

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, March 06, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

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

ABSENT/ EXCUSED: Senators Nonini and Buckner-Webb

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 Minutes from February 11, 2014 and February 13, 2014 were introduced to the Committee for approval.

MOTION: **Senator Rice** made a motion to adopt the Minutes from February 11, 2014. **Senator Guthrie** seconded the motion. The motion passed by **voice vote**.

MOTION: **Senator Ward-Engelking** made a motion to adopt the Minutes from February 13, 2014. **Senator Tippetts** seconded the motion. The motion passed by **voice vote**.

PASSED THE GAVEL: **Chairman Bair** passed the gavel to **Vice Chairman Guthrie**.

S 1392 **Vice Chairman Guthrie** introduced Chairman Bair to present **S 1392**. **Chairman Bair** said that this proposed legislation will make sure that the advisory committees of the Commodity Warehouse and Seed Indemnity Funds will receive a staff report and the pertinent documents and information necessary to be able to make a recommendation to the Director of the ISDA for any claims that have been filed.

Chairman Bair said that the indemnity funds were created around thirty years ago, and Representative Jones was instrumental in passing the Commodity Warehouse Fund and then later the Seed Indemnity Fund legislation. He explained about the process and why the funds were created. He said they were designed almost like an insurance policy and ensured that the farmers could be reimbursed for the majority of the crop that was delivered to the warehouse and never paid for.

When this happens, the farmer files a claim with the Director of the ISDA (Director), who then gathers the information and evidence to make a determination of the validity of the claim. The Director will then determine if there will be a payout and how much will be paid upon the recommendation of the advisory committee.

Chairman Bair said the advisory committees are responsible for keeping the funds healthy (currently the funds have close to \$12 million). This is not General Fund dollars, but comes from producer taxes accessed on their crops. They also review the claim documentation and the Director's decision, and give advice on that decision. Historically, these committees were given all the documentation the Director used to make the decision (warehouse receipts, scale tickets, bank statements) and any background information that would help the committee make their decision.

Recently, the committees have been told that they would only be receiving a summary, even with some names redacted. The committees felt, in order to make a good advisory recommendations to the director, more information was needed. He stood for questions.

Senator Rice asked if the language is broad enough to cover all the documentation that is required by the advisory committees. **Chairman Bair** answered that both the advisory committees and the ISDA believe that the language in Section 22-5125 (2) provides for this.

Senator Tippets asked why the practice has changed over the years and was there some reluctance with the ISDA to provide this documentation to the advisory committees. **Chairman Bair** answered that it stems from Chobani and trade secrets. The ISDA decided that some of the information should not be given to the advisory committees because of the confidential nature of trade secrets, production records, practices, checking account information and social security numbers. Chairman Bair and Representative Batt met with Clive Strong, Deputy Attorney General, who provided an Attorney General's opinion on this situation. According to his understanding, the advisory committees are ISDA employees and are entitled to any information that any employee would be entitled to. In turn, the advisory committees' members have a responsibility of confidentiality and the information that is heard in the meetings and discussions are not public knowledge and need to be kept private.

Senator Tippets asked if the Director may have decided against forwarding the information because it was not used in their decision, and therefore they did not think it relevant. **Chairman Bair** said they did discuss this issue and they were concerned because the information that is discussed needs to be factually based. The ISDA prepares the documents that lead to a decision that will become part of an evidentiary situation (most decisions are appealed). They are trying to make a "case" and the information that is shared by committee members needs to be factual.

Vice Chairman Guthrie introduced the following who spoke in support of the bill:

- Benjamin Kelly, Executive Director of the Idaho Alfalfa and Clover Seed Growers Association
- Travis Jones, Executive Director of the Idaho Grain Producers Association
- Rich Durant, Farmer - Member of Advisory Committee
- Mike Nichols, Farmer - Member of Advisory Committee
- Russ Senter, Farmer - Member of Advisory Committee
- Dennis Tanikuni, Assistant Director, Idaho Farm Bureau Federation-Boise

MOTION:

Senator Patrick moved to send **S 1392** to the floor with a **do pass** recommendation. **Senator Rice** seconded the motion. The motion carried by **voice vote**. Chairman Bair will carry the bill on the Senate floor.

**PASSED THE
GAVEL:**

Vice Chairman Guthrie passed the gavel back to **Chairman Bair**.

**PAGE
PRESENTATION:**

Chairman Bair presented the Committee Page, Aleigh Allred, with a gift. She gave a small speech and thanked the Committee for the opportunity to serve.

ADJOURNED:

Chairman Bair thanked the Committee for all their hard work this session and adjourned the meeting at 8:41 a.m.

Senator Bair
Chair

Denise McNeil
Secretary