues it needs to cover? **Mr. Dygert** replied it covers all normal and regular agricultural activities.

Chairman Corder introduced Russ Johnson representing the Idaho Trial Lawyers Association, who spoke in **support** of the bill.

Chairman Corder introduced Wally Butler, Range and Livestock Specialist of the Idaho Farm Bureau, who spoke in **support** of the bill with the addition of the word alpaca.

Senator Brackett said the additional testimony was helpful. There is a need to include alpacas, but not the whole family of species. **Senator Hill** asked if this bill protects from negligence or gross negligence? **Senator Brackett** replied it does not. **Senator Hill** asked Mr. Johnson if the bill covered negligence? **Mr. Johnson** said the bill does not use the word negligence, the bill doesn't protect activity that is unreasonable. **Senator Bock** said negligence is the failure to use reasonable care. **Vice Chairman Winder** asked if the alpaca amendment should be added this year or next? **Chairman Corder** replied he would work to make sure there is no problem with adding the amendment this year.

MOTION: **Vice Chairman Winder** made a motion to send **S 1345** to the 14th Order for Amendment. **Senator Bock** seconded the motion. The motion carried by **voice vote**. **Senator Bock** will write the amendment to add the word "alpaca" to the bill.

H 456 Relating to the Seed Indemnity Fund. **Chairman Corder** introduced Dave Ogden of the Department of Agriculture. **Mr. Ogden** said the purpose of this bill is to reduce paperwork and standardize requirements for industry by defining Deposit for Service, distinguishing it from Stored for Withdrawal, and exempting transaction from Seed Indemnity Fund Assessment. The bill adds the term Variety as an option to Kind of seed crop to be included on scale weight tickets. The bill defines the term Uninsurable Peril. The bill reduces financial risk to the Seed Indemnity Fund by requiring first time license applicants to submit audited or reviewed financial statements meeting certain criteria, and exempting the Fund from liability for uninsurable perils.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 1)

MOTION: **Senator Smyser** made a motion to send **H 456** to the floor with a do pass recommendation. **Senator Hill** seconded the motion. **Senator Bock** stated that this bill looks familiar. **Mr. Ogden** replied the other bill is the commodity indemnity fund and this one is the seed indemnity fund; they are very similar, but there are a few differences between the two funds. **Senator Bock** asked how the changes are working in the other bill? **Mr. Ogden** said the changes are working fine with the commodity indemnity fund bill. There was industry support for the legislation. The motion carried by **voice vote**. **Senator Smyser** will sponsor the bill.

PRESENTATION Idaho Sheep Commission. **Chairman Corder** introduced Stanley Boyd,

Executive Secretary of the Idaho Sheep Commission. **Mr. Boyd** said the Sheep Commission was created about 1819. All of the fees are collected on the wool, not on the animal. The current assessment on wool is eight cents per pound and is collected at the time of the sale by the wool buyer and is remitted to the ISC office on a quarterly basis. The average amount of wool from a sheep is 10 pounds. The sheep, lamb and wool research and education fund gets two cents out of each eight cents of the assessment. The amount of sheep in Idaho currently is less than 10% of the amount when the sheep population was the highest. In 1937 there were 2.7 million head of breeding stock. Idaho Code allows the Idaho Sheep Commission to contract with the Idaho Wool Growers Association for conducting the Research, Education and Promotion program. There is no H2A program for sheep ranchers because they need employees year round. As society becomes two generations removed from the land, it becomes very hard for people to understand the concept of what it takes to provide food and fiber. **Chairman Corder** commented that all of the agriculture and animal industries work very hard to do what is right.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 2)

Annual Report, USDA. **Chairman Corder** introduced Dick Rush, State Executive Director, Idaho Farm Service Agency. **Mr. Rush** said that farm net income is down 47% over 2008.

Senator Smyser welcomed Ron Abbott, Farm Programs Chief of the USDA Farm Services Agency.

Mr. Rush said 70% of the USDA's budget is for food and nutrition programs. The Conservation Reserve Enhancement Program (CREP) is a partnership between USDA/FSA and the State of Idaho. The program was created to take land out of production in order to save water. Idaho is allowed to have 100,000 acres in the program, but there are only 18,000 acres enrolled. There is an Emergency Conservation Program which provides emergency funding for farmers and ranchers to rehabilitate farmland damaged by natural disasters. The Livestock Indemnity Program is new and is available to eligible producers on farms that have incurred livestock death losses in excess of normal mortality rates during the calendar year due to a disaster. The indemnity payments may not exceed 75% of the fair market value for the species of the animal. The Biomass Crop Assistance Program is one of the new programs. If material such as wood chips in sawmills can be used to produce electricity, this program will assist in paying for that material. **Chairman Corder** asked if that program will have a cap on it? **Mr. Rush** replied the direct payment program is in a federal corporation called Commodity Credit Corporation. The money is borrowed to make the payments and the next year Congress is asked for the money for reimbursement. At this time, there is no cap, it is an entitlement. **Mr. Rush** believes there will be a cap on this program in the future. The farm loan program is \$75 million a year and the USDA is a major lender to beginning farmers and ranchers which account for about one-half of the loans made through this program. **Senator**

Schroeder commented that Clearwater Paper is a separate corporation from Potlatch Corporation. The Potlatch Corporation has its Idaho headquarters in Moscow and the people in Moscow are extremely pleased with Potlatch Corporation's contributions to the state of Idaho.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 3)

Relating to the Food Producers of Idaho Award Criteria. **Chairman Corder** introduced Rick Waitley, Executive Producer of the Idaho Food Producers. **Mr. Waitley** said Food Producers of Idaho was formed in the mid-1960's at the recommendation of Phil Batt. The agriculture lobbying group has met together for about 32 years since Senator Larry Craig was the Chairman of the Senate Agricultural Affairs Committee. A few years ago ANRIPAC (Agriculture Natural Resource Industry Political Action Committee) was formed. Since this was a political action committee, a scorecard needed to be kept on the legislators to determine who is a friend of agriculture. **Mr. Waitley** outlined the process for the Ag All Star Award. The Food Producers track current legislation and let the legislators know whether or not they support a bill. Some legislation is tracked for the Food Producers Scorecard, which means they keep track of each Legislator's voting record for determination of the Ag All Star Award. Some other criteria for the award is accessibility both in and out of the session and attitudes about agriculture both in and out of the session. In 2009, 32 of 35 Senators were considered Ag All Stars and 55 out of 70 Representatives were also All Stars.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 4)

Chairman Corder adjourned the meeting at 9:45 a.m.

Senator Tim Corder
Chairman

Jo Ann Bujarski
Secretary

Attachment #1	Written Testimony by Dave Ogden, H 456
Attachment #2	Sheep Commission Presentation by Stanley Boyd
Attachment #3	Idaho Farm Service Agency presentation by Dick Rush
Attachment #4	Food Producers of Idaho Ag All Star Award Presentation by Rick Waitley

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, March 9, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS ABSENT/ EXCUSED:

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.

MINUTES: **Chairman Corder** called the meeting to order at 8:00 a.m.

HCR 41 **Chairman Corder** introduced Representative Tom Trail and Representative Stephen Hartgen. **Representative Trail** said this legislation recognizes and encourages the work of grassroots organizations such as historical preservation commissions and historical societies, as well as the work of the State Historical Society and the Idaho Heritage Trust, to preserve Idaho's agricultural history; appreciating the efforts and investment in historic preservation at the local level as vital to Idaho's statewide preservation effort; and stating there is no financial commitment to achieving the resolution's goal. **Representative Hartgen** said this bill has no fiscal impact; it requires nothing, it encourages groups to continue restoring agricultural buildings.

Chairman Corder introduced Janet Gallimore, Executive Director of the Idaho State Historical Society, who spoke in **support** of the resolution.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 1).

MOTION: **Senator Schroeder** made a motion to send HCR 41 to the floor with a do pass recommendation. **Vice Chairman Winder** seconded the motion. The motion carried by **voice vote**. **Senator Schroeder** will carry the resolution.

MOTION: **Senator Schroeder** made a motion to approve the minutes of February 11, 2010. **Senator McGee** seconded the motion. The motion carried by **voice vote**.

MOTION: **Senator Smyser** made a motion to approve the minutes of February 25,

2010. **Senator Malepeai** seconded the motion. The motion carried by **voice vote**.

H 466

Relating to Veterinarians, to Revise Definitions. **Chairman Corder** introduced Karen Ewing, Executive Director of the Idaho Board of Veterinary Medicine. **Ms. Ewing** said that current statutes do not allow for Certified Veterinary Technicians (CVTs) or veterinary assistants to work at a volunteer event unless their employing veterinarian also volunteers to supervise at the same event. This prevents CVTs and assistants from volunteering to assist at high volume/low cost spay and neuter events. There were thirty-nine other state veterinary boards queried and only one required an employer/employee relationship for supervision. Most other states's rules state that for supervision purposes, the person being supervised is "working under the direction and control of the veterinarian."

