

MINUTES
HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Monday, January 30, 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:** Representative Boyle
GUESTS: Garth Taylor, University of Idaho; Ben Eborn, UI Extension; Rich Garber, CALS; Dennis Tanikuni, Idaho Farm Bureau

Chairman Andrus called the meeting to order at 1:32 p.m.

Chairman Andrus announced February 10, 2012 would be the last day to introduce bills in Committee. Chairman Andrus thanked **Rep. Trail** for his years of service as Committee Chairman.

Dr. Garth Taylor, Economist, University of Idaho, said this is a great year to be before the Agricultural Affairs Committee presenting agriculture's annual financial outlook. He said he will present a short outlook for 2012 and the contribution of agriculture to the state economy. He said these projections are on a calendar year not a crop year and there will be a lot of adjustments. He said they have had an all time record year and cash receipts were up to \$7.4 billion in 2011, which is almost a 30% increase. Dr. Taylor said agriculture is bigger now than it ever has been.

Dr. Taylor reviewed the highlights from 2011 saying there have been all time record highs in potatoes, sugar beets, and wheat. He said hay is also up 67% in total revenues. He said milk has had four or five new records. Dr. Taylor said onions are the only thing that is down. He said if the growth rate for the last 8 to 10 years stays the same, agriculture in Idaho will double in size every 15 years. He said there has been astounding growth in agriculture.

Dr. Taylor explained where the growth has come from in milk production. He said the number of cows is up over 100%, production has grown, while the price has dropped in the past 30 years. He said they are breaking new records by not increasing the price over the long term but by increasing production.

Dr. Taylor also explained the growth in potatoes, saying the value of production is up to 100%, but with the inflation adjustment it is only up 25%. He said yield has gone up 40% over the last 30 years and prices have dropped 16%.

Dr. Taylor stated the net farm income is \$2.64 billion which is up 88% and is the highest ever. He said livestock receipts are up 25%, crop receipts are up 33% and government payments are down 26%. He said expenses are up and in real dollar terms, stability or volatility is increasing in the net farm income. He said there is more risk for farmers and in agriculture than there ever has been before. He said there are also stricter lending standards and more revenue volatility in tax revenues from agriculture. Dr. Taylor said this doesn't seem to effect the Idaho economy or the rural communities that depend on agriculture.

Dr. Taylor reviewed the outlook for 2012 and beyond saying the water outlook looks good, there is strong domestic and export demand, low interest rates and higher land rents. He said the drought monitor will continue to effect beef prices. He said the overall world prices of food is extremely high which is good for farmers.

Dr. Taylor explained that economists look at the new dollars brought into state. He said the contribution to the economy is measured in sales or value added or jobs. He said from this perspective, agriculture is the second largest industry in relationship to jobs. He said from a sales standpoint, agriculture is the largest industry in the state. Dr. Taylor said in terms of value added agriculture is the second largest industry in state. He said Idaho is the third largest agriculture state in the west, excluding California.

Dr. Taylor gave other individual crop projections saying beef production is at a near record level, there is more yield meaning there is more meat per cow. He said they are seeing some comeback in beef and seeing expansion in herds. He said the key thing for beef is export demand. He reviewed the specific potato projections and said the wheat outlook is expected to be lower. He said the hay production is up in acreage and there are higher yields. He said barley acreage and production are flat and barley production is keyed to corn prices. Dr. Taylor said sugar beet prices are lower, but it is still a profitable crop and with dry beans, the acreage is up and production is higher.

In response to questions from the Committee, **Dr. Taylor** said other livestock prices are up and it is mainly sheep and trout. He answered questions regarding the recent reports which are indicating the world economy continues to grow, and as demand shifts to the western type diet over the next 20 years the U.S. will need to double production just to feed the world. Dr. Taylor said this comes back to yield. He said growth will come from production, which will drive down world prices. He also said highly specialize agriculture will feed the world and us.

ADJOURN:

There being no further business to come before the Committee the meeting adjourned at 2:39 p.m.

Representative Andrus
Chairman

Susan Werlinger
Secretary