

MINUTES  
**HOUSE AGRICULTURAL AFFAIRS COMMITTEE**

**DATE:** Thursday, January 26, 2012  
**TIME:** 1:30 P.M.  
**PLACE:** Room EW20  
**MEMBERS:** Chairman Andrus, Vice Chairman Boyle, Representative(s) Lake, Stevenson, Trail, Bolz, Shirley, Patrick, McMillan, Batt, Pence, Lacey  
**ABSENT/  
EXCUSED:** None.  
**GUESTS:**

Carol Youtz, Karen Ewing, BOVM; Laura Johnson, ISDA; Sheryl Stalling, Gem Swed/Squaw Creek SCD; Michael Hulz, Andrew Wallentine, Bronson Larson, Greg Duffin, Reed Larsen, Devin Kelley, Zach Porter, Mitch Thackeray, Jakob Avery, Kevin Andrus, Shelby Forester, BYU-Idaho; Sara Fink, Idaho Wine Commission; Roger Batt, Grape & Wine Commission; Scott Leibsle, ISDA; Kristen Magruder, Teri Murrison, SWC; Wally Butler, IFBF; Wyatt Prescott, ICA; Kent Lauer, Idaho Farm Bureau; Pat Barclay, ICIE, Mark Duffin, ISGA; Dennis Tanikuni, Idaho Farm Bureau; Max Greenlee, Risch Pisca.

**Chairman Andrus** called the meeting to order at 1:30 p.m.

**Chairman Andrus** welcomed to the Committee hearing members of BYU-Idaho Agribusiness.

**MOTION:** **Rep. McMillan** made a motion to approve the minutes of Tuesday, January 24, 2012. **Motion carried by voice vote.**

**MOTION:** **Rep. Trail** made a motion to accept the report from the Subcommittee to approve all Administrative Rule Docket Numbers reviewed. **Motion carried by voice vote.**

**Rep. Bolz** reported that the Crop Subcommittee met, they didn't receive any controversial testimony and recommend approval of all five Dockets.

**MOTION:** **Rep. Bolz** made a motion to accept the report from the Crop Rule Subcommittee. **Motion carried by voice vote.**

**Vice Chairman Boyle** said the Livestock Rules Subcommittee met and recommends approval of all Pending and Fee Rules reviewed with the exception of **Docket No. 46-0101-1101 Section 100.02 Subsection c.** and **Docket No. 02-0420-1101 Section 123.01.** which they recommend be rejected.

**DOCKET NO. 46-0101-1101:** **Karen Ewing**, Idaho Board of Veterinary Medicine, said the Board is attempting, in this section of the Docket, to remove refunds to technicians when they withdraw from the license application process prior to review by the Board.

**Rep. Boyle** said the Subcommittee decided to recommend this rule be rejected because in the previous rule the Board is returning the fees to someone who doesn't qualify. The Subcommittee thought this was a fairness issue and the application fees should be returned to everyone.

**Ms. Ewing** said the Board has met since the Subcommittee meeting and found that the other rule was an oversight, they had also meant to strike the refund for a person who is denied a license. She said the Board plans to strike that refund Rule next year.

**MOTION:** **Rep. Lake** made a motion to accept the report of the Subcommittee to reject **Docket No. 46-0101-1101 Section 100.02 Subsection c.** **Motion carried by voice vote.**

**DOCKET NO.  
02-0420-1101:**

**Rep. Boyle** said this Docket relates to the individual animal ID requirements for animals in the Designated Surveillance Areas (DSA). She said the Subcommittee didn't think the language was appropriate because it referred to all intact animals.

**Dr. Bill Barton**, State Veterinarian, Idaho Department of Agriculture, said this section change originally came about after four western states added an identification requirement on Idaho. He said these states are requiring all cattle be officially identified individually when coming from Idaho to their state.

**Rep. Lake** suggested to the Committee, that the Senate has passed this Pending Rule so it makes little difference what the Committee does. He said he personally has a strong feeling about this and he thinks it's an intrusion into the lives of the people being effected.

**MOTION:**

**Rep. Lake** made a motion to accept the report of the Subcommittee to reject **Docket No. 02-0420-1101 Section 123.01. Motion carried by voice vote.**

**H 412:**

**Roger Batt**, Grape Growers/Wine Producers Commission, said currently the Idaho grape and wine industry provides jobs in Idaho and generates around \$80 million into our economy. He said there are 42 wineries and about 1,600 acres of grapes produced in the state. He said they have estimated an increase in revenues in the future for the industry. Mr. Batt said there is also an interest in Table Grape production and its potential markets. He said this legislation will allow the commission to fully promote grape products in Idaho. Mr. Batt reviewed some of the details of the bill. He said the Commission has met with Alcohol Beverage Control of the Idaho State Police Department regarding this legislation and they do not have any issues or concerns with the bill.

**MOTION:**

**Rep. Bolz** made a motion to send **H 412** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Bolz** will sponsor the bill on the floor.

**Brent Olmstead**, Business Coalition for Immigration Reform, said there have been studies done in other states but no studies have been done in Idaho on this issue. He said the Dairyman's Association hired the University of Idaho to do a study and this presentation to the Committee is the outcome of that study.

**Priscilla Salant**, Agricultural Economist, College of Agriculture, University of Idaho, said she will give an overview in the presentation of what the study was about, how the study was designed, what we learned from the study and the implications for Idaho. She gave a background and asked what if the supply of foreign born labor in Idaho were reduced?

**Ms. Salant** said the economic contribution of immigrants is controversial and studies generally find positive impacts. She said their approach was to do policy analysis and economic modeling. She said an important assumption is whether immigrant and native labor will substitute for each other. Will jobs that immigrants work in be easily filled by native workers?

**Ms. Salant** said the study had two main parts. She said the first was to estimate the size and characteristic of the foreign born labor force. She said most data sources underestimate the size of the foreign born labor force. The second part of the study was to build a model of the Idaho economy. She said using a computable general equilibrium (CGE) model they estimated the economic impacts of reducing the foreign born labor supply. She said it captures the complex nature of supply and demand for different factors of production. She said the model allows the factors to substitute for each other as prices change.

**Ms. Salant** said they looked at two groups of workers, workers with more education and workers with relatively less education. She described what they learned when they ran the model under two different assumptions, a conservative assumption and a less conservative assumption. Ms. Salant described, based on four scenarios, how these types of labor will substitute for each other. She said assuming that foreign and native-born workers with similar education levels would substitute for each other fairly easily, the net effect of reducing the supply of foreign-born, less-educated workers by 25% is a loss of 17,300 jobs. Ms. Salant said there would need to be about 4,100 native workers who are less educated who would take the place of foreign born less education workers, but there would also be less jobs available. She said the model estimates the impact of the state's economy, is the Gross State Product (GSP) would fall by \$430 million. Resulting in a \$43 million reduction in state and local government tax revenues and the total economic out put falls by \$2.3 billion. Ms. Salant reviewed the results if assumptions were less conservative, saying there would be larger impacts in terms of jobs, GSP and tax revenues.

**Ms. Salant** explained what this means for Idaho, saying governance is about trade-offs, in this case, one group of workers benefits to a small extent, while the labor force as a whole and overall economy pay a significant price. She said estimates, based on assumptions and the complex model are consistent with economic theory and logic. She said reducing the supply of inputs such as labor or capital causes the price of that input to increase. Likewise, as the price of the output becomes more expensive, demand for that output declines. Ms. Salant said many states are considering legislation intended to restrict the supply of foreign born workers. If such legislation were passed in Idaho, the analysis shows it would negatively impact the state's economy. She said there would be a decline in jobs, total economic output and tax revenue.

**Colby Cameron**, Sullivan, Reberger, Eiguren, introduced the President/CEO of Amalgamated Sugar Company, **Vic Jaro**.

**Vic Jaro**, President/CEO, Amalgamated Sugar Company, said it was a pleasure to address the Committee and to give information on the company. He said the Snake River Sugar Co. is a grower owned company which took over operating control of Amalgamated in 1997. He said they have 182,000 base acres and about 850 individual shareholders.

**Mr. Jaro** reviewed the large growing area, and explained there are three factory locations in the state. These are: Mini-Cassia, Twin Falls and Nampa. He reviewed each location and the capacities to process sugar for each factory.

**Mr. Jaro** reviewed the types of sugar produced, and explained that all parts of the beet are used. He reviewed the benefits to the state of Idaho. He said a University of Idaho study determined the value of the industry to the state is greater than \$1 billion. Mr. Jaro reviewed the operating schedule and said they are essentially a year round operation.

**Mr. Jaro** reviewed the market, saying after 25 years of relatively flat prices, the market has risen. He said they are appreciative of the good market today and explained why the market is increasing. He explained the company's five year plan, saying they are investing back into the facilities and have a factory improvement program. He said they are about 2/3 of the way through the program which is intended to improve efficiency, reduce energy consumption and lower operating costs.

**Mr. Jaro** reviewed the challenges of the industry, saying the freedom to choose the latest in crop technology has been a challenge. He explained the transportation disadvantages, saying their factories are a long way from everywhere. He said the increase in the federal highway load limit will help. He said another challenge is the Farm Bill and they would like to maintain it in its current form for sugar. Mr. Jaro reviewed the environmental issues. He said they could increase the slice limit at the Mini-Cassia plant and still keep the air quality minimums. He said this plant is one of the most efficient factories in the country and he would like to see the beets sliced there rather than shipping them to the other factories. He said Mexico is exporting aggressively into the US and NAFTA gave Mexico an unlimited supply into the sugar market. He said this is also a major issue they are dealing with.

In response the Committee questions, **Mr. Jaro** stated the beet slicing limitation on the Mini-Cassia plant is on a federal basis. He also said regarding the imports from Mexico, sugar consumption has been able to absorb the increase in supply.

**ADJOURN:** There being no further business to come before the Committee the meeting adjourned at 2:58 p.m.

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Representative Andrus  
Chairman

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Susan Werlinger  
Secretary