MINUTES

SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 26, 2015

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Bayer, Senators Brackett, Patrick, Souza, Lee, Den Hartog, Ward-Engelking and Burgoyne

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 Rice** called the meeting to order at 8:01 a.m.

RS 23696 **Unanimous Consent to send Legislation Relating to the Idaho Beef Council to a privileged committee to print**

UNANIMOUS CONSENT REQUEST: **Senator Brackett** asked for unanimous consent to send **RS 23696** to State Affairs to print. There were no objections.

PRESENTATION: **USDA Farm Service Agency**, Mark Samson, State Executive Director, Farm Service Agency of Idaho, began the presentation by stating the Farm Service Agency (FSA) is unique because it represents a five member committee who are appointed by the President from around the State. FSA helps initiate the Farm Bill to make rulings and run policy, and they are the first point of initiation for all the farm programs, disputes and appeals (see attachment 1).

What are the changes in the Farm Bill:

1. The most significant portion is that the direct, counter-cyclical and acre payments were eliminated. These were the direct subsidies to the producer based on the amount of base and the commodities that were grown.
2. Payment limitations have been reduced. The producers can only receive $125,000 for the potential payment under Agricultural Risk Coverage (ARC) or Price Loss Coverage (PLC), disaster or loan deficiency payments.
3. Improves the safety nets for veterans and beginning farmers and ranchers; 30 percent of active duty members come from rural America. Those veterans are returning to their rural areas, but there is very little help for them. This program helps them to buy farms, rent ground and get reestablished in agriculture.
4. Recognizes the potential of new and expanding markets for the agriculture industry.
5. There is an increased reliance on crop insurance. All producers must have crop insurance to be in the farm program.
6. Conservation compliance is tied to loan acceptance, farm programs and insurance.
7. There are increased loan opportunities for minorities such as women and Native Americans.

Mr. Samson then explained the Agriculture Act of 2014 in detail for commodities such as livestock, dairy, revenue protection, conservation and farm loan programs.

The county offices are tasked with implementing a very complex Farm Bill, and farmers are very upset with the way the program has been developed and implemented. The most controversial portion of the Agriculture Act is the ARC and PLC. These are no longer a revenue guarantee for the producers; instead this is a revenue protection. Enrolling in the PLC protects the producers against lower prices. Enrolling in the ARC guarantees producers against yield and disaster prices. Producers must come in and choose one of the programs; which is a one-time decision until 2018. The program choice is based on a price. The producers are dissatisfied with this section of the bill because they must predict pricing to 2018; there is no way that they can predict the outcome.

One of the strongest efforts under the new Farm Bill is the new farms loan program. The farm program section of the bill was written with the idea that Congress did not want many producers signing up for the programs nor did they want to pay out a lot of money. Congress decided to do loans to help farmers in transition and add $6 billion of loanable money. The USDA is the premier lender of choice for the beginning farmer and the underserved.

The blank spot in this slide for 2015 represents what the USDA cannot predict. The producers are looking at this as revenue protection or risk management it is no longer direct guarantee to the farmer. The Farm Bill is new to the producers and the FSA staff administering the legislation. The Farm Bill has become difficult to administer because, by statute, FSA can explain the programs but they can no longer make recommendations to the producers. The producers are now challenged to know their operations so they can make the right decision. The support of the Farm Bill is unknown because it is now based on marketing prices per year.

Senator Patrick asked what would be the maximum dollar amount for beginning farmer loans. **Mr. Samson** replied a micro loan would be $50,000. The direct or guaranteed loans would depend on the business plan; but the loan could not be more than $1 million. FSA is trying to get a handle on how they market the loans in Idaho. Beginning farmers are looking for opportunities to get into farming but they are having trouble breaking the land out of the old operations. FSA is analyzing where they are making loans and mapping where the Conservation Reserve Program ground will be coming back into production and those farmers who are leasing more ground. Then they can match up their efforts to proceed with loans to locations of the farms.

Senator Lee stated in her district it is difficult to find farm ground. The current farmers are looking for ground from farmers who are retiring. In her district there are not many opportunities for beginning farmers to find land and break into the industry. **Mr. Samson** answered that FSA does see some opportunities in that district. FSA looks at the amount of individuals that participate in the insurance program and that supplies information about farmers that lease ground from multiple owners. The owners are trying to maximize their rental from the ground. The leases are jumping up so the existing farmers can't afford the leases. FSA is trying to slot beginning farmers onto those leases.

Senator Souza asked about the loans for farm storage facilities. She noticed that a credit test is not a requirement. **Mr. Samson** advised that for the farm facility loans there is not a credit test. The producer has to come in with a down payment. They eliminated the credit test so that the smaller producer could build facilities to carry them through to expansion.

MINUTES APPROVAL: **Senator Souza** moved to approve the Minutes of February 5, 2015. **Senator Lee** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Den Hartog** moved to approve the Minutes of February 10, 2015. **Vice Chairman Bayer** seconded the motion. The motion carried by **voice vote.**

ADJOURNED: There being no further business, **Chairman Rice** adjourned the meeting at 8:48 a.m.

Senator Rice
Chair

Carol Deis
Secretary