

MINUTES
HOUSE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 24, 2013
TIME: 1:30 P.M.
PLACE: Room EW42
MEMBERS: Chairman Andrus, Vice Chairman Boyle, Representatives Bolz, McMillan, Batt, Bell, Agidius, Dayley, Miller (Barron), Romrell, Stevenson, VanOrden, Pence, Erpelding
**ABSENT/
EXCUSED:** Representatives Bolz, Boyle, Romrell
GUESTS: Sean Ellis, Capital Press; Dar Olberding, Idaho Grain Producers; Kent Lauer, Wally Butler, Idaho Farm Bureau; Kelly Olson, Pat Purdy, Idaho Barley Commission.

Chairman Andrus called the meeting to order at 1:31 p.m.

MOTION: **Chairman Andrus** welcomed **Lee Barron** to the Committee, filling in for **Rep. Miller**. He also reminded the Committee that this is the last day to introduce personal bills, then February 11th is the last day for non-privileged committees to introduce RS's.

Kelly Olson, Administrator, Idaho Barley Commission, presented information to the Committee. She introduced **Pat Purdy**, the newest member of the Barley Commission. **Ms. Olson** detailed their fiscal report. She noted that last year Idaho was the top barley producer in the United States, due to a downturn in North Dakota's production. This year Idaho returns to the second spot. She indicated that 77% of Idaho's 590,000 barley acres were designated for malting and 23% allocated to feed. Idaho saw an increase in farm-gate receipts, up 32% from 2011. Most of Idaho's barley production occurs in eastern Idaho, with some in the south central area, and only 8% in the north. Top producing counties were Bonneville, Jefferson, Cassia and Minidoka. Anheuser Busch has a large malting barley plant in Idaho Falls, Great Western has a malt plant in Pocatello, Coors Brewing Company has a large storage facility in Buhl, Idaho, and Grupo Modelo has a processing plant in Idaho Falls, which sells to Corona.

Ms. Olson said The barley industry has challenges with funding and fluctuations in production. Peak production was in 1995. The Barley Commission does have a reserve fund to address strategic needs, but may need to increase the barley tax by a one cent per hundred weight assessment, due to lost state and federal investments in barley research. The majority of their budget goes toward Administrative Costs, Research, Market Development, Industrial Partnerships, and Education/Information. The highest priority is given to barley research, which is supported in part by taxpayer monies. The USDA has its only barley breeding program in Aberdeen, Idaho. This is a collaborated effort with Anheuser Busch, American Malting Association and Brewers Association, and Oregon State University. The Barley Commission also cost-shares funding for the University of Idaho's Teton Research Farm. One of the concerns is to develop more winter hardiness; another is disease resistance. The IBC is currently investigating the possibility of making a one million dollar research endowment with the University of Idaho to aid agronomics and soil fertility. Many discussions have been held with key industry players and a decision will be forthcoming toward the end of February.

Regarding market diversification, domestic malting barley contributes mostly to beer sales and also a small portion to craft, meaning specialized beers and micro-breweries. There are also opportunities to export malting barley to Central America, with duty free access to these markets. Food barley represents about 1% of production, but has excellent growth opportunities. There is continuing research on new varieties with heart healthy fiber. Asia and Latin America are testing products suitable for their food markets with varying levels of barley. The project for Barley Food in School has recipe development and pilot work in schools. Another market possibility showing promise is the use of barley protein in fish feed to replace a portion of other fish meal ingredients. The IBC presently offers grower services in grain marketing and risk management education. Short courses, webinars, workshops and reports are available.

The Committee expressed concern for the possible upcoming million dollar endowment to the U of I, with the potential of becoming a pay to play enterprise. They wondered what will happen to smaller specialty crop farmers. **Ms. Olson** agreed it is a challenge to allocate scarce resources amidst declining state revenue. However endowments may be better than closing research centers. The effort to partnership with the College of Agriculture is seizing an opportunity to address a need. There is no scientist dedicated entirely to barley research. The funding dilemma is to do nothing or invest where they can with a strategic plan and philosophy of moving forward.

On the topic of gluten, **Ms. Olson** explained that barley has some gluten in it and thus cannot be marketed as a gluten free product.

With reference to the barley market in northern Idaho, **Ms. Olson** answered that the route to export from Portland is favorable for freight to go by rail or down the river. P&W Grain Cooperative in that area also intends to use barley for food in their program and is a good trading company partner. Other partnership and awareness opportunities for the Barley Commission include attending the US Grains Council or traveling with the Governor's Mission, when funds are available.

Pertaining to barley and other cereal schools, the U of I extension holds annual workshops around the state. Other grain marketing workshops and short courses are offered several times per year, in cooperation with the IBC, many featuring prominent guest speakers.

Concerning genetically modified barley, **Ms. Olson** noted that there is pioneering research to modify barley for water use efficiency and improved drought tolerance. Their hope is that better efficiency and tolerance will lead to higher yields. This research is being conducted by a small company in Seattle; however there is no such testing or discussion of such occurring in Idaho. This type of endeavor requires huge investments and is usually conducted through the public sector. It takes many years before products are approved and commercialized.

RS 21667:

Rep. Pence presented **RS 21667** on the addition of fish and aquatic animals to the list of production animals for the animal cruelty bill. This corrects an omission in the animal cruelty bill, which clarifies definitions and species involved. She quipped that frogs and alligators need be included, along with salmon, tilapia, catfish, trout, and sturgeon. In this way, aquaculture would be recognized as an industry.

The Committee questioned why this issue would be re-opened so quickly after the animal cruelty bill passed at the end of last session. **Chairman Andrus** clarified that the aquatic people had requested to be included in the bill last year, but complications arose and the inclusion was not provided for. If the Committee approves the RS to be introduced and printed, there will be a hearing where more evidence will be outlined and can be voted upon at that point.

MOTION: **Rep. Erpelding** made a motion to introduce **RS 21667**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 2:33 p.m.

Representative Andrus
Chair

Kim Jensen-Porter
Secretary