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 2)

Senator Hill asked if these changes would change the work relationship in that CVTs could go out on their own and practice veterinary medicine? **Ms. Ewing** said absolutely not, currently the CVTs have no authority to work on their own.

MOTION:

Senator Smyser made a motion to send H 466 to the floor with a do pass recommendation. **Vice Chairman Winder** seconded the motion. The motion carried by **voice vote**. **Senator Smyser** will carry the bill.

H 467

Relating to Veterinarians, Emergency Proceedings for License Revocation. **Ms. Ewing** said this change is needed in the event a licensee is impaired by alcohol or drugs, cannot practice safely due to illness, or mental or physical disability. There was a case in Washington regarding an emergency suspension of a veterinarian over drug abuse and drug diversion which caused the Idaho Board to review its own statutes.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 3).

MOTION:

Senator Heinrich made a motion to send H 467 to the floor with a do pass recommendation. **Senator Bock** seconded the motion. The motion carried by **voice vote**. **Senator Heinrich** will carry the bill.

S 1346

Relating to Beef Cattle Feeding Operations. **Chairman Corder** introduced Rick Stott, Executive Vice President of Agri-Beef Company. **Mr. Stott** said the purpose of this proposed legislation is to amend current law stating that the Idaho Department of Agriculture shall have authority to administer a beef cattle feeding operation (CAFO) that is not under permit issued by the federal environmental protection agency. In addition, the nutrient management plan, and all information generated as a result of such plan, shall be kept confidential and shall be exempt from disclosure pursuant to section 9-340D, Idaho Code. There does not need to be multiple agencies

to regulate the feedlots in the State. The U.S. Supreme Court said that since feedlots, as a whole, do not discharge water into the waters of the U.S., they are not required to have an EPA NPDES permit. Idaho is not a delegate state, which means the State does not have primacy over water regulations for the EPA. Producers in Idaho have an option to file for an EPA permit. On page 2, paragraph 1 in the letter from the Attorney General's office, it states that Senate Bill 1346 would simply extend the exemption to all nutrient management plans (NMP) because nutrient management plans are already exempt from public disclosure if they were created under the "OnePlan" system. The Idaho OnePlan is a computer-generated system where the producers enter the number of animals, how much manure, type of land, how big the feedlot footprint is and other information specific to their business. When they have completed the system, the result is a permit application. The vast majority of feedlots use the OnePlan system to create their NMP.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 4).

Senator Hill asked what items are in the OnePlan system that businesses do not want their neighbors to know? **Mr. Stott** said if you want to offend a rancher, ask how many cows he has. Some information would be what relationships they may have with manure management systems. They contract with people to compost and sell it to other companies. The NMP tells how many tons of manure are sold and the application rates on the land.

Senator Bock said that in the confidentiality provisions, there is a reference to all information generated as a result of such plan shall be deemed to be trade secrets. What is included in a NMP that would constitute a trade secret? **Mr. Stott** replied that most NMPs are 150 pages long. They cover crops, number of cattle, seasonality of the cattle, when they arrive, size of the pens, how pen conditions are managed throughout the winter versus the summer, water management, integration to fields, footprint of the feedlot, feed production systems, capacity of retention ponds, water testing, potential saturation of soil, if the retention ponds are clay lined. Manure is packed in feedlots and it creates a lining that is virtually impenetrable. **Senator Bock** said a trade secret is something that provides the producer with a competitive advantage. What items on this list change the marketplace? **Mr. Stott** said an example would be the composting. The process is unique in the amount of heat, number of times between turns and that creates a unique product that Zamzow's purchases.

Senator Malepeai said that local governance, specifically counties, are responsible for regulating the quality of life. How would this bill impact the counties decision-making ability with respect to confidentiality? **Mr. Stott** replied there are extensive resources required to understand the NMPs and the counties do not have the resources to manage NMPs. The counties have the authority to zone as they see appropriate and to be able to understand the risk profiles of the operations. The counties can

use the State's resources to determine if producers are complying with their permits. Once a feedlot is under a compliance order the information becomes public knowledge. The counties would be aware of the operations that are not good stewards of the environment.

Chairman Corder said Jim Werntz, of the EPA is present if there are questions that should be answered by him.

Senator Schroeder asked if County commissioners have access to the NMPs? **Mr. Stott** responded that he does not know for sure. His understanding is that the Commissioners do have access to the NMPS. **Senator Schroeder** asked if DEQ and the Department of Agriculture have access also? **Mr. Stott** said yes. **Senator Schroeder** said a few years ago he visited Whitesides Dairy and they convert manure to energy. Would that process be part of the nutrient management plan? **Mr. Stott** replied that would be part of the plan. **Senator Schroeder** commented that if a company spent a lot of money to develop the operation, they would not want to make that information public for their competition.

Chairman Corder introduced John Monks, a hydrologist who spoke in **opposition** of the bill. There are three reasons for the opposition: NMP and water quality are closely related; rules for water quality and management should be the same for everyone; there is a big difference between how the DEQ responds to issues and how ISDA does. ISDA does not have the staff or expertise in water quality management to deal with water quality issues.

Senator Schroeder asked how DEQ and ISDA deal differently with an identical situation? **Mr. Monks** said there was a wastewater release in the city of Hayden and there were 50,000 gallons of wastewater on the ground. 50,000 gallons of wastewater on the ground is a daily occurrence for feedlots and there are no environmental impacts necessary. **Senator Schroeder** asked if Mr. Monks is saying ISDA is not doing due diligence under the law? **Mr. Monks** said he is not an attorney, but through the course of groundwater monitoring, he has submitted reports on an annual basis to ISDA and the groundwater has deteriorated to the point where there are 17x the amount of nitrates allowed. **Senator Schroeder** asked for documented information the committee members could look at. **Mr. Monks** said manure is not impermeable, it reduces permeability.

Chairman Corder introduced Courtney Washburn, representing the Idaho Conservation League who spoke in **opposition** of lines 16-19 of the bill. NMPs are currently exempt if they are created through the Idaho OnePlan. **Ms. Washburn** referenced the Attorney General's letter on page 2, paragraph 2 which states "will likely pose some difficulties in implementation and interpretation...It is unclear whether inspection reports would be exempt from disclosure since the information therein is arguably generated as a result of the NMP." **Ms. Washburn** referenced the Livestock Facility Waste Inspection Report. The report states violations and what is being done to correct them, not the contents of the NMPs or other trade-related information. This new level of confidentiality would harm the Department of Agriculture because they would not be able to

release information regarding their activities.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 5)

Vice Chairman Winder asked if the inspection reports were not confidential, would Ms. Washburn be more willing to accept the NMP being confidential? **Ms. Washburn** said the NMPs are already exempt because of the use of the Idaho OnePlan. **Senator Schroeder** asked if a producer has spent a lot of money to deal with waste effectively, why should they be forced to make this technology available to those who have not spent any money on the issue? **Ms. Washburn** responded there is legitimate trade information regarding CAFOs that should be kept confidential, but this confidentiality will not allow us to find out where the pollutants may be coming from. **Senator Schroeder** asked if there was a list of items that might be suitable for non-disclosure? **Ms. Washburn** replied they would love to create a list, but are unable to attain an NMP because of their confidentiality. **Vice Chairman Winder** said the plans are available through the EPA for sites with permits. Could that information be used to come up with a solution for both sides? **Ms. Washburn** said that information could be used and referenced the letter from the EPA.

Chairman Corder introduced Jim Little, a third-generation rancher, who spoke in **support** of the bill. **Senator Schroeder** asked why certain regulations would impair your company's ability to function? **Mr. Little** responded under the proposed federal permit, there are so many regulatory requirements that it is very difficult to operate a business. **Senator Schroeder** asked how much time is needed to develop a NMP? **Mr. Little** replied the plan is very comprehensive and the EPA's proposal is a lot more involved. All records must be open to public hearings and any minor operational changes cause the entire plan to be reopened to public scrutiny.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 6)

Chairman Corder introduced Cevin Jones of the Idaho Cattle Association, who spoke in **support** of the bill. **Mr. Jones** stated he has a farming operation in addition to a CAFO. All of the crop land has to be shown in the NMP and how that land is being utilized. If crops were purchased from a third party, they would not need a NMP for their farm. **Vice Chairman Winder** said the inspection form does not appear to release trade secrets, would there be a problem with the inspections being open to the public? **Mr. Jones** said there is openness with the inspector and there may be comments on the inspection reports that are not issues, but recommendations. Issues of noncompliance should be made public.

Chairman Corder introduced Jeremy Pisca, representing the Idaho Allied Dailies. **Mr. Pisca** said the only issue with the bill is the expansion of

confidentiality to items other than the management plan.

Chairman Corder introduced Wally Butler, of the Idaho Farm Bureau who spoke in **support** of the bill.

Chairman Corder introduced Shavon Hasse of ICARE (Idaho Concerned Area Residents for the Environment) who spoke in **opposition** of the bill. **Ms. Hasse** said the bill has broad, nonspecific language related to water protection. The exclusion of all information generated by the OnePlan could include studies that are completed by a third party. The ISDA has proven to be either unwilling or unable to enforce laws governing CAFOs. The DEQ is statutorily required to administer water quality laws in the State. The real job of ISDA is to promote agriculture in the State. **Senator Schroeder** asked for written documentation about the finger pointing between ISDA and DEQ and the situation where a neighbor's well has been contaminated.

Chairman Corder introduced Claudia Haynes, who spoke in **opposition** of the bill. **Ms. Haynes** said she lives between two beef CAFOs and asked DEQ to test the water. There are nitrate levels too high in a well near her and she has worked with ISDA for eight years and has not gotten any satisfaction.

Chairman Corder introduced Alma Hasse, Executive Director of ICARE who spoke in **opposition** to the bill. The NMP discusses application rates and how crop rotation is done, there is nothing that is a trade secret. The NMP needs to be made public in order to protect the rights of the adjacent properties. Sunnyside feedlot in Washington County was directly responsible for the contamination of twenty-two private, domestic wells not affiliated with that feedlot.

Mr. Stott said that ISDA has done a stellar job of enforcing the laws of the State and has been an example across the nation on how to work cooperatively with other organizations and citizens to be sure laws are complied with. Sunnyside is a perfect example of ISDA enforcing laws since they are no longer in business because they were not complying with their NPDES permit. When there are non-compliance issues, they are not confidential, they become public.

Chairman Corder said there is an amendment prepared if the Committee chooses to send the bill to the 14th Order.

MOTION:

Senator McGee made a motion to move S 1346 to the 14th Order for amendment. **Senator Heinrich** seconded the motion. **Senator McGee** said there has been a lot of excellent testimony and to send the bill to the 14th order means there has been a lot of thought involved. **Senator Hill** stated that he will support the motion, but reserves the right to vote against it on the floor after he does more investigation. The motion carried by **voice vote**. **Senators Bock** and **Malepeai** voted no.

Chairman Corder adjourned the meeting at 9:45 a.m.

Senator Tim Corder
Chairman

Jo Ann Bujarski
Secretary

Attachment #1	Janet Gallimore testimony in support of HCR 41
Attachment #2	Karen Ewing testimony on H 467
Attachment #3	Karen Ewing testimony on H 466
Attachment #4	Letter from Attorney General's Office re: S 1346
Attachment #5	Livestock Facility Waste Inspection Report
Attachment #6	Written testimony from Jim Little in support of S 1346
Attachment #7	Letter from EPA related to S 1346

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, March 11, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS ABSENT/ EXCUSED:

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.

MINUTES: **Chairman Corder** called the meeting to order at 8:00 a.m.

Chairman Corder introduced Roger Batt of the Idaho Mint Growers Association who introduced the Idaho-Eastern Oregon Seed Association Executive Board consisting of: John Ihli of Nunhems USA, Tim Primus of Syngenta Seeds; Doug Gross of Homedale Dairyland Seed Company; Paul Kaserman of Del Monte Seed Operations; Lorell Skogsberg, of Seminis Vegetable Seeds; and Steve Bateman, of Simplot Jacklin Seed.

RS 19804 Relating to Moving Swine and Poultry from the DEQ to the Department of Agriculture. **Chairman Corder** turned the gavel over to Vice Chairman Winder. **Chairman Corder** said there would be one more amendment made if this bill is sent to print. Chapter 40 is related to poultry and Chapter 41 is related to Swine. Chapter 42 is related to extremely large operations.

CONSENT REQUEST: **Chairman Corder** asked for unanimous consent to send **RS 19804** to the Senate State Affairs Committee to print. **Consent** was given.

Presentations: Relating to Farm Credit Services. **Chairman Corder** introduced Blair Wilson of the Northwest Farm Credit Services. **Mr. Wilson** said Northwest Farm Credit Services is a farmer/rancher owned cooperative that has about \$8 billion in loans outstanding to approximately 20,000 farmers and ranchers in the Northwest. The largest commodity in the portfolio is dairy at 13% followed by timber and cattle & livestock with both at 10%. Over the past ten years, they have paid approximately \$232 million back to their customers. As of December 31, 2009, the credit quality was 92.5% acceptable down from 97.5% acceptable at December 31, 2008.

Chairman Corder asked what happens when a customer falls below the credit quality standards? **Mr. Wilson** replied there are different levels

credit classification and when the producers credit gets to the "questionable" level, credit services will work with the producer to identify problems. If the loan becomes substandard, there is a specialized group with expertise that will work with the customer to improve their loan.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 1).

Chairman Corder introduced Dawn Justice, of the Idaho Bankers Association who introduced the next three speakers, Kip Bryson, Vice President, US Bank in Boise; Randy Andrus, Vice President and Commercial Loan Officer of DL Evans Bank in Jerome and Chad Dance, Sr. Vice President and Manager for the Bank of Commerce in Idaho Falls.

Mr. Bryson spoke on the banking industry's relationship with the agriculture industry in the Treasure Valley. Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 2).

Chairman Corder asked what happens if the customer falls below an acceptable level for credit quality? **Mr. Bryson** said the borrower's liquidity is looked at, their ability to generate cash flow and to pay back the loan. If these factors are not acceptable, there is a special asset group that will work with the producers if at all possible.

Senator Schroeder asked when will the economy get better? **Mr. Bryson** said he didn't know, but some parts of the economy are starting to recover. Real estate will be the last part to recover.

Mr. Andrus spoke on the banking industry's relationship with the dairy industry in the Magic Valley. Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 3).

Senator Schroeder asked when the economy will recover? **Mr. Andrus** replied many people thought in December the economy was recovering, but it has dropped again. **Chairman Corder** asked what the current breakeven amount is? **Mr. Andrus** said breakeven is in the \$14-\$15/cwt range.

Mr. Dance spoke on the agricultural industry in and around Bonneville, Jefferson, Madison and Bingham County areas. The Bank of Commerce currently has 16% capital ratio. Generally, with commercial banks the industry standard is 10-12%. Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 4).

Relating to Idaho Mint Growers Association. **Chairman Corder** introduced Roger Batt, Administrator, Idaho Mint Commission. **Mr. Batt** said operating a mint distillery is very expensive. It takes about \$500,000 on the low end to build a mint still. **Senator Bock** asked what the

difference is between peppermint and spearmint? **Mr. Batt** replied they are separate species. In the 1790's the first cultivation of mint occurred in western Massachusetts. Production of mint takes place around the 42nd parallel which is due to climate because mint needs 60% moisture. There are ten states in the U.S. that produce spearmint and peppermint oils. Idaho is number three in peppermint production. Washington is number one, Oregon is number two. Idaho is number four in the production of spearmint. A mint still will burn 2,000 gallons of diesel a day, so when diesel was \$4 -\$5 a gallon, mint distilling was very expensive. Some growers have converted their distillers with a \$100,000 conversion kit to use vegetable oils and other used oils from restaurants. If peppermint is boiled down, you get menthol. Verticillium Wilt, which is a soil-borne fungus, is the number one killer in spearmint and peppermint. Native spearmint has a better resistance than any other mint. There is work being done on genetically-modified mint so it will be more resistant to disease. There are two organizations that represent Idaho's mint industry; the Idaho Mint Commission, which focuses more on research and the Idaho Mint Growers Association which deals with legislative issues, education and promotion of mint.

Senator Smyser stated that mint harvest time in Canyon County is one of the best times of the year because the air is so fragrant.

Chairman Corder asked Mr. Batt to thank his growers for the gifts to the Committee.

Senator Schroeder commented that there is a mint industry in Idaho and their sales are up 60% this year.

Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment 5).

Chairman Corder adjourned the meeting at 9:10 a.m.

Senator Tim Corder
Chairman

Jo Ann Bujarski
Secretary

Attachment #1	Presentation by Blair Wilson, Northwest Farm Credit Services
Attachment #2	Presentation by Kip Bryson, of Idaho Bankers Association
Attachment #3	Presentation by Randy Andrus of Idaho Bankers Association
Attachment #4	Presentation by Chad Dance of Idaho Bankers Association
Attachment #5	Presentation by Roger Batt of the Idaho Mint Growers Association

AG BANKERS COMMITTEE
IDAHO SENATE AG COMMITTEE COMMENTS
3/11/10

Good Morning Mr. Chairman and members of the Committee, I'm Chad Dance, Sr. Vice President and Manager for the Bank of Commerce in Idaho Falls. I appreciate the opportunity to speak to you today about the agricultural industry in and around the Bonneville, Jefferson, Madison and Bingham County areas, which as you know has some of the finest potato producing farms in the entire country. Other important commodities in this area are wheat, barley, (including malt barley) and alfalfa. Livestock also plays a major role.

Although our bank offers all kinds of loan products, my first love is Agricultural lending. Community banks are committed to Ag lending and are an important part of our Ag economy. As of 12/31/09, four Community Banks; The Bank of Commerce, The Bank of Idaho, D.L. Evans Bank, and Ireland Bank had agriculture loans totaling in excess of \$373,000,000. Regional and national banks such as Zion's, Key Bank, U. S. Bank and Wells Fargo also provide substantial support to our Ag economy.

I wanted to first cover information on the potato industry. As you have no doubt heard, there is an abundance of potatoes on the market. The *North American Potato Market News* December 16, 2009 issue, reported that "The 13 storage states held 264.5 million cwt of potatoes on December 1. That exceeds the year-earlier holdings by 20.8 million cwt, or 8.5%." The news letter further indicated that Idaho's production was up

13.5% from a year earlier and Washington's production was up 10.1% from the previous year. This news left little doubt that the inventories were greater than the usage requirements for the 2009-2010 marketing season.

By February 24, 2010 the returns to growers for Idaho Russet Burbank was \$2.85/cwt, down from \$7.45/cwt a year earlier. Idaho Russet Norkotah's were bringing \$2.43/cwt, down from \$7.75/cwt a year earlier. These numbers again are according to the *North American Potato Market News*. I have personally heard of growers receiving less than those numbers. Many factors enter into the prices such as quality, contracts for process grade, and storage conditions.

To put these prices in perspective, the United Potato Growers published a comparison of costs of production for Potatoes in Eastern Idaho with storage. Operating inputs cost were \$1,796.75/acre in 2009 and \$1,771.91/acre in 2008. Using the average yield per acre of 344 cwt the costs per cwt are \$5.21/cwt and \$5.14/cwt respectively. Additional ownership costs such as depreciation and interest on storage, farm equipment, irrigation equipment, land rent, overhead, and management fees equal another \$2.56/cwt. Some quick math will reveal that growers are losing in excess of \$1,600/per acre or \$4.92/cwt. MORE DETAIL IS AVAILABLE ON THE UNITED POTATO GROWERS OF IDAHO WEB SITE AT www.unitedpotato.com. SCROLL DOWN TO THE "SEARCH" GRAY BOX AND TYPE IN "COST OF PRODUCTION" THEN HIT ENTER. CLICK ON 2009 COST OF PRODUCTION, EAST IDAHO. These losses

mount up quickly and have an astounding effect on the economy. The numbers are real and have a real effect on the growers, their banks and the economy in general.

With Anheuser-Bush and Modelo plants in Idaho Falls, our area is a prime malt barley producing area. The *Idaho Barely Report* from the Idaho Barley Commission reported that Idaho malt barley production was down 3% in 2009. The world demand for beer has experienced a decline with the recession. Demand for beer grew at an average annual rate of 4.8% during 2003-2007. Analysts are now saying that 2009 growth was less than 1%. Idaho barley producers are being offered \$8.00 / cwt. for the 2010 crop vs. \$12.00 & up for 2008-2009.

The livestock industry has been a positive aspect of our Ag Economy this winter. Fat cattle prices are around \$90/cwt for live cattle compared to \$78-80/cwt a year ago. There is good demand for lighter cattle. 600-700 lb. steers are bringing \$1.00 – \$1.12 compared to .90 - \$1.00 a year ago. There is good optimism among livestock producers going into the spring of 2010.

Borrowers who are having difficulty paying their loans back create challenges for their lenders and certainly themselves. Each borrower's situation is treated on its own merits. Some have reserves they can tap into, some have equities in land and equipment so refinancing can be accomplished. We try to utilize FSA loan guarantee programs to the extent possible. I cannot speak for all lenders, but my experience has been that lenders try to work with borrowers in every possible way to keep their operations going.

The situation we are facing in the Agriculture economy this year will certainly be challenging. My experience with farmers and ranchers is that they are resilient and survivors. They do their best to pay their obligations and meet their responsibilities. Failures in farming and ranching have more to do with economics beyond the producers control rather than issues relating to their specific operations. My hope is that producers and lenders will be able to work together toward solutions that keep the producers on the farm.

Thank you again for this opportunity Mr. Chairman and I'd be happy to answer any questions.

Chad W. Dance

Sr. V.P./Manager

The Bank of Commerce

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Thank you Mr. Chairman and committee members and Good Morning, I'm Kip Bryson, Vice President with U.S. Bank here in Boise and I'm currently serving as the Chairman for the Idaho Bankers Association's Agricultural Bankers Committee. It's a pleasure to be here today. I have based my comments on a fairly broad perspective of the ag industry, but also focused on those crops most prevalent in the Treasure Valley area.

From a macro perspective, most banks in Idaho that provide services to agricultural enterprises witnessed a deterioration during 2009 that impacted their customers. Because of that, some enterprises are entering 2010 with less liquidity, lower projected operating margins, and more leverage. Projected prices for feed and forage crops, small seeds, and potatoes, will cause operators to carefully consider their crop rotation, and likely curtail expansion plans for the coming season.

In planning for 2010, banks will look closely at the current agricultural environment and try and assess the outcome of future events. They then try to determine where a client fits relative to their individual soundness. Cash flow and the ability to repay an obligation is the primary issue, and care must be taken not to leverage a borrower into a position that future cash flows cannot support.

Speaking specifically about western Idaho, sugar beets, processed and frozen potato products, small specialty seeds, and onions, were crops that provided the most favorable margin last year.

The issues facing row crop operators in 2010 are threefold; 1) input costs; specifically fuel, fertilizers, and chemicals, 2) crop prices, and 3) labor.

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While fuel costs are down from the highs of 2008, we did see upward creep in 2009, and expect the same this year. And even though fertilizer costs have fallen from 2008's all-time highs, the price erosion that occurred in 2009 in forage crops means the ability to make a positive margin with these crops is more challenging. There appears to be adequate supplies of fertilizer and chemical stocks, but the opportunity to capitalize somewhat on better prices for these inputs is tied to a producer's ability to purchase and handle bulk deliveries.

The previous over-supply of world sugar stocks dissipated during the past two seasons and Amalgamated Sugar capitalized on improved market demand to liquidate its carryover stocks. Members of the cooperative experienced nice margins, and prospects on the supply and demand side are bright for a similar performance this year.

Frozen potato products, primarily french fries, make up most of southwest Idaho's production. In 2009, contracts between growers and processors were raised to compensate for grower inputs that had escalated over several years. Growers that attained good yields and reached the quality incentives had a good year. Negotiations are currently under way between growers and processors to reach an agreement on a 2010 contract, and initial discussions indicate the base price in a new contract may not be as favorable as last year.

Many of the seed crops produced in southwest Idaho, sweet corn, beans and onion seed yielded good returns in 2009, but growers are reporting most seed companies are lowering contract prices going forward. Because most seed companies have an international presence, competition from other parts of the world is squeezing the local producer.

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As far as onions, 2009 was a good year, but as you may know, this is a crop with dramatic price swings which are subject to production and yield dynamics, and the market is fairly unpredictable on a year to year basis.

Labor costs have been an issue for several years, and there's nothing that points to a reversal of this trend. The ability to find good labor at a reasonable cost becomes more difficult each year. Of particular note is the challenge producer's face in finding a trained seasonal labor force. There is a need to find ways to improve programs, and the H2A visa is one of them that will allow workers to enter the country legally and provide labor services.

Relative to cow/calf operators, prices received at the ranch for beef started to drop in 2008, and showed little improvement until the latter part of 2009. Futures markets as well as other supply and export indicators are predicting positive changes in the beef industry, primarily because herd numbers on a national level have declined. A lack of demand resulting from the current economic situation and reduced exports created an over-supply that has taken the industry more than a year to work through, and may still be impacted by how much culling occurs in the dairy industry.

Beef cow culling continues to be light, and an expansion in the nations herd is not likely under current conditions. As such, by the latter half of 2010, most experts are predicting that both cow/calf and feedlot operators will experience better prices than a year ago.

Typically, recessionary times tend to be friendly to agriculture due to lower input costs, cheaper labor and a weakened dollar. During these times farming operations have had the opportunity to upgrade and expand through equipment and real estate purchases. However, the significant stress

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caused by the current economic environment doesn't appear to be following this historical trend and most producers have been prevented from expanding, or have chosen to forgo the opportunity because of risk, and lack of certainty.

In conclusion, there is no question that, overall; agriculture is experiencing shrinking price levels that will challenge the management skills of producers. But, Idaho's producers have always shown themselves to be resourceful and have proven over time to face adversity with energy and commitment. They have found ways to use new technologies to increase production, reduce expense, and remain profitable in the long-run.

But I'd like to share just one final thought. As a result of the current economic challenges, we may see a new playing field developing in agriculture and it's a concept producers should understand. Positive margin management, meaning profit management, in a business enterprise over a number of years can be the way to greater financial success. This concept can be applied to a farm budget.

The foundation of margin management avoids the risky business approach of price maximization at all costs. Rather, it requires growers to assess the cost of production for each crop, and their farming enterprise as a whole, and then determine what price structure allows for an "achievable" maximum profit margin, based on market conditions. In other words, as an example, the current price may allow you to make a reasonable profit, but instead of locking that in, you gamble that the price will go up. But history has shown time and again that this gamble can back-fire and the price may go down and you end up not even being able to meet your obligations. It's true that in the short-run, it's great to have gambled and won, but when you balance the wins with the losses over time, you can see it's often a flawed strategy.

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The strategy is also risky because in any one or two years when you gambled and lost, you sacrificed liquidity and because you were unable to meet your obligations, you increased your debt. It's kind of a rabbit and hare analogy – the steady hare will win in the long-run. Likewise steady profit management is more likely to result in greater financial success over time.

This concept requires a sound understanding of cost and price breakeven amounts. The key is to have a systematic process that capitalizes on positive margins over a period of years. Looking ahead, the cost of land, cash rents, technology, global economics and variable market factors will make margin management strategy even more important and will help producers weather the bad years.

In the past, relying on land appreciation was a reasonable strategy to cover your losses in a bad year - you could sell a piece of land and make a profit, but that is not the case now. No one knows if and when we will return the heady days of soaring real estate prices as a hedge against other downturns, so that strategy, as we have seen in the current market, is not always effective.

Mr. Chairman and Committee, that concludes my remarks and I'd like to again thank you for the opportunity. I'd be pleased to stand for questions.

Testimony: Senate Agricultural Committee
Randy Andrus, D.L. Evans Bank
Thursday, March 11, 2010

Good Morning, I'm Randy Andrus, Vice President & Commercial Loan Officer for D.L. Evans Bank in Jerome, and I'm pleased to be here Mr. Chairman to provide what I hope will be useful information, from a banker's perspective, on the dairy industry in the Magic Valley area.

2009 was a difficult and challenging year for both dairy producers and those who supply them credit. Low milk prices coupled with high feed costs were a double edged sword. Most dairies stockpile large supplies of hay and silage during the summer and fall to get them through to the next year.

In 2008 dairy quality hay was costing in excess of \$200-240/T. Normal costs are around \$120-150/T. Corn silage costs were \$45-50/T, but in normal years hover more around \$30-35/T. Producers were faced with trying to pay for this high priced feed throughout all of 2009.

The severe drop in milk prices really began in mid December 2008 when the barrel cheese price dropped from \$1.82 per pound to \$1.3550 and went as low as \$1.07 by January 9, 2009. Converting cheese price to milk price, it dropped from approximately \$16.12/cwt Dec. 12th to \$9.27/cwt on January 9th, a drop of \$6.85/cwt. This was the first time since 2003 that cheese was below the government support price of \$1.1014.

Milk prices remained fairly flat and averaged between \$10-11/cwt for the first seven months of 2009. Keep in mind breakeven price for most producers at the time was in the \$14-15 range and higher. From August through December we saw some improvement with prices for Class III milk averaging just under \$15 for December. The December block cheese price peaked at \$1.70 the week of December 11th, but dropped sharply the final two weeks to close the year at \$1.45. As of March 3, 2010 blocks were trading at \$1.32 with barrels at \$1.2825.

I give you these numbers to help demonstrate the severity of the difficult times the state's dairymen have been experiencing. I have heard from several dairymen that they were losing equity in their operations at a rate of \$100 or more per head per month during periods in 2009. On a 1,000 cow dairy that equates to \$1,200,000 per year.

Many of the dairymen in the state have been impacted not only on their ability to maintain a viable cash flow, but also on their capacity to borrow much needed capital. Many producers, and this is especially true for the larger dairies, borrow on revolving feed and livestock lines. The capacity to borrow is determined each month by the inventory values of feed and livestock. Banks must use current market values of the feed and livestock inventories to determine collateral position and low milk prices drive down livestock values. This means adjusting the values of the milk cows from what may have

been \$1,400 -1,600 per head down to \$1,100 -1,200 per head. It also may mean adjusting replacement heifer values down \$200-300 per head to reflect current market values. Hay and silage stockpiled in 2008 at extremely high costs was reduced by 40-50% in value. After revaluing collateral, some producers no longer had the necessary borrowing capacity and in some cases they were upside down. In other words they owed the bank more than the collateral was worth.

Some creditors allowed producers to pay interest only on their notes with the expectation of a turnaround which has yet to come. Some producers have operated on credit provided by suppliers, vendors and even farmers. Bankers are seeing unusually high accounts payable on some of our dairymen's financial statements. Some debt is being restructured using long term real estate loans and extended terms offered through the Farm Service Agency's guaranty program where possible. With the downturn in the dairy industry, the values of facilities and farm ground have declined limiting abilities to refinance. FSA has a limit of \$1,112,000 for their program which is often too small to be of much help to some operations.

The problems experienced by the dairy industry are having a direct impact on others. Main Street businesses are feeling the impact and suppliers, vendors, support and service related businesses are feeling the squeeze. Some of them have their own operating loans from banks and are finding it difficult to make their payments. Some farmers were asked to carry feed into spring when it was anticipated things would be better, now those same farmers need to repay their own operating lines and are dealing with carryovers and how they are going to get financed for 2010. Equipment and vehicles aren't being replaced. Employees and employee benefits are being reduced adding to the unemployment problem. I know I am painting a very grim picture, but these are the realities we are facing.

In 2009 we saw a few bankruptcies. We saw some dairymen leave the business through the CWT herd buyout program. Since the first of the year, I am aware of two dairy operations in which the owners simply gave up and walked away, leaving the business to the banks to continue the operations. The way things have started out, 2010 will most likely see more bankruptcies and foreclosures as producers exhaust their resources and use up their equities. On March 3, 2010 the barrel cheese price closed at \$1.2825 and blocks were at \$1.32 this equates to a milk price of \$11.37. The average price for the next twelve months Class III Futures is \$14.32.

Banks and other creditors have been very patient in working through this long depressed period and I commend the banks for their efforts. But I am afraid recovery is too far away for some producers and banks and other creditors will feel the effects in the months to come. Prices will improve eventually and times will be better. Even after we return to profitable times it will take years for some operations to recover and unfortunately some may not ever recover their losses.

I appreciate the opportunity to share this information with you, but I truly regret that the news is so discouraging. I'd be happy to stand for any questions.

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, March 16, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS ABSENT/ EXCUSED:

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.

MINUTES: **Chairman Corder** called the Committee to order at 8:00 a.m.

Chairman Corder introduced Candi Fitch to present on apples, cherries and onions. **Ms. Fitch** said the 2009-2010 Apple Commission Board members are: Mike Bankhead, Chairman; Dar Symms, Vice Chairman; Kelly Henggeler, Secretary/Treasurer; Harold Williams and Gary Garrett. Kelly Henggeler is past Chairman for the U.S. Apple Association and Dar Symms is serving his second term as President of the Northwest Horticultural Council. The Apple Commission has been working with the school districts to get more fresh, locally grown, fruits and vegetables into the school cafeterias. (See attachments 1 and 2).

Senator Smyser thanked Ms. Fitch for her leadership in organizing fifty different growers and allied companies to put together the Treasure Valley Agriculture Coalition.

Senator Heinrich asked why the value of Idaho onions per hundred weight were lower than the other states? **Ms. Fitch** said there are a few reasons: sweet onions are in the Washington and Georgia numbers and they are more expensive. Nevada has a very nice white onion that is more expensive than Idaho onions.

MOTION: **Vice Chairman Winder** made a motion to approve the minutes of March 2. **Senator Bock** seconded the motion. The motion carried by **voice vote**.

Senator Hill made a motion to approve the minutes of March 4. **Vice Chairman Winder** seconded the motion. The motion carried by **voice vote**.

S 1411

Relating to Swine and Poultry. **Chairman Corder** turned the gavel over to **Vice Chairman Winder** to conduct the hearing for **S 1411**. **Chairman**

Corder said the purpose of this legislation is to move the regulation of swine and poultry from the Department of Environmental Quality and move the regulation under the Department of Agriculture. It also removes the term "animal units" as a way of defining CAFOs and instead uses the actual species quantities. This bill is important for a number of reasons; logically and intuitively all animals should be regulated under the same organization. There are more and more groups critical of the state's management of water and air quality and there should be assurances from the State that they are serious about these issues. Chapters 40 and 41 are nearly identical in language. Chapter 40 is related to poultry and Chapter 41 is related to swine. If the legislation is approved, Chapter 42 will be amended to remove poultry. The policy of the State ten years ago was that extra-large swine operations not come to Idaho. Chapter 42 now defines the requirements for these operations to enable them to move to Idaho.

Vice Chairman Winder introduced Doug Manning, Economic Development Director for the City of Burley who spoke in **support** of the bill. **Mr. Manning** commended the committee for the foresight to draft this legislation before it is actually needed. **Senator Hill** asked why this bill would have a significant impact on the state? **Mr. Manning** said there will be poultry operations coming from out of state because of Proposition 2 in California.

Vice Chairman Winder introduced Curt Fransen, Deputy Director of the Department of Environment Quality (DEQ) who spoke in **support** of the bill. **Mr. Fransen** said the DEQ was involved in discussions and assisted in drafting of the legislation. The Department of Agriculture already regulates other kinds of CAFOs. Under the current DEQ rules, there is no distinction between different kinds of poultry, whether, turkey, geese or laying hens. S 1411 does make those distinctions and regulates depending on each type of poultry. **Senator Schroeder** asked if DEQ will have the same jurisdiction as they do today with respect to water quality in the State? **Mr. Fransen** replied DEQ's authority to enforce water quality regulations is not affected by this legislation.

MOTION:

Senator Hill made a motion to send S 1411 to the 14th Order for possible amendment. **Senator Heinrich** seconded the motion. **Vice Chairman Winder** asked if the amendments are ready so the bill can move quickly throughout the process? **Chairman Corder** replied yes. The motion carried by **voice vote**.

Vice Chairman Winder turned the gavel back to **Chairman Corder**.

H 576

Relating to Soil Conservation District Law. **Chairman Corder** introduced Senator Brackett. **Senator Brackett** said Congress created the Soil Conservation Act in 1935. That created a new unit of government, the soil conservation district. This would be organized under State, not Federal Law. There are fifty-one soil conservation districts in Idaho. Districts are non-regulatory organizations that work with private land owners to promote conservation of natural resources. There have been some underlying questions about the relationship between the commission and

other organizations, first with the Department of Land and later with the Department of Agriculture. One of the basic questions was whether the Commission would be under the control of the Department of Agriculture, which is a regulatory agency and the Director would be held accountable for the actions of the commission which is a regulatory agency; or should it be a voluntary, non-regulatory agency with the Commission and its administrator having the authority and being held accountable for its actions and its relationship with the districts. The Governor had some requests that included accountability be provided, conflicts between the commission and the districts be addressed and the need for budget reductions. There was an interim committee formed that met four times and heard testimony from numerous conservation districts.

The first draft legislation would have dissolved the commission and created the division of resource conservation within the department of Agriculture. The second draft would have created a soil and water conservation division within the Governor's office. Neither draft was approved.

Section 3 of the bill gives guidance to the Governor that geographic representation shall be taken into consideration. Financial experience, knowledge of water quality issues, involved in production of agriculture, or experience as a county commissioner should be looked at when selecting a commissioner. The soil conservation districts may submit up to three names to the Governor for each vacancy on the commission, but it is up to the Governor to select the commissioners. **Senator Hill** asked what the relationship now is between the commission and the Department of Agriculture and what is being changed by striking "in cooperation with the director of the department of agriculture." **Senator Brackett** replied this is the first place that clarifies the relationship between the Director of the Department of Agriculture and the Commission. The Commission will be responsible for cooperating with the Department of Agriculture, but this defines the line between the organizations.

Also in Section 3, the statement that commission members shall serve at the pleasure of the Governor is added. In lines 33-37 the relationship between the commission and the Department of Agriculture is clarified. The section that was stricken stated the Department of Agriculture would supply office accommodations, and furnish the commission with necessary supplies and equipment. This has been replaced with "The commission may establish offices, incur expenses, enter into contracts and acquire services and personal property as may be reasonable for the proper administration and enforcement of this chapter." **Senator Brackett** said they may and hopefully will retain their offices in the Department of Agriculture, but that is negotiable between the two entities. **Senator Hill** asked if this means all financial ties between the Department of Agriculture and Commission are severed; the department has no responsibility to provide funds to the commission? **Senator Brackett** replied that is correct. They each have a separate budget. **Chairman Corder** asked if funding has been distinct, what this bill is doing is granting more autonomy? We are not requiring cooperation. **Senator Brackett** responded that it should be phrased a little differently in that in

the past the Director of the Department of Agriculture has been held accountable for the actions of the commission, but there are questions over what authority the director has. Everyone agreed that with authority should come accountability.

Because there was a need for accountability, a section was added that the Commission shall report on the cooperation between the commission and the districts or before February 1 to the Senate Agricultural Affairs Committee and the House Agricultural Affairs Committee. **Senator Heinrich** commented that February 1 is too soon for a report, that should be changed to March 1 and the report should be all-inclusive, not just about cooperation; but financial accountability and progress on projects. **Chairman Corder** stated that a report to Legislative Committees did not define accountability in his mind. **Senator Brackett** said a report is not accountability, but there is more detail later in the presentation that includes other aspects of accountability.

There is an option in the legislation for the districts to consolidate if they choose to do so. Each of the consolidated districts would continue to receive their base funding for a period of three years after the consolidation. **Chairman Corder** asked where are the incentives when the districts merge, they will lose one-half of the money they are currently receiving? **Senator Brackett** replied there has been some interest expressed in consolidating districts. A supervisor will be recalled according to Chapter 17, Title 34, Idaho Code.

Section 34 was intended for increased oversight where the Legislative Services Office would require a report with the following information:

- Has the legislative intent of this act been achieved with the necessary cooperation between the Commission and the Districts?
- Have expenditures by the Commission and the Districts followed generally accepted accounting principles?
- Has the public been well served by the actions of the Commission and the Districts in implementing this act?

Senator Brackett mentioned that some of the grievance issues that have been addressed by this legislation include: commission appointments. The base allocation for the districts increased from \$5,000 to \$8,500. Supervisors are now subject to recall provisions. This bill meets some of the Governor's objectives such as increased accountability and reports to standing committees. The commissioners are to serve at the will of the Governor. **Chairman Corder** asked if this wasn't just semantics; couldn't the Governor always remove a commissioner? **Senator Brackett** replied its more than semantics, the previous language required the Governor to show cause, write a letter detailing the accusations. This is a much simpler process. The Governor says he supports H 576 and would not veto it.

Senator Brackett said producers would not have a problem with allowing someone from a non-regulatory agency onto their property in order to assist them with issues, but they would not allow someone from a

regulatory agency on their property unless they had to. Producers want to do the right thing on environmental issues and with technical assistance and cost sharing, they will be proactive on environmental issues such as soil conservation and water quality.

Senator Schroeder said there were problems two years ago when an administrator placed sensitive personal information on the internet. There were funds withheld because some of the cooperators would not provide this information. The commission members did not seem to want to solve this problem. Does the ability of the Governor to remove commissioners fix the problem? **Senator Brackett** replied reporting requirements and serving at the pleasure of the Governor can help. Rule making can and should address this as well. **Senator Schroeder** asked if they have now created both environment and legislation that will prevent a repeat of this issue? **Senator Brackett** said that is correct.

Vice Chairman Winder asked who was on the interim committee? **Senator Brackett** said there were four Senators: Brackett, Stegner, Heinrich and Kelly; and four Representatives: Roberts, Bolz, Chavez and Boyle. **Vice Chairman Winder** asked if the required report can be delivered by February 1 versus March 1? **Senator Brackett** replied the commission will be able to do that. **Vice Chairman Winder** asked if the registered voter or citizen of Idaho requirement would be explained. **Senator Brackett** said a landowner is not necessarily a registered voter in that area. He has land across two states. **Vice Chairman Winder** asked if the interim committee believes this legislation is the best way to approach Senator Schroeder's issues? **Senator Brackett** said that for this issue, the interim committee would agree this solved the problem. **Vice Chairman Winder** asked if the interim committee has endorsed the legislation? **Senator Brackett** said a majority of the committee endorses this legislation, but not a consensus.

Chairman Corder said the right to vote is the right to spend public money. Every elected officer has to live and vote in the district they are representing? **Senator Brackett** agreed the position includes the expenditure of state funds, so they may not be registered voters, but they are taxpayers. **Chairman Corder** said the organization wants to be non-regulatory but promulgating rules is a regulatory function. **Senator Brackett** said it depends on the rules being promulgated.

Senator Hill asked if there are any agencies or organizations or commissions in the State of Idaho that is being emulated? **Senator Brackett** replied this structure is unique, but it is similar to the commodity commissions and the historical society.

Chairman Corder introduced Cody Anderson, Chairman of Latah Soil and Water Conservation District who testified in **support** of the bill. (See attachment 3 for written testimony.)

Senator Schroeder asked if Mr. Anderson is confident there will be no repeat of the issue two years ago? **Mr. Anderson** replied the

conservation districts have the ear of the legislature and the districts and the Department of Agriculture won't be likely to disregard our needs.

Chairman Corder asked for an example when the Department of Agriculture disregarded your opinions. **Mr. Anderson** said he has no example with the current administration.

Chairman Corder introduced Terry Halbert, chairman of the Northside Soil and Water Conservation District who spoke in **support** of the bill.

Chairman Corder introduced David Ascuena of the Elmore Soil and Water Conservation District who spoke in **support** of the bill. **Mr.**

Ascuena said the conservation districts are very project driven and many conservation practices are urban concerns, not just rural. The commission does not want any regulatory abilities. **Chairman Corder** asked how the commission is going to promulgate rules that are regulatory in nature and not have any regulatory authority? **Mr. Ascuena** replied that it is his understanding that all parties sit at the table to determine the rules.

Chairman Corder asked if he knew what the Legislative Services Office did? **Mr. Ascuena** responded that he did not know in specific terms.

