

MINUTES  
**SENATE AGRICULTURAL AFFAIRS COMMITTEE**

**DATE:** Tuesday, March 10, 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.

**H 73** **Relating to Veterinarians Licensing and Application Fees are Nonrefundable,** **Jodie Ellis**, Executive Director, Idaho Board of Veterinary Medicine (IBVM), advised that in 2013, