

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 28, 2012

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Siddoway, Vice Chairman Smyser, Senators Corder, Pearce, Hammond, Vick, Nuxoll, Bock, and Schmidt

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.

CALL TO ORDER **Chairman Siddoway** called the meeting to order at 8:03 a.m.

MINUTES The Committee reviewed the minutes from February 14, 2012. **Senator Schmidt** moved, seconded by **Vice Chairman Smyser**, to approve the minutes as written. Motion carried by **voice vote**.

The Committee reviewed the minutes from February 16, 2012. **Senator Corder** moved, seconded by **Senator Nuxoll**, to approve the minutes as written. Motion carried by **voice vote**.

S1346 **Chairman Siddoway** invited **Stan Boyd** to the podium to present S1346, relating to the proceeds from the sale of stray livestock. **Mr. Boyd** shared that S1346 is essentially the same as S1296 that was previously before this Committee, with one change. The word "direct" has been changed to "recommend." That means that the Idaho Cattle Foundation can "recommend" that the proceeds from the sale of stray livestock can be appropriated for programs that advance the livestock industry or agriculture in general, but still gives the final say to the Idaho State Board of Education. This change was made to alleviate concerns from JFAC about the placement of funds.

MOTION **Vice Chairman Smyser** moved, seconded by **Senator Nuxoll** to send S1346 to the floor with a do pass recommendation. The motion carried by **voice vote**. **Vice Chairman Smyser** will carry the bill on the floor.

S1304 **Chairman Siddoway** invited **Dar Olberding**, representing Idaho Grain Producers, to the podium to present S1304. **Senator Corder** asked to make a statement before the presentation, which **Chairman Siddoway** allowed. **Senator Corder** said that when the RS for this bill was originally presented before this Committee, it was his understanding from the originator that if it went to print, it would go no further, with the originator's only intent being to open the discussion among barley stakeholders. **Senator Corder** said the barley stakeholders have since done significant work and have changed their minds and would now like to proceed with the bill.

Chairman Siddoway said that was also his original understanding, noting the action put the Committee in a difficult situation, and he asked that next time the originator be better prepared. He then asked **Mr. Olberding** to proceed.

Mr. Olberding apologized for the miscommunication. He then yielded to **Tim Dillin**, Idaho Barley Commission (IBC) Chairman, and barley producer from Bonners Ferry, Idaho.

Mr. Dillin said the IBC is in favor of S1304 that would amend the Idaho statute to give the board authority to set the IBC assessment at a rate not to exceed four cents per hundredweight, which is less than two cents per bushel. The assessment is currently fixed in statute at two cents per hundredweight which is less than one cent per bushel.

Mr. Dillin said one reason for the request is the fluctuation in barley production in Idaho, which is down 22 percent in the past twenty years. He noted though that in 2011, Idaho became the largest barley producer, providing 30 percent of the nation's total barley production.

Mr. Dillon said that to address long-term funding challenges, the IBC held more than sixty grass-root grower town hall meetings from 2008 to the present, as well as had the Department of Agriculture conduct an official referendum with barley growers on the idea of raising the assessment.

Mr. Dillin said the most urgent need for more funding is to maintain and build up the federally funded barley breeding program at the National Small Grains Germplasm Research Facility, which is co-located at the University of Idaho's Aberdeen Research and Extension Center. He said the research and extension programs at University of Idaho College of Agriculture and Life Sciences has taken a \$5.7 million reduction in the past three years, impacting agronomic research.

Mr. Dillin said reduction of funding negatively impacts testing and evaluation of new barley varieties.

Mr. Dillin highlighted three ongoing investments the IBC is making to help strengthen their competitive advantages: Barley Research, and the creation of a national food barley research consortium; Barley Market Development, and strategic initiatives to diversify Idaho's barley markets; and Grower Services, including a national effort to improve barley crop insurance.

More details and supporting documents in relation to **Mr. Dillin's** testimony have been archived and can be accessed in the office of the Committee Secretary. (See Attachment #1.)

