

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

- DATE:** Thursday, February 28, 2013
- TIME:** 8:00 A.M.
- PLACE:** Room WW53
- MEMBERS PRESENT:** Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Durst and Buckner-Webb
- 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.
- CONVENED:** **Chairman Bair** called the meeting to order at 8:02 a.m.
- MINUTES:** The committee reviewed the minutes from February 12, 2013 and February 19, 2013.
- MOTION:** **Senator Tippetts** moved to approve the minutes from February 12, 2013. **Vice Chairman Guthrie** seconded the motion. The motion carried by **voice vote**.
- MOTION:** **Senator Rice** moved to approve the minutes from February 19, 2013. **Senator Tippetts** seconded the motion. The motion carried by **voice vote**.
- H 112** **Chairman Bair** introduced **Benjamin Kelly**, representing the Idaho Honey Industry Association, who introduced **H 112**. The Honey Advertising Commission is housed and managed by the Idaho State Department of Agriculture and Michael Cooper, Bureau Chief of the Feed and Plant Services, Plant Industry Division, has been the main point of contact. The Honey Advertising Commission has three commercial beekeeper members who are appointed for three-year terms.
- Mr. Kelly** stated that **H 112** deals with Idaho Code § 22-2804. Lines nine through twenty-seven provide detail of the qualifications required for commissioner appointments. Lines eighteen through twenty-four spell out the three distinct districts commissioners must be chosen from. It is line forty which **H 112** addresses. The Idaho Honey Industry Association is proposing an increase in compensation to the commissioners from \$15.00 to \$50.00, as spelled out in Idaho Code § 59-509(n). The line forty through forty-one language states that the commission will meet once each fiscal year, or more as deemed necessary. Earlier in the legislative session, the Agricultural Affairs Committee dealt with the rules and regulations for the protection against adulterated honey in Idaho's market. Those rules dictate that the responsibility of this new protection for the industry will have oversight by the Honey Advertising Commission.
- Mr. Kelly** then distributed a report that Michael Cooper had provided to the Honey Industry Association at their annual meeting. This report shows income and expenses from the bee inspection account and where the funds for payment of the commission expenses come from. The report also shows a cash balance of over \$26,000. The two main reasons the industry feels the increase is justified are:
- commissioners across the state are asked to act on behalf of the industry and the board evaluated that their time is worth more than \$15
 - their increased responsibility coming from the oversight of the new unadulterated honey rules passed earlier this session

The industry chose \$50 as an honorarium as they felt this amount would be an honorarium projected to be stable and would avoid the need for too frequent adjustments through the legislative process. The Idaho Honey Industry Association is asking the Agricultural Affairs Committee to support **H 112**. **Mr. Kelly** stood for questions.

Senator Nonini asked if there would be any additional assessments to cover this increase or was there enough in the budget. **Mr. Kelly** stated that the increase would not impact the budget. **Chairman Bair** asked how many meetings a year had the commission historically had, and would these increase with the rule changes. **Mr. Kelly** answered that in the near past it has been one to two times per year. At this stage, the expectations from the board would be no more than four times a year.

The supporting report and documents related to Mr. Kelly's presentation have been archived and can be accessed in the office of the Committee Secretary (See attachment 26).

MOTION: **Senator Durst** moved that **H 112** be sent to the floor with a **Do Pass** recommendation. **Vice Chairman Guthrie** seconded the motion. The motion carried by **voice vote**. Senator Durst will carry the bill on the floor.

PRESENTATION: **Chairman Bair** introduced Kelly Olson, Administrator of the Barley Commission, who presented their annual report. She presented packets of Barley soup to the committee. **Ms. Olson** acknowledged that Senator Patrick is a barley producer from the Twin Falls area. She went on to say that 2013 is the 25th anniversary for the Barley Commission.

In 2012, Idaho was the number two barley producer in the United States (U.S.), edged out by North Dakota. Estimated receipts of \$306 million was up thirty-two percent from 2011, due to more production and much higher prices in 2012. Malting barley contract prices for 2013, are already up another five percent, and she believes that Idaho should be back in the number one position for 2013. In 2012, 590,000 acres were harvested, up eighteen percent. There were some production challenges in parts of the state affected by the dry summer. Overall production was 53,690,000 bushels, up fifteen percent. Acreage type was seventy-seven percent malting barley and twenty-three percent feed barley, two percent of which was food barley.

Eight percent of barley is grown in Northern Idaho, twenty-six percent in Southern, and sixty-six percent in Eastern Idaho. The south central and eastern areas of the state grew ninety-two percent of the barley crop in 2012; and is the dominant malting production region. There are three malt processing plants in eastern Idaho. Anheuser Busch and Grupo Modelo, owners of two of the processing plants, are preparing a merger, and it is expected to be approved. Many of the major malt and brewing companies have made major investments in Idaho and are in the process of expanding their investments, so malt barley production in Idaho looks very favorable for the future.

Southwestern Idaho grows eight percent of the barley crop. This area is dominant in export opportunities and is mainly a feed crop. Producers use the Lewiston port to the Portland export facility to ship overseas. Although Idaho is dominant in barley exports, exports have fallen dramatically in recent years.

Ms. Olson said barley research, representing twenty-seven percent of the annual budget for 2013, is the most important investment for the commission. The main focus is primarily on variety development. For the last fifty years, the barley breeding program has been federally funded, as there is no state funding. Idaho houses the only federal breeding facility in the U.S. Collaborative efforts and cost sharing assures research will continue, even with the ensuing cuts in federal spending. The board just approved to increase the assessment from two cents per hundredweight (cwt.) to three cents per cwt. This increase was prompted to create an endowed research position with the University of Idaho. The commission continues to receive grant funding as well, and over the last ten years have received a total of \$136,000. With this grant money the commission provides education, local and global promotion of barley, and has led efforts to improve crop insurance. **Ms. Olson** stood for questions.

Chairman Bair questioned the use of a deficit budget situation in order to reduce the reserve, and asked what level of reserve is the commission aiming for. **Ms. Olson** responded that the commission's target reserve is 75 percent of the projected annual budget. It is not the intention of the commission to build reserves and has been drawing them down to fund research.

The supporting report and documents related to Mr. Kelly's presentation have been archived and can be accessed in the office of the Committee Secretary (See attachment 27).

ADJOURNED: **Chairman Bair** adjourned the meeting at 8:51 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary