

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 30, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Nonini, Patrick, Rice, Buckner-Webb and Ward-Engelking

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: **Senator Bair** called the meeting to order at 8:04 a.m.

RS 22672 **Chairman Bair** introduced **Benjamin Kelly**, representing the Idaho Honey Industry Association, who presented **RS 22672**, legislation relating to Bees, Section 22-2510. This proposed legislation would allow for beekeepers who bring their hives into the State for indoor winter storage before moving them to another state, to be exempt from paying fees and taxes. They would still be required to register the hives with the ISDA. Changes to Section 22-2809 would replace the subsection lettering with numbering to be consistent with Section 22-2510.

MOTION: **Senator Tippetts** moved to introduce **RS 22672** for printing. **Senator Nonini** seconded the motion. The motion carried by **voice vote**.

RS 22686 **Chairman Bair** introduced **Stan Boyd**, representing the Idaho Horse Council, who presented **RS 22686** legislation that relates to the Equine Education Account. This proposed legislation changes funding of the Equine Education Account from the University of Idaho (U of I) Northwest Equine Reproduction Laboratory (INERL), now closed, to their Social Science Research Unit. This funding will be used to update the Idaho horse census survey. The horse census survey, which is conducted every 3- 5 years, costs between \$40,000 to \$50,000 to complete. Any funds not used for the census study may be used for other U of I education or research projects by agreement of the Idaho Horse Council. Over the past 11 years, the Idaho Horse Council has given an average of \$26,300 annually to the University.

MOTION: **Senator Nonini** moved to introduce **RS 22686** for printing. **Senator Ward-Engelking** seconded the motion. the motion carried by **voice vote**.

RS 22690 **Chairman Bair** introduced **Wyatt Prescott**, Executive Vice President Idaho Cattle Association (ICA), who presented **RS-22690**, that relates to trichomoniasis testing. Currently, all bulls north of the Salmon River are exempt from this testing. The proposed legislation will require mandatory testing for all bulls in Idaho, helping to keep the cattle herds healthy, prevent abortions and facilitate imports and exports of Idaho cattle.

Senator Brackett asked if dairy bulls are exempt. **Wyatt Prescott** answered that yes, there is an exemption for them.

Senator Nonini asked why the bulls north of the Salmon River are exempt. **Wyatt Prescott** responded that this is a complicated question, the answer dates back before his time with the ICA. When the initial trichomoniasis testing requirements were put in place, there were conflicting opinions in northern Idaho regarding the requirements. One reason had to do with the location of the bulls, that with them being more spread out, this made access more difficult to test annually. This addition to Idaho Code will no longer allow that exemption.

Vice Chairman Guthrie noted that the requirements to test were not in Idaho Code before, and asked how was the exemption enforced before, if it wasn't in code. **Wyatt Prescott** stated the rule governing trichomoniasis testing was found in ADAPA 24.29. **Vice Chairman Guthrie** asked if this was changed in code because it is easier than removing the language in rules. **Wyatt Prescott** replied that by changing it in code, this requires the rule to be changed to conform to statute.

MOTION: **Senator Brackett** moved to introduce **RS 22690** for printing. **Senator Buckner-Webb** seconded the motion. The motion carried by **voice vote**.

PRESENTATION: **Chairman Bair** introduced **Brett Wilder**, FFA President and Food Producers Intern, who spoke about the 2014 Idaho Initiative for Secondary Agricultural Education Improvement. Brett began by stating that agricultural education has stretched beyond its original vocation purposes and is definitely more than "sows, cows and plows". Important facts of the initiative include:

- Production Agriculture and agribusiness are Idaho's leading industry and employer.
- Turnover in agricultural education teaching positions has been 36 percent in the last 2 years alone and threatens long term viability and quality of the program.
- There has been a 25 percent growth in the last 10 years.
- Agricultural and natural resource education programs are found in 37 of the State's 44 counties and impact over 12,000 students annually with 90 programs including integral FFA Chapters.
- The "go to college" rate is over 63 percent as compared to 47 percent for general education completers.

Statistic show that one in every four students in Idaho will take an agricultural education course in their career.

