

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 13, 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 8:02 a.m.

INTRODUCTION: **Chairman Bair** introduced Senator Troy Rohn, a substitute Senator for Senator Buckner-Webb in her absence. He is a professor in the Biology Department at Boise State University.

MINUTES: The Minutes from January 23, 2014 were presented to the Committee.

MOTION: **Senator Nonini** moved to adopt the Minutes from January 23, 2014. **Senator Ward-Engelking** seconded the motion. The motion passed by **voice vote**.

GUBERNATORIAL APPOINTMENT: The Committee will consider the appointment of Leon Kyle Slichter, of Grangeville, Idaho, to the Idaho Soil and Water Conservation Commission. He is to serve a term commencing January 22, 2014, and expiring July 1, 2018. The motion for recommendation of confirmation will be made at the next Committee meeting on Tuesday, February 18, 2014.

Senator Bair introduced **Mr. Slichter**, who said he is a 5th generation agriculture producer. He is married and has four children and six grandchildren. He has served on the local district board for 21 years, the last 6 as the Chairman. He is interested in agriculture and conservation. He said that less than 2 percent of the population of the U.S. is involved in production agriculture, so it is very important to be well represented. **Chairman Bair** asked him what he thought was the most important and pressing issues with the Soil and Water Conservation Commission. **Mr. Slichter** said communication and education are the most important issues.

Chairman Bair thanked him for coming and said the Committee will take his appointment under consideration at the next meeting.

PRESENTATION: **Chairman Bair** introduced **Laura Johnson**, Bureau Chief, Market Development Department, Idaho State Department of Agriculture (ISDA) who introduced Armando Orellana, Office Manger of the Idaho- Mexico International Trade Office.

Ms. Johnson said this was the perfect time to present today, especially with the final 2013 export statistics just released. She said that agriculture exports had set another record for the 3rd year in a row and credited the strategic trade offices set up in China, Taiwan, and Mexico. They have developed tremendous relationships with buyers in their regions, as well as the export community in Idaho. She said they are the "boots on the ground" to assist Idaho companies. This year the Mexico office is celebrating their 20th anniversary of service.

Mr. Orellana began his presentation by saying that Mexico's economy is making a steady come back. Their government just passed some very important reforms through their constitution putting Mexico to the forefront of many countries of Latin America. The Moody Investment Firm just raised them to an A rating, the only other country besides Chile with that rating.

Mr. Orellana said the main objective of the trade office is to help the Idaho Department of Commerce and ISDA generate jobs in Idaho through exports. His office does market research and develops contacts with companies and organizations in Idaho, helps exporters know "who's who" in the markets, and how they can get their products into Mexico. They also help to find clients, distributors, and importers in Mexico, who help them to understand the restrictions and processes needed for exporting their products.

Mexico Overview for 2014:

- Real Gross Domestic Product (GDP). A 3.1 percent growth will help the economy and buyers.
- Energy and telecommunications reform. Will allow Mexico to accept private investments (Shell and Mobile) in the oil monopoly company in Mexico.
- Financial and political reforms. These will help to move the country in the right direction.
- Sound macroeconomic stability. The peso is stable, with more predictability, making companies able to plan better, and to be able to purchase products from abroad. Their peso exchange rate is stable and predictable too.
- Inflation at 3.6 percent. This is still an issue, but is much more manageable than before.
- Insecurity. The Mafia and drug cartels are still an issue in security, but the military and government are stepping up to combat this. Travel is not the problem it was before.

Trade and Project 60:

- High Desert Milk. In the past few years, they have been working with and promoting Idaho dairies and had \$1.5 million in sales last year.
- Clear Springs Foods. Farm trout exports with \$300,000 in sales last year.
- Bean Seed. A major industry that Mexico has helped to promote with field testing and seed trials, with \$200,000 in sales last year.
- Their office participated in events related to Idaho's top sectors: the mining convention; the hi-tech convention; bean seed field days; Latin American dairy show; wheat, bean seed retail buyers visit; and agriculture machinery, processed food, and lumber.
- Introduced buyers from Mexico, who in turn could assist in exporting their products.