Chairman Corder introduced Leon Slichter, Chairman of Idaho County Soil and Water Conservation District who spoke in **support** of the bill. **Mr. Slichter** said the Idaho Cattle Association is also in support of the bill. (See Attachment 4.)

Chairman Corder introduced Tom Daniel, Chairman of Boundary County Soil and Water District who spoke in **support** of the bill. **Senator McGee** commented that the new capital building is wonderful because it has room for everyone to come from all over the State and participate.

Chairman Corder introduced Dennis Tanikuni, Assistant Director of Governmental Affairs for the Idaho Farm Bureau who spoke in support of the bill. **Mr. Tanikuni** said the Idaho Farm Bureau has always been a strong supporter of the 51 Soil Conservation Districts in the State. The continued non-regulatory, voluntary, efficient and effective delivery of the projects at the local level are very important. **Chairman Corder** asked how you envision the Director of the LSO is going to determine legislative intent that is not laid out in the bill and have the expenditures audited when they are not involved in audits? **Mr. Tanikuni** said the LSO is not a regulatory or enforcement body, so the report would be comprehensive enough to clarify the implied objectives of the legislation.

Chairman Corder introduced Dar Olberding, representing the Idaho Grain Producers Association who spoke in **support** of the bill. **Mr. Olberding** said farmers and ranchers need someone to bounce issues off of and ask questions to someone who is non-regulatory in nature. **Chairman Corder** asked if once the rules are promulgated and a commission member is on the farm and sees that the rules are being violated, would they take action? **Mr. Olberding** said that the commission member could talk to the farmer and tell them what needs to be done. (See attachment 5.)

Chairman Corder introduced Lynn McKey of the Ada Soil and Water Conservation District who spoke in **support** of the bill. **Mr. McKey** said some conservation issues affect urban areas.

Chairman Corder introduced Morgan Evans, member of the Soil Conservation Committee, who spoke in **support** of the bill.

Chairman Corder introduced Kyle Hawley, Latah Soil and Water Conservation District, who spoke in support of the bill. **Mr. Hawley** said the regulatory action occurs on the ground when an inspector recognizes the problem. The rule making being discussed is the partnership with operational rules. The LSO participation is an opportunity for dialogue between groups to determine what accountability is needed. This is a dynamic process.

Chairman Corder introduced Wayne Hurst, Vice President of the National Association of Wheat Growers who spoke in **support** of the bill.

Senator Brackett said failure to act on this legislation will result in the status quo and no one wants to settle for the status quo.

Senator Schroeder said the bill provides that the Soil Conservation is not under a regulatory agency which is positive, and no one has come before the commission today to oppose the bill.

Vice Chairman Winder said the date of the report is an issue and whether the commissioner must be a registered voter could be determined by the selection of the Governor. The Office of Performance and Evaluation could evaluate the process rather than the LSO.

There were many emails and letters from the Soil Conservation Districts in support of this legislation.

MOTION:

Vice Chairman Winder made a motion to send **H 576** to the floor with a **do pass** recommendation. **Senator Smyser** seconded the motion.

**SUBSTITUTE
MOTION:**

Senator Heinrich made a substitute motion to send **H 576** to the **14th Order** for Amendment. **Senator McGee** seconded the motion. **Senator Heinrich** commended Senator Brackett for all the work on this bill and it can be made better in the amending order. Senator Heinrich has the amendments for the bill and has been assured by leadership there is time to get this bill through the amending order. **Vice Chairman Winder** asked if the House will accept the amendments offered by the Senate? **Senator Heinrich** replied there is no reason to believe they would not accept the amendments. **Senator Hill** said he supports those who have worked hard on this bill and supports the legislation, but wants assurance that any changes to the bill will be minor. The motion carried by **voice vote**.

The meeting was adjourned at 10:00 a.m.

Senator Tim Corder
Chairman

Jo Ann Bujarski
Secretary

Attachments #1 & 2

Attachment #3

Attachment #4

Attachment #5

Attachment #6

Candi Fitch presentation on apples, cherries and onions.

Written Testimony by Cody Anderson in support of H 576

Written Testimony by the Idaho Cattle Association in support of H 576.

Written Testimony by the Idaho Grain Producers in support of H 576.

Written Testimony by the Food Producers of Idaho in support of H 576.

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, March 18, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS ABSENT/ EXCUSED:

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.

MINUTES: **Chairman Corder** called the meeting to order at 8 a.m.

H 611 Relating to Audits. **Chairman Corder** introduced Representative Darrell Bolz. **Representative Bolz** said the purpose of the legislation is to provide for audits for agricultural commodity commissions on the same basis as other state entities. The legislation creates a new section of code that mirrors two existing sections which are in effect for other state entities. The audits will now be dependent on annual expenditures. Any entity whose annual expenditures exceed \$250,000 shall be audited annually.

Any entity whose annual expenditures exceed \$100,000, but do not exceed \$250,000 may elect to be audited biennially as long as their expenditures do not exceed \$250,000. Any organizations with less than \$100,000 in annual expenditures have no audit requirements.

Senator Heinrich asked if the Soil Conservation bill **H 578** will comply with these requirements? **Representative Bolz** said they will fall under this category. **Senator McGee** stated this is a good idea and will help the smaller agencies.

MOTION: **Senator McGee** made a motion to send **H 611** to the floor with a **do pass** recommendation. **Vice Chairman Winder** seconded the motion. The motion carried by **voice vote**. **Senator McGee** will be the floor sponsor.

Presentation Relating to Idaho Association of Commerce and Industry. **Chairman Corder** introduced Alex LaBeau, President of IACI. **Mr. LaBeau** said one of the divisions in IACI is the Idaho Potato Processors Association. The potato producers are a substantial portion of the manufacturing economy in the State. They are operated separately in IACI and have their own set of dues and operations. There are two

committees in the division, Executive & Raw Products and Research. One of the affiliations the Idaho Potato Processors have is with the Idaho Potato Commission, which has one seat on their Board of Directors specifically for a potato processor. The Director of the Idaho State Department of Agriculture and her staff are very responsive in dealing with challenges in the potato industry. The Director of Idaho Department of Environmental Quality is also very helpful in understanding environmental regulations. The University of Idaho does a lot of research projects for the potato producers. It is very important, especially in a down economy, to have qualified people in the plants to rate and certify the potatoes. Southeast Idaho is extraordinarily important in the production of phosphorus for fertilizer to the U.S. food supply.

There was coordination between the ISDA and USDA and the Idaho Potato Producers to create a workable plan for the potato cyst nematode. The plan has been recognized worldwide. One of the major issues that is being worked this year is foreign material that comes into the plant. The two major foreign materials are golf balls and cans. These items will destroy the blades that cut potatoes. (See Attachment 1).

Chairman Corder asked about the NPDES primacy issues. **Mr. LaBeau** said IACI has been on both sides of this issue over the years. There were IACI members in the development industry that have been hit with NPDES permit violations that if someone on the ground could help explain violations, that would be beneficial. The other agreement was on the cost which was supposed to be \$30 million: \$10 million from the State, \$10 million from the private sector and \$10 million from the federal government. A lot of the smaller developers would have to pay a significant increase for permits.

Chairman Corder said there seems to be a public perception that the ISDA is not doing their job. How can your organization help the rest of us let the public know that ISDA is doing their regulatory work? **Mr. LaBeau** replied the department needs to go out and meet with their constituents one on one. The ISDA Director will come to meetings to discuss issues. IACI would be happy to partner with this committee to create opinion articles. **Chairman Corder** said many people say the CAFOs are not sustainable and if they are not, then some of the issues discussed today are not. **Mr. LaBeau** said sustainability means many things to many people. It is a challenge to get the diverse groups to agree. What IACI has done is create some standards of definition.

Presentation Relating to Idaho Grape Growers and Wine Producers Commission. **Chairman Corder** introduced Melissa Witt, Marketing Coordinator of the Idaho Grape Growers and Wine Producers Commission. **Ms. Witt** said there are now 41 wineries in Idaho, eight new ones this year. June is Idaho wine month and Savor Idaho, Idaho's Premier Wine and Food Event will be held June 13th, from 2-6pm at the Idaho Botanical Garden. There will be a change in assessments from a flat fee to one of production. The assessment will be \$7/ton for grapes harvested and \$.04/gallon for juice produced. The wineries are working together to create advertisements for special events. (See attachments 2

and 3).

Senator Smyser asked about the viticulture program; are they having classes in Nampa and is the wine industry involved? **Ms. Witt** said two of the winery owners are teaching classes. This will help students who are interested in the industry learn more about it before they get into business.

Chairman Corder said the dollars paid for assessments over the past year have increased significantly, but the legislation to increase the fees has not yet passed. Is that a yield issue? **Ms. Witt** replied there are new wineries and vineyards that have started this year. **Chairman Corder** said the acreage has increased some, but the dues have doubled, so who has joined? **Ms. Witt** said there are more vineyards and wineries that were not recognized in the past as such and there has been a more concerted effort to collect the assessments. **Chairman Corder** asked what would account for the increase in expenditures? **Ms. Witt** said her employment would be most of it. They did not have a marketing coordinator prior to her being hired which happened in the past year.

MOTION:

Senator Heinrich made a motion to approve the minutes of March 9. **Vice Chairman Winder** seconded the motion. The motion carried by voice vote.

Senator Tim Corder
Chairman

Jo Ann Bujarski
Secretary

Attachment #1
Attachment #2

Presentation by Alex LaBeau on IACI
Presentation by Melissa Witt on the Idaho Grape Growers and Wine Producers

Attachment #3

Annual Report by the Idaho Grape Growers and Wine Producers

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, March 23, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS ABSENT/ EXCUSED:

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.

MINUTES: **Chairman Corder** gave Peter Olson, the page, a letter acknowledging his service to the committee.

MOTION: **Senator Heinrich** made a motion to approve the minutes of March 16. **Senator McGee** seconded the motion. The motion carried by **voice vote**.
Senator McGee made a motion to approve the minutes of March 11. **Senator Heinrich** seconded the motion. The motion carried by **voice vote**.

HCR 59 Relating to Encouraging, Healthy, Idaho Grown Food Production.
Chairman Corder introduced Janie Burns and congratulated her on her selection to the 2010 Women of the Year for the Idaho Business Review. **Ms. Burns** said she was raised on a family farm and approximately 5% of the food that we eat is local. If residents of Idaho purchased locally grown fruits and vegetables just three months out of the year, they could expect over 2000 new jobs and \$28 million in labor income added to the economy. (See attachment 1). **Senator Bock** commented that the leg of lamb he purchased from Ms. Burns was excellent.

Chairman Corder introduced Representative Tom Trail, Chairman of the House Agricultural Affairs Committee. **Representative Trail** spoke in **support** of the resolution. The farmer's market in Moscow contributes an additional \$50,000 - \$100,000 a week for the local businesses.

Chairman Corder introduced Josie Erskine, of Peacefully Belly Farms. **Ms. Erskine** spoke in **support** of the resolution. There were 17,000 people at the Capital City Market in July of last year. The annual financial impact is estimated at \$4 million. When there is more urban growth, there are more people who are less connected to agriculture and it is important for them to be able to see and understand how important agriculture is to

the State. **Senator Smyser** asked if Ms. Erskine participates in Idaho's Bounty Program? **Ms. Erskine** replied that Idaho's Bounty is an online purchasing co-op. The farmer posts what produce is available for the week and people are able to shop and in three days can pick up their produce at a pickup location. There are also CSAs (Community Supported Agriculture) where members of the community buy a share of the farm and get weekly vegetables and fruits. That way there is no loan from the banks.

Chairman Corder introduced Senator LeFavour who spoke in **support** of the resolution. Additional money spent on Idaho agriculture will help not only Idaho's agricultural economy, but the entire State economy as well.

MOTION:

Senator Schroeder made a motion to send **HCR 59** to the floor with a **do pass** recommendation. **Vice Chairman Winder** seconded the motion. The motion carried by **voice vote**. **Senator LeFavour** will sponsor the resolution.

Relating to the Idaho Potato Commission. **Chairman Corder** introduced Frank Muir, Administrator of the Idaho Potato Commission. **Mr. Muir** said in the past year we harvested 304,000 acres of Idaho potatoes. That equals about 11.5 billion pounds of potatoes. There were \$44,000 collected in fines due to people labeling potatoes as Idaho grown when they were not. The budget for this current year is \$13,000,000 which is conservative, but based on the revenue for this year. There has been a positive change in the perception of potatoes because of national advertising. (See attachment 2).

Chairman Corder introduced Rick Waitley, State Director of Idaho Ag in the Classroom program. **Mr. Waitley** introduced Heidi Martin a member of the Board of Directors of the Idaho Ag in the Classroom Commission and employee of the Department of Education Child Nutrition Programs. Mr. Waitley also introduced Dr. Colleen Fillmore, Director of Child Nutrition Programs, Department of Education. **Mr. Waitley** said there are workshops and tours available to teachers for continuing education sponsored by the University of Idaho. The program is no longer under the Department of Agriculture, but wholly owned by individuals and organizations. (See attachment 3).

Ms. Martin said two years ago there was a grant written to help schools start gardens so students understand where their food comes from. There are many different curriculum integrated with these gardens such as math, art, science and music. Retired people and grandparents in the community work with the students in the gardens. The project started as a partnership between the Department of Education and Idaho Ag in the Classroom and the Idaho Preferred Program. (See attachment 4).

Mr. Waitley said there are now certificates for the teachers who complete the Ag in the Classroom workshops. There have been cooperative efforts between organizations related to agriculture for a long time. There is an Ag in the Classroom program for all fifty states. Mr. Rick Waitley is the first Ag in the Classroom National Executive Director for all fifty states.

Mr. Waitley spoke on the Idaho Alfalfa and Clover Seed Commission. The Idaho Alfalfa and Clover Seed Commission contributed to the bridge funding for the Parma Research Center.

Mr. Waitley spoke on Leadership Idaho Agriculture. **Mr. Waitley** said Chairman Corder graduated from the LIA program as well as Representatives Bolz, Takasugi, Gibbs, Roberts, and Patrick. There are over 700 graduates of the program since its inception. (See attachment 5).

Chairman Corder introduced Benjamin Kelly, Administrator for the Idaho Oilseed Commission. **Mr. Kelly** introduced the Chairman of the Idaho Oilseed Commission, Mike Hubbard. **Mr. Hubbard** said many of the oilseeds can be used as biofuels. (See attachment 6).

Chairman Corder introduced Deana Sessions, Administrator of the Idaho Dairy Products Commission. **Ms. Sessions** said over the last eighteen months the Board believes there will be production of 11.7 billion pounds of milk this year. Idaho is third in the nation for milk production. Per capita consumption of dairy has risen from 522 pounds per person to 605 pounds per person since 1983. There is a Child Nutrition and Fitness Initiative that is in partnership with the National Football League to encourage children to eat better and exercise more. (See attachment 7).

Chairman Corder adjourned the meeting at 9:10 a.m.

Senator Tim Corder
Chairman

Jo Ann Bujarski
Secretary

Attachment #1	Written testimony by Janie Burns
Attachment #2	Idaho Potato Presentation by Frank Muir
Attachment #3	Rick Waitley, Idaho Ag in the Classroom presentation
Attachment #4	Heidi Martin, Idaho Ag in the Classroom presentation
Attachment #5	Rick Waitley Leadership Idaho Agriculture Presentation
Attachment #6	Benjamin Kelly, Idaho Oilseed Commission presentation
Attachment #7	Deana Sessions, Idaho Dairy Products Commission presentation

MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, March 25, 2010

TIME: 8:00 am

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Winder, Senators Schroeder, Hill, McGee, Heinrich, Smyser, Malepeai, and Bock

MEMBERS ABSENT/ EXCUSED:

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.

MINUTES: **Chairman Corder** called the meeting to order at 8:00 a.m. **Chairman Corder** thanked the committee members for their work throughout the session and their willingness to learn and to listen.

H 675 Relating to Raw Milk. **Chairman Corder** introduced Representative Ken Andrus. **Representative Andrus** said there was a rule created to regulate raw milk. This Committee and the House Agricultural Affairs Subcommittee rejected the rule, but that was overturned by the full House Agricultural Affairs Committee. There was a meeting held to resolve the conflicts. This bill was the result of the compromise that occurred during that meeting. The Director of the Department of Agriculture would rather have this regulation in code than by promulgated rules. There was a person who had four cows in the cow share dairy and the rule that was discussed would have made this operation illegal. The bill increases the number of cows in a cow share dairy to seven, sheep to fifteen and goats to fifteen. In-house use of the raw milk is not regulated. There has to be a written contract between the share owner and the farmer and there has to be written notice that the product is raw. Standards of health are provided in the bill. The milk can be picked up at the dairy, but the person must be a member of the raw milk dairy.

Senator Schroeder asked if the cow share is for more than one cow? **Representative Andrus** said yes. The contract is not specific to a certain cow.

Chairman Corder introduced Jeremy Pisca, of Risch/Pisca Law firm, representing Melaleuca. **Mr. Pisca** thanked the committee for the opportunity to present the bill and the Idaho Dairyman's Association and Bob Naerebout. **Senator Smyser** commented that while in Seattle, there was a three-page article about raw milk in the local paper.

Chairman Corder introduced Bob Naerebout, Executive Director of the Idaho Dairymen's Association. **Mr. Naerbebout** said that the Attorney General's opinion stated that if the earlier rule was in effect, all cow shares in the State would be illegal. The concern of industry was not competition, but public health.

MOTION:

Vice Chairman Winder made a motion to send H 675 to the floor with a **do pass** recommendation. **Senator Malepeai** seconded the motion. The motion carried by **voice vote**. **Chairman Corder** will sponsor the bill.

Chairman Corder adjourned the meeting, subject to the call of the Chair, at 8:17 a.m.

Senator Tim Corder
Chairman

Jo Ann Bujarski
Secretary