Brett Wilder went on to explain what he called the Three Circle Model. This model incorporates classroom instruction, supervised agricultural experiences ("the hands on" portion) and FFA extra-curricular activities. The total program of agricultural education develops the student totally, not just in the classroom, or in theory, but with the applied hands on opportunities. It goes beyond the traditional classroom standards, encouraging critical thinking and problem solving. It provides a wide variety of opportunities for the students to follow career pathways and receive certifications in special areas. Every student that completes the agricultural education program is prepared to go to college, to the workforce, to be a competitive graduate and a successful citizen.

Brett Wilder talked about his experience and involvement with the FFA Association and said it is their mission to make a positive difference in the lives of students by developing their potential for premier leadership, personal growth, and career success through agricultural education. It offers students opportunities to compete in contests or career development advances. Idaho has 25 chapters with programs that cover most of the industries in agriculture, and as more industries grow, they are adding career development events to fit those needs. Brett is very involved in public speaking and became a nationally accredited parliamentarian through the organization.

Chairman Bair thanked Brett for his presentation and introduced Shawn Dygert, Idaho Vocational Agriculture Teachers Association. **Shawn Dygert** has been teaching for 25 years in the Kuna School district and spoke about the components of the initiative. In initial discussions, it was determined that the changes must benefit every program in the State and effect every student in every classroom, as the students taught range from the academically challenged, gifted and talented, to those at risk. It was also determined that with the agricultural industry's critical need for future employees, as well as the number of teachers leaving in the last couple of years, that improvements to the work environment and student activities were needed. **Shawn Dygert** presented the components of the initiative and said these first two components are the most critical and the funding they are seeking would help make the programs work.

1. Adjust and fully fund added cost allocations. This component is requesting an additional \$4,740 to each classroom and covers all the added costs that are not part of the normal classroom. With a 25 percent enrollment growth over the last 10 years, and a 4 percent decrease in secondary added cost formula, the money just doesn't go as far. Some expenses have more than tripled. The total cost investment needed is \$604,800 annually.
2. Restore Full Time Idaho FFA Association Executive Director Position. This component would restore a position that ended in 1982. Since then, membership and opportunities for students has more than doubled. This position could come through the Agricultural Research and Extension at U of I. The full time FFA investment needed would be \$150,000, and would pay for the position, provide benefits, office space, travel budget and support staff.
3. Expand Statewide Professional Development and Mentoring Program. This component would create a strong mentoring program through the U of I Research and Extension Center and addresses the teacher turnover. There are very few students coming out of the university that will teach agricultural education. This is due in part to the competitive nature of the agricultural industry, and the numerous opportunities as they come out of college. They have lost the young agricultural education teachers during the second to seventh year. Some are moving out of state, or going into industry, and some because of the lack of budgeting and challenges they experience in the classroom. This component would provide a way to keep these teachers up to date, support them and get them through the difficult years. The investment needed is \$125,000 and could happen through the U of I education budget.
4. Implement the Idaho Quality Program Standard Incentive Grants. This would require new statute in Idaho Code and there is legislation currently pending that will provide a statewide benchmark for all agriculture and natural resource education programs. This would provide an additional \$10,000 for certified instructors that meet the standard for use in their classroom or program. This is not used for teacher compensation or teacher benefits. This is program improvement money, to purchase new equipment, increase technology provided to students, and it is specific to local control and needs,

so they can get what is needed for the individual program. The incentive investment needed for fiscal year (FY) 2015 is \$504,000; \$1.3 is the million annual maximum over time.

5. Start up Grants. This component is seeking individual \$25,000 grants for programs just getting started in local school districts to begin or reestablish an intra-curricular program. Grants needed - \$100,000 annually.

Shawn Dygert stated that there are many outside supporters of this program, with local agricultural businesses involved with the local programs. Most of these companies provide the support needed for the extra curricular activities outside the classroom. What is requested through this initiative is funding for things that will support every classroom. The total Agricultural Education Initiative investment needed from the State would be \$1.5 million FY; \$2.3 million annual maximum over time.

Chairman Bair said he will be reviewing this with the Committee and presenting before JFAC and should be supporting the program.