Senator Nuxoll asked **Mr. Dillin** to repeat the information about and results of the recent IBC referendum. **Mr. Dillin** replied that in 2009, IBC asked the Idaho State Department of Agriculture to do a survey. They sent out 1800 ballots, and 491 ballots were returned and judged to be valid. That was a response rate of 27 percent. Out of that, 54 percent were in favor of raising the assessment rate. Since that time, the IBC has conducted a lot of outreach in the areas where there was some reluctance the last time this idea came forward.

Senator Schmidt said it seems the research being done is starting to give some returns and IBC wants that to continue. He asked if that concept is widely held and supported by barley growers. **Mr. Dillin** said he thinks it is. He said with IBC support, they released the first beer malt barley varieties and those varieties show an average of 30 percent increase over the regular varieties of malt barley. That was a public release with private monies. Many varieties come through the university system and without that research and test blocks and the university extension, they wouldn't know what those barleys were.

Chairman Siddoway invited **Ron Elkin**, farmer in Twin Falls, Idaho and member of the Idaho Barley Commission, to the podium. He spoke in favor of S1304 and said most of what he could share would duplicate what **Mr. Dillin** shared, so he would stand for questions.

Senator Nuxoll asked why the Commission plans to go up two cents rather than just one cent, so people really know where they are for the increase. **Mr. Elkin** said barley is marketed by hundredweight instead of by bushel. That number is specifically targeted as a two cent increase per hundredweight, which is one cent.

Chairman Siddoway clarified that as it was presented, this increases the check off from two cents to four cents per hundredweight. In previous testimony, there were some committals that there would only be a one cent per hundredweight increase the first year. They just want that authority. He said he thinks **Senator Nuxoll's** question is if they only want one cent, why not only ask for one cent. **Mr. Elkin** replied that yes, the IBC is looking for a little bit of flexibility. He said they don't foresee the need for that full increase. They have just been operating under two cents for so long, and with reduction in acres and increased demand for research dollars, they'd like flexibility, given the marketplace right now.

Senator Nuxoll said the Senate passed a bill increasing the Wheat Commission assessment, and much of their funding will go to research, and she asked if the Barley Commission can use the money from the Wheat Commission assessment. **Mr. Elkin** said researchers do separate research for wheat and he can't speak to what wheat growers are doing with their money, but the IBC is certainly promoting their own barley research.

Senator Schmidt said 54 percent of the people who replied to the survey who thought an increase in the check off would be okay, but that was three years ago. He asked if there was much push back at the outreach meetings, and if this is passed, will there be a lot of unhappy barley growers. **Mr. Elkin** answered that he served as IBC chairman during much of that time, and he said the push back was justified. He said roughly 65 percent of the state's barley is produced in that part of Idaho, and the Commission had not communicated well with them. He said barley has never been a cash crop, so the meetings were shy on attendance because people didn't understand what the Commission was doing. **Mr. Elkin** said that's why they spent the past three to four years doing outreach, noting they took that vote very seriously and realized they hadn't spent enough time in that region.

Chairman Siddoway invited **Dennis Tanikuni**, Assistant Director of Governmental Affairs for the Idaho Farm Bureau Federation, to the podium. **Mr. Tanikuni** spoke in favor of S1304. He said the Bureau supported this idea in 2008 and after discussion with **Mr. Olberding** and some IBC members, the Bureau supports it again today. **Mr. Tanikuni** pointed out the IBC has been engaging in deficit spending over the past few years. He spoke about the provisions of the bill, including the assessment increase, noting that an assessment is not a "tax" but a "fee for service." He spoke of the new language clarifying the commissioners serve at the pleasure of the Governor and can be removed by the Governor. **Mr. Tanikuni** said the provision complies with the Farm Bureau policy for referendum.

Mr. Tanikuni said the Bureau thinks it is important for the assessment authority to be increased to four cents in order to maintain Idaho's competitive position in the industry. He noted that before working in the Farm Bureau, he spent nine years as a commission employee for two commissions, and he said he always found the commissions to be responsible and responsive to their industries. Supporting documents relating to this testimony has been archived and can be accessed in the office of the Committee Secretary. (See Attachment #2.)