Bilingual promotional materials include:

- Bean Seed Guide
- Idaho Dairy Industry Guide
- Newsletters on Idaho's selected industry segments

Tourism and Education:

- Assistance to University of Idaho and Lewis-Clark College for students recruiting.
- Intern program.
- Promotion through social networks.
- Contacts with tour operators.

Mr. Orellana stood for questions.

PAGE PRESENTATION: **Chairman Bair** thanked the Agricultural Affairs Committee page, Jacob Price, and presented him with a gift and letters of recommendation. **Jacob** thanked the Committee for the opportunity and gave a short speech on his future endeavors.

PRESENTATION: **Chairman Bair** introduced **Ms. Johnson**, who introduced Eddie Yen, Office Manager of the Idaho-Asia International Taiwan Trade Office.

Eddie Yen said the Taiwan office was established in 1989. He said that Idaho was "big" in Taiwan in 2013.

He gave an overview of Taiwan:

- Population: 23.2 million, and had less than 1 percent population growth.
- GDP: U.S. \$468 billion in 2013.
- GDP growth: 2.19 percent in 2013 and 3.6 to 5.4 percent estimated for 2014.
- Foreign reserves: U.S. \$417 billion, 4th in the world.
- U.S. exports to Taiwan: U.S. \$24 billion in 2012.
- Idaho's export to Taiwan in 2012: U.S. \$754 million - six times the U.S. National average per capita.
- Idaho's third largest export market: 14 percent of Idaho's total exports in 2012.

They continue to support the Project 60 program:

- The Governor's trade mission to Asia and Taiwan in April.
- Participated in five trade shows and assisted Idaho companies in exporting their products.
- Put on three investment seminars.
- Promoted tourism and education.
- Set up a wheat buying mission from Taiwan to Idaho.
- Produced industry specific group bi-lingual marketing materials.

In April 23 to 25, 2013, the Taiwan office hosted the Governor's Trade Mission to Asia and Taiwan. Governor Otter and the official delegation made nine trade dedications in one day. **Mr. Yen** said it was a "very, very long day" (14 hours). They visited Korea, Taiwan and Vietnam. 17 Idaho companies joined the mission, and over 70 meetings for participating companies were scheduled for one day. They signed the first Green Energy Memo of Understanding (MOU) with the Ministry of Economic Affairs in Taiwan. This MOU will focus on geothermal development. It is Taiwan's goal to develop green energy power for a total use of 20 percent by 2030. The Idaho Appreciation Reception was an opportunity for Governor Otter to meet with the president of the country. There were about 240 people who attended, and 12 local companies were presented a Valuable Partner Award (VPA) from Idaho companies.

He talked about the other promotional opportunities they participated in:

- June Food Show. Five companies joined. Especially loved was the new product, "cabernet ice wine", from Koenig Winery.
- Building Materials Show. Five companies joined the Idaho booth and attracted over 1000 visitors.
- Tourism/Jazz/Agriculture Promotions.
- Taiwan wheat buying mission. Taiwan signed a letter of intent with \$484 million for the next two year's purchases.
- Industry specific marketing. More bilingual industry specific brochures.

Mr. Yen said there are many promotional programs scheduled in 2014, and with the continuing teamwork, Idaho should be even bigger in the Asian market. He stood for questions.

PRESENTATION: **Chairman Bair** introduced Teri Murrison, Administrator of the Idaho Soil and Water Conservation Commission (ISWCC), who presented their FY 2014 Financial Accountability Report. **Ms. Murrison** introduced Ali Hardy, Board Clerk on PowerPoint, Jeff Burwell, State Conservationist for the Natural Resources Conservation Service (NRCS), and Benjamin Kelly, of the Idaho Association of Soil Conservation Districts. She included Conservation Commission Chairman Norman Wright, Commissioner Gerald Trebesch, and the newest Commissioner, Leon Slichter.