PRESENTATION: **Chairman Bair** introduced **Garth Taylor**, University of Idaho, who presented the annual Contribution of Agriculture to the Economy presentation. He began by introducing Steve Hines, Extension Agent from Jerome, and Ben Eborn, Extension Agent from Briggs. Highlights of the financial conditions of Idaho Agriculture for 2013, include:

- Record high cash receipts for the third consecutive year.
- Cash receipts from sale of crops and livestock are projected to be \$7.82 billion, a 3 percent increase over 2012, making Idaho the third-largest agriculture state in the West. Agribusiness is the largest industry.
- Record cash receipts from the five major commodities: milk, cattle and calves, barley, dry beans and potatoes.
- Idaho ranks first in U.S. production of potatoes with cash receipts of \$965 million, wheat follows with \$732 million and hay with \$539 million.
- Milk production ranks third in nation, and is the top source of cash receipts totaling \$2.57 billion. Cattle and calves are second with receipts totaling \$1.5 billion.
- Estimated net farm income in 2013 is virtually unchanged from 2012.
- Livestock cash receipts have surpassed crop cash receipts every year since 2001 (with the exception of 2009). In 2013, livestock cash receipts are estimated to be 55 percent of total cash receipts, outweighing crops by \$744 million.
- Federal government payments in 2013 are estimated at \$105 million, a decrease of 17 percent from 2012. These payments are predominantly for production support (50 percent) and conservation programs (38 percent).

Garth Taylor stated that growth in dairy and potatoes is due in large part to modern technology. U.S. income spent on food was below 10 percent. He stated that farming and food manufacturing had a slight increase in 2013, provides steady jobs, and is increasingly labor efficient. In 2012 there were 38,537 farm jobs, which is 4.3 percent of Idaho's total jobs and is up one percent from 2011. There were 16,087 food manufacturing jobs, which is 1.8 percent of Idaho's total jobs, up 2 percent from 2011.

He next discussed the Idaho farming and food manufacturing Gross State Product (GSP). Farming GSP was forecasted to be \$2.6 billion, 4.5 percent of Idaho GSP with an increase of 1 percent over 2011. Food manufacturing GSP was forecasted to be \$1.6 billion, 2.7 percent of Idaho's GSP, an increase of 5 percent over 2011.

The outlook for 2014 and beyond on the national and international level:

- Long run drive - Exports
- Weak dollar - cheap U.S. exports
- China now leading importer
- Ethanol demand leveling off
- Rising interest rates
- Farm income sensitive to interest
- Idaho will lose \$50 million from the Farm Bill with insurance replacing price supports
- Drought

The outlook for 2014 and beyond on the state level:

- Water shortages with severe drought
- Idaho food processing with the consolidation of potato processing and the incomplete expansion of Chobani
- Changing export demand
- Land prices and land rents increase
- IRS Code §179 tax deduction change from \$500,000 to \$25,000 with fewer equipment purchases allowed
- Wealth effect

Garth Taylor introduced **Steve Hines**, who presented on the potential economic effects of a water call in the Magic Valley (MV). The MV currently:

- Accounts for over 50% of Idaho's farm gate cash receipts.
- Accounts for more than 25 percent of Idaho's GSP.
- Agribusiness creates over 33 percent of the MV is 89,000 jobs.
- \$2 out of every \$3 in sales are created by exports from agribusiness.
- Dairy processing accounts for over \$1 of every \$5 dollars of sales and 1 in 7 MV jobs.
- 70% of Idaho's dairy herd is in the MV and dairy cows outnumber people 2.5 to 1.

MV farm acreage of 905,000 acres grow a variety of crops, the largest being corn and alfalfa, that is grown to support their dairy industry. Of these 905,000 irrigated acres (42 percent by ground water sources), 380,000 acres could be affected by a 25 percent water call on ground water acreage. This could result in a 10 percent loss of total irrigated acreage and a \$109 million loss of farm gate receipts. This 10 percent cut of all crop acres and their potential effect on the MV economy would mean a potential loss of 900 jobs and a total of \$118 million.

Steve Hines said the estimated loss of a water call may even be too small and too hard to gauge because of the many unknowns. He did say that there are possible prevention tools that could be implemented which include: managed recharge, ground water to surface conversions, demand reductions of ground water use, weather modification, and funding CAMP projects.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:38 a.m.

Senator Bair
Chair

Denise McNeil
Secretary