Vice Chairman Smyser commented that part of the reason it didn't pass in 2008 was the economy and the Commission continues to operate in a deficit. **Mr. Tanikuni** said his understanding from the Barley Commission annual report was that they've been spending \$40 to \$50 thousand out of reserves annually. He said he thinks the bill failed in 2008, as **Mr. Elkin** said, because the outreach had been inadequate.

Senator Vick asked if there was a provision elsewhere in the code for referendum. **Mr. Tanikuni** said yes. **Senator Vick** asked if it concerned **Mr. Tanikuni** that only 14 percent of those surveyed approve of raising the fee. He said he realized that most of that low number is because of the low number of ballots returned. **Mr. Tanikuni** replied that his understanding of normal polling is that three to five or six percent is generally a reasonable return. He said what they need to consider is the surveys that were returned and go with those numbers. **Senator Vick** said that even among those, it is barely over half, and that concerns him. **Mr. Tanikuni** said he appreciates what **Senator Vick** is saying but he thinks adequate outreach has been conducted and he does agree that those numbers could be more current.

Senator Hammond commented that those who take the opportunity to vote get to make the decision, and if they don't vote, they don't get to be part of the decision. He said he sees the IBC made an effort for outreach both before and after the survey and while the Committee is here as a safeguard, he has concerns about second-guessing the Commission's effort to protect their industry and support those who voted.

Chairman Siddoway invited **Clark Kauffman**, Idaho Grain Producers Past President and farmer in Filer, Idaho. **Mr. Kauffman** said he served on the Idaho Barley Commission for six years from 2000 to 2006. He spoke in favor of S1304. He said the Barley Commission also works on market development, with exports opening up in the southern hemisphere for malt barley and food barley. He said he supports the IBC to fund those. **Mr. Kauffman** said the commission was spending reserves even when he was a commissioner, and he offered assurance that when the Commission looked at programs to fund, they were very conservative, making sure the bang for the buck went back to the grower.

He said he is a recipient of that because he has some ARS barley plots on his farm and he gets to see the new varieties as they're developed. He described the Field Day they have that includes the Magic Valley group of farmers, so they can ask questions of the breeders. The event is backed by the IBC.

Chairman Siddoway said everyone on the Committee understands the benefits of research as far as feed barley industry is concerned, and asked for more information on the research for the malt barley industry and how that is funded. **Mr. Kauffman** said Coors and Busch have their own breeding programs. Aberdeen is the only one in the western United States and their emphasis for the past ten years has been on malt barley. The IBC has funded a lot of that barley breeder research in Aberdeen. Researchers at the Extension put those varieties on plots around the state to see how they do with yield and agronomics of those varieties.

Chairman Siddoway said he thinks that demonstrates the opportunity the Barley Commission has to participate in research and the funding of research through the University. He asked if there is any participation in research with Busch or Modelo or such facilities, or is IBC locked out. **Mr. Kauffman** said the barley breeder has Busch and Coors varieties in the trials, and they work in cooperation with the extension trials. They are all working together. It is a good team work effort. **Mr. Kauffman** said he grows for both Busch and Coors and at times some feed barley, too.

Senator Nuxoll said it really bothers her that only 54 percent of the returns were in favor of the increase. She understands they have to look toward the future, but they can only spend what they have to spend and it's hard to go with a two cent increase when it "might" be needed or it's too hard to come back and ask for more. She said she grows barley, too, and she has a hard time supporting something when the returns are so little, so she will probably be voting no.

Senator Bock asked if **Senator Nuxoll** was declaring a conflict of interest due to her barley production. **Senator Nuxoll** said they don't grow much but, yes, she declares a conflict of interest according to rule 39H.

Senator Vick asked **Senator Corder** for some background on the controversy surrounding the previous attempt to raise the assessment. **Senator Corder** said several years ago was the first attempt of the Barley Commission to increase their fees. At that time, they hadn't done the background work or committed to a referendum or done a lot of field work. There was legislation before this committee to increase the fee, and several barley growers came to protest. Today there are no protestors. Because of the protest several years ago, the Committee rejected the request to raise the fees. As a result of that rejection, the Barley Commission has spent three years in significant outreach efforts to understand what growers want and to educate the growers on the need. He said the success of that effort is demonstrated by the lack of protest today.