Ms. Murrison said the ISWCC partners with the local, state, and federal government agencies that work with landowners to accomplish good things for the land and the people who live and work on the land. The ISWCC and NRCS supply technical expertise, funding, and other resources. Conservation districts are the "boots on the ground" of conservation, undertaking locally led projects with private landowners.

She said the ISWCC staff and voluntary conservation partners "sow seeds of good stewardship" all over the State which has been a way of life for generations of Idahoans. The ISWCC is voluntary and non-regulatory, and focuses on cooperative, collaborative efforts with local people who know and work the land. They have three core functions: providing district support, managing incentive-based and other conservation programs, and fiscally prudent administration. They provide technical assistance in conservation planning, engineering, and watershed assessments.

She explained that before and during the Great Depression, the federal government formed the Soil Conservation Service, which is now the Natural Resource Conservation Service or NRCS, to deal with soil health on a national scale. They assigned a state conservationist to work with the State and local farmers and ranchers in establishing a statewide conservation movement. On March 9, 1939, the Idaho Soil Conservation District Law was enacted, establishing the ISWCC, and providing for the formation of local conservation districts.

Ms. Murrison said that due to constrained resources, services and programs must be prioritized. The Idaho Agriculture Pollution Abatement Plan has been recommended for funding by the Governor and is a priority for them in 2015 due to the imminent release of the Idaho Nonpoint Source Management Plan by the Department of Environmental Quality (DEQ).

She said this year districts received about \$1.15 million in operating support from the General Fund. They raised another \$500,000 from local government and other local matching sources to total almost \$1.6 million dollars statewide. Many also secured grants for projects, augmenting their annual budgets. The Commission provided another \$50,000 for capacity building activities. In addition, districts requested 13,076 hours of technical assistance for a wide variety of projects. The ISWCC delivered 7,681 hours of staff time statewide and assisted with water quality, ground water, nitrate reduction, riparian restoration, and other conservation projects. Since 1990 the ISWCC has been involved with over \$88 million worth of projects, with over \$22 million in the funding coming from them. To date, the ISWCC has impacted almost 1.5 million acres with Conservation the Idaho Way.

Ms. Murrison said that the ISWCC also manages incentive-based and general conservation programs such as:

- The Conservation Reserve Enhancement Program (CREP). CREP conserves water usage on marginal farm ground in the Eastern Snake River Plain Aquifer. Participating landowners receive modest federal payments from the Farm Service Agency in exchange for not farming these lands. Last year 159 CREP contracts were signed in the region, enrolling 17,227 acres in the program, and saving 34,454 acre feet of water, enough to serve about 330,000 people. It saved 68 million kilowatt hours of electricity, almost 138,000 tons of soil erosion due to wind and water, and diverted up to 4.5 million pounds of fertilizer from enrolled acres.
- Since 1990, the Rangeland Resource Conservation Development Program (RCRDP), has funded almost \$25 million in loans, impacting close to 133,000 acres. Loan rates range from 2.5 to 3.5 percent. The maximum loan limit is \$200,000 per loan, or \$300,000 per borrower. In exchange for low interest loans, landowners operate under a conservation plan and improve practices or replace equipment to produce a conservation benefit resulting in water savings and erosion reduction. As of December 31, 2013, the ISWCC has 108 outstanding loans totaling \$4,098,507. Due to recent years' robust agricultural economy and borrower uncertainty, loan volume was down last year, however, they have seen an upturn in inquiries and applications this year, and have already approved as many loans as all of last year.
- The ISWCC also assists the DEQ in preparing Total Maximum Daily Loads (TMDL) implementation plans which strategically reduce agriculturally-generated pollutant loads for impaired surface waters. Once completed, the districts take on projects that go toward meeting and eventually de-listing those waters. To date, they completed 93 implementation plans. Last year, 5 of their field staff completed 5 implementation plans, and juggled 19 in progress. They now have 17 plans in progress and 18 plans pending. Last year their Ground Water Program treated 35,685 acres, reducing nitrates by about 115,000 pounds, Phosphorus by 24,000 pounds, and sediment by 137,000 pounds.

