

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 04, 2014
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Rohn (Buckner-Webb) and Ward-Engelking
ABSENT/ EXCUSED: None
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 8:05 a.m.
PRESENTATION: **Chairman Bair** introduced **Kelly Olson**, Administrator of the Idaho Barley Commission (IBC), who presented the fiscal year (FY) 2014 annual budget report.

Kelly Olson was happy to announce that Idaho's barley crop was back on top with record high farm-gate receipts estimated at \$337 million, up 10 percent from 2012. This was Idaho's 4th largest cash crop and comprises 26 percent of the U.S. total barley production. Other highlights for 2013 include:

- 600,000 acres of barley were harvested, up 2 percent.
- The average yield was 93 bushels per acre, up 3 percent.
- Production was 55 million bushels, up 4 percent
- Barley acreage type planted was 78 percent malting, and 22 percent feed and food.
- 2014 malting barley contract prices are down about 7 percent.

She continued that of the total barley produced in Idaho today, 91 percent is produced in the southern and eastern regions. In the northern region, which produces feed and food for export and malting, production was at 9 percent, down from previous years due to challenges in that region. In the south-central region, producing only malting barley, production was at 65 percent, and in the eastern region, which produces barley for malting and food, production was at 26 percent.

Ms. Olson stated that the income for FY 2013 was \$451,420 and in FY 2014 it is projected to be \$701,245, due to the increase in the assessment rate. She talked about the challenges facing barley research, especially with the decline in public funding. In July of 2013, the IBC board decided to create a \$1 million Barley Agronomist Research Endowment at the University of Idaho (U of I) to fund a dedicated Barley Agronomist/Soil Fertility Professorship located at the Aberdeen Research and Extension Center. Over the next five years, the increase in the barley assessment from \$.02 per hundredweight to \$.03 per hundredweight will help to achieve this goal. This rate increase went into effect in July 2013 and will sunset after five years, unless the future IBC board votes to continue that rate.

The IBC increased research grant funding by nearly 150 percent from FY 2011 to FY 2014 to help shore up the operating budgets at the United States Department of Agriculture Agricultural Research Service (USDA ARS) Small Grains and Potato Germplasm Research Facility. They have facilitated research collaborations with Oregon State University, American Malting Barley Association, Busch Agricultural Resources LLC, and General Mills. She spoke about the other challenges facing the industry:

- A rise in the disease threat of the Fusarium Head Blight (scab) . This blight reduces yield and grain quality, and produces mycotoxins that cause brewing problems. The IBC organized the first-ever Fusarium Head Blight Western US Malting Barley Forum in January 2014. They have also created the Western U.S. Scab Research Initiative.
- Domestic beer sales were down 1.6 percent in 2013. The craft beer segment had robust growth but uses 21 percent less malt. The IBC will continue their strategic partnerships with major brewers and "maltsters", as well as focus on forging new alliances with craft brewers. They hosted barely field tours for craft brewers last May.
- Rising dietary health risks and demand for healthier food has the IBC funding development of heart-healthy high fiber barley, working on research with the private sector and sponsored seminars on formulating cereal products with barley.
- Rising market volatility increased producer risks. Record large 2013 grain crops pressured Idaho grain prices. 2014 outlook will be down as well. The IBC is sponsoring webinars and local workshops to educate producers on marketing, crop insurance and other risk management strategies. The IBC continues to lead the national effort to improve barley revenue crop insurance.
- Drought is a major concern as many companies have increased the amount of bushels they are contracting in 2014.

Ms. Olson stood for questions.

Senator Brackett asked about the research regarding the protein from barley being used for fishmeal in the aquaculture industry. **Kelly Olson** said it was the IBC that provided the original "seed money" to start this research about 15 years ago. Most of the research has been conducted in Hagerman at the U of I and ARS fish culture experiment stations, which, she said does "world-class" research. The IBC will have a report on this research at the Ag Summit. She said that due to how fish process barley, the pollution impact is the number one issue they are working on. They have been working on a process to extract the protein from the whole grain. Fish being carnivores, they are only interested in the protein. There should be excellent results in their research in the next five years or so, unless the water availability continues to be an issue. She said the barley starch could be used in the food industry or for fuel, so there would be no waste. The potential to have a small processing plant in Buhl/Hagerman area is in the works right now with a company who has a solid water permit. The main concern they have regards "proof of concept". They would like some sort of guarantee that after they make the capital investment, the process will really work to feed the fish without any adverse effects on them ten years down the road.

Senator Patrick said they should look at Filer for a processing facility because they have the resources that could work for them. He then asked what double haploid was. **Kelly Olson** answered that it was advanced genomics, not genetic modification. This process allows them to shorten the breeding cycle by at least 3 to 4 years. This is an extraordinary development, with the first double haploid barley lab in the country set up at Oregon State University with the funding of the IBC. The Capital Press published an article a couple of weeks ago about this venture.