Senator Corder said he understands the reluctance on the amount of surveys returned, but he said if there had been protest, the return of surveys would have been higher. He said his perspective of the history is that perhaps a year ago, at the end of the three year research outreach goals, would have been an appropriate time to bring this legislation, but their view was politically, it was not the best time to come before the Legislature. That brings the issue current. He said he thought they were still in that mode and only wanted to print legislation so they could once again elevate their approach and desire to get more input from other barley growers. He said it's clear that printing the bill and having this hearing has still not prompted any opposition. **Senator Corder** said he has not received any emails in opposition either.

Chairman Siddoway said he was nervous last week about going forward with this bill until he went home and met with some barley producers he knows. He said when this came up in 2008, the center of the opposition was his home county of Jefferson county and Madison County. He said at that time, 70 percent of the barley in the state was grown in that region, and those producers raised up against the bill and came over in protest. **Chairman Siddoway** said he spoke with six producers and the results were about the same as the survey. Two of them said no, no, no. Three said great, we have to do it, let's go ahead. The other just shook his head. **Chairman Siddoway** said these conversations led him to believe that yes, there is opposition, but yes, there is support for this bill.

MOTION **Senator Corder** moved, seconded by **Senator Hammond**, to send S1304 to the floor with a do pass recommendation. Motion carried by **voice vote**, with **Senator Vick** and **Senator Nuxoll** voting nay. **Senator Corder** will carry the bill on the floor.

PRESENTATION **Chairman Siddoway** invited **Wally Butler**, Idaho Farm Bureau Federation, to the podium to share a report on Monitoring Rangeland. He shared how during the legislative off season, he travels the state to work with rangeland operators. He said many ranchers do not monitor, even though it is so important to do, so he encourages them to be involved in monitoring to collect data that will benefit their operations.

Senator Corder asked how many operators are meeting the monitoring recommendations now as compared to a decade ago. **Mr. Butler** replied there is much less fear and skepticism now than there was several years ago, mainly because it is litigation driven. Ranchers now see the value in monitoring and collecting information prior to permit renewals or appeals that might come up.

Mr. Butler said he covers about 500 sites around the state prior to grazing and right after livestock come off the land, from Bear Lake to Bonners Ferry. He said these are done on an as-requested basis from ranchers. It used to be they were all based on "here's an appeal to my permit and I'm behind the eight ball!" Now, they are doing it as a preventative measure, like insurance for them. **Mr. Bulter** said his work is designed to augment the BLM or Forest Service efforts, not to discredit what they are doing. It's supplemental and the agencies are receptive.

Mr. Butler said he encourages ranchers to look at their permit files periodically so they know what is in them. Complaints go in the file, and if the rancher doesn't monitor the file, it could be full of complaints without any demonstration that a problem has been addressed or repaired, even if it was fixed. If there is ever an appeal or some kind of protest on the permit, ranchers don't want a pile of negatives. The file should show the rancher is responsive.

Mr. Butler showed a series of photos that compare before and after views of many different sites around the state. He photographs "key areas" which are representative of the rest of the allotment, and "critical areas" that may have special needs. The differences show things like: improving shade over water that improves water temperature for fish; when grazing was stopped, thistle took over and the grazing was actually beneficial to the field; growth of trees and willows, or loss of trees and willows to an avalanche; and, other changes to landscape, whether beneficial or detrimental.

Mr. Butler noted that when he gets pictures with a complaint, he will go out and put it in perspective, to show not just the problem area, but the surrounding area as well, which may indicate the problem is not as bad as the complaint made it seem.

Supporting documents related to **Mr. Butler's** testimony have been archived and can be accessed in the office of the Committee Secretary. (See Attachment #3.)

Senator Corder thanked **Mr. Butler** and complimented him on his great service because no one else gets to see what was, what is, and what works.

Chairman Siddoway also thanked **Mr. Butler**, noting that the point is well taken to keep permit files updated and accurate.

ADJOURNED

Chairman Siddoway called the meeting adjourned at 9:17 a.m.

Senator Siddoway
Chairman

Christy Stansell
Secretary