The 2015 Governor's Budget Recommendation for the ISWCC includes:

- \$2,463,400 in general funds
- \$345,000 in dedicated funds

The Governor's recommendation for the Commission includes:

- \$1,174,900 in personnel.
- \$436,300 in operating funds which includes the line item enhancement request of \$28,000 to contract out updating the Ag Pollution Abatement Plan.
- \$44,000 in capital to replace 2 field vehicles, each with over 150,000 miles.
- \$1,153,200 in trustee & benefit funds to conservation districts.
- \$433,500 for base funding.
- \$669,700, according to statute and rule match formulas.
- \$50,000 in capacity building grants.

Their recommended budget totals \$2,808,400, a 4.1% overall increase from the 2014 appropriation, and caps the total full time personnel (FTP) at 16.

Chairman Bair introduced **Art Beal**, Treasurer, Idaho Association of Soil Conservation Districts (ISSCD), who said the ISSCD was established in 1944, and works to strengthen districts and further non-regulatory, locally led, conservation in the State. They foster relationships to work on issues that are vital to the effectiveness of keeping the farms and ranches healthy and sustainable.

Mr. Beal said the "tools" provided to the ISSCD have helped with soil and water health. They have learned much from the noxious weed program, and the use of biological control through insects and soil health. The chemical companies taught them about application and water interactions for best results. The ISSCD needs continued support for the coordinated weed management areas, too, as this allows them to work over a variety of land ownerships, boundaries, and weeds. Through their loan program, they are developing better technology to keep the fertilizers and chemicals where they are applied, saving landowners and operators money and helping the State meet the Clean Water Act. The districts still need the support to meet the TMDL to help clean up the water. He said he applauded the support of the broadband service grant which allows everyone to have access to the websites that provide the valuable information on soil and water health and methods of production. He said they need the "One Plan" process to be used and funded by all partners in the State to make compliance, rules and planning easier.

One project was the restoration of Pebble Creek, an important tributary to a large watershed that was repaired to reestablish the creek and the riparian zones. This was a very successful project because of the DEQ 319 point source grant, and the time and donations from each of the other partners. He finished by saying that this is just one example of the important role of conservation districts and preservation of the State's natural resources and the ability to bring a variety of partners together. He stood for questions.

Chairman Bair introduced **Jeff Burwell**, State Conservationist with the USDA NRCS who spoke about the slide Ms. Murrison had shown on the dust storm. He said it happened in 1935, and took about 2 days to reach the east coast. Congress created the Soil Erosion Service, which then became NRCS. They soon recognized the need to have local offices in the states, and the Soil Conservation District Act was created.

He said today, every state has a Soil Conservation District Act, which creates the local districts that work with the NRCS to provide the technical assistance to land owners across the state. He called them a "small agency with a huge presence". They are in almost every county in the U.S. and in Idaho there are about 200 employees that work in 39 offices. There are 25,000 landowners in Idaho, so it is critical to have the partnerships with the local conservation districts and the ISWCC.

The programs provided by the NRCS include:

- The Farm Bill brings in about \$50 million/year to treat the various resource issues in Idaho. Local landowners that apply the conservation practices pitch in about 50 percent of the cost. It has a huge benefit locally and statewide. The bill helps the farmers and ranchers to comply with federal rules and regulations. They have dedicated funds to deal with the Sage Grouse issue. They have worked with 102 ranchers on 456,000 acres, with \$8.7 million used to remove the threat of having the Sage Grouse listed as an endangered species. The Fish and Wildlife Department will review this issue this fall and whether it warrants listing or not. If it gets listed, it will have significant impact on ranchers in the State. They continue to demonstrate that the program they have has positive benefit to the bird and to the population.
- Soil Health. Programs to help with the wind erosion and highway closure problems in the southeastern part of the State, and the water erosion issue in Palouse that has clogged the waterways.

He stood for questions.

Senator Patrick complimented them on the work they have done in his area. The erosion and mud issues have been improved, and the wetlands that have been put in place have been well received.

Ms. Murrison thanked him and said it is always great to hear.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:10 a.m.

Senator Bair
Chair

Denise McNeil
Secretary