PRESENTATION: **Chairman Bair** introduced Moya Shatz, Executive Director of the Idaho Grape Growers and Wine Producers Commission (Commission). **Ms. Shatz** said the primary objective of the Commission is:

- Marketing and promoting all Idaho wineries and growers;
- To be an education and information source;
- Participating in events;
- Community involvement; and
- Media outreach.

She continued that in 2013 Idaho had:

- 50 Wineries;
- 56 Vineyards;
- 4 new members;
- 1200 acres;
- 437,585 gallons of wine produced or about 170,000 cases of wine and;
- 3,800 tons of grapes harvested.

She stated that, as the industry continues to grow, there is a need for more and more grapes to be planted. The Commission continues to encourage people to grow grapes in spite of the drought. She shared that, when she was in California, she had been approached by people asking about the land prices and water, so she definitely sees the possibility of more people coming here to start wineries or grow grapes.

The promotions the Commission put on to showcase the Idaho wine industry are:

- Savor Idaho: 6th year held with 900 attendees in 2013, 209 wineries and 18 restaurants participating.
- Sippin' in the City: had 225 attendees with 14 wineries, 3 food vendors and 4 sponsors.
- Unwind at the Movies: held at the Egyptian theatre, 133 attendees, 10 wineries and catering by 3 Girls Catering.
- Wine Competition 2013: Idaho wines took Gold medals in numerous wines.
- June Idaho Wine Month: had 60 plus wineries participating this year. The Governor came out and signed bottles of wine at Albertsons. They partnered with Hayden Beverage and had over 150 Idaho wine displays around the State with 900 cases of wine on retail shop floors. This alone helped increase the Idaho wine business by 32 percent.
- Idaho Wine Restaurant Boot Camp: 19 restaurant members who participate in wine tours and various other activities that help educate and encourage them

to promote Idaho wine to their customers. They will be working with hotels soon to suggest wine tours as an activity to visitors.

The Wine Commission received a grant from the ISDA which was used for new marketing materials, commissioning artist Ward Cooper to do 5 posters, and for advertising on a new billboard on Exit 33A going towards Caldwell. Their websites and social media sites are becoming more and more active with lots of visits, and the wine industry has been featured in a few different wine and travel magazines. Along with the Division of Tourism and Southwest Idaho Travel Association (SWITA), they hosted a tour of the wineries for several media, journalists and bloggers. With all of their marketing efforts, the Idaho Wine Commission has been very successful in their promotion of Idaho wines. **Moya Shatz** finished her presentation by showing the Committee their latest promotional video which will be entered into Wine Spectator, one of the largest consumer publications. She encouraged everyone to share the video. She stood for questions.

PRESENTATION: **Chairman Bair** introduced **Gretchen Hyde**, Executive Director of the Idaho Rangeland Resource Commission (IRRC), who presented her annual report. **Ms. Hyde** reported on the budget and directed the Committee to the financial statement.

She stated that their revenue has remained static for the last 16 years. The total revenue for (FY) 2013 was \$267,200. The IRRC is funded by the mandatory assessments to owners of dry grazing land, and fees on domestic cattle and sheep utilizing state and federal grazing lands. These assessments are 100 percent refundable, with the IRRC typically receiving requests for refunds totalling about \$3,000 to \$4,000 annually. Over the years, they continue to receive grants, and have started selling the collaborative publication from the U of I Rangeland Center via the IRRC website. This money is passed on directly to the University. They are also collecting money from the license plate program, which, she said, continues to increase more and more over the years.

The total expenditures were \$274,561. Currently, there are two part time employees. This year the IRRC expenditures exceeded their revenue. That made a difference of \$7,361, changing the beginning fund balance of \$266,871 to the ending balance of \$259,510. They typically keep a reserve of one year revenue.

Ms. Hyde said the IRRC board consists of 5 members and stated the goals of IRRC are to:

- Increase public understanding that Idaho's rangelands are a renewable source of important consumer products and environmental values.
- Provide information about the economic and ecological aspects of rangeland management practices.
- Promote public support for livestock grazing.
- Promote responsible rangeland stewardship.
- Advocate multiple use of rangeland resources.

The IRRC partners with the U of I Rangeland Center and provides continuing education workshops and classroom activities with a student rangeland assessment contest. Their website provides materials and books for the classrooms and for day hikers, as well as resources for ranchers. The Care/Share Campaign provided signs that alert the public to the various activities taking place on the rangeland. One significant project was the rangeland tours and symposium, to further educate and promote ongoing partnerships between the ranchers, conservations groups, and federal agencies. **Ms. Hyde** finished her presentation with a short video. She stood for questions.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:31 a.m.

Senator Bair
Chair

Denise McNeil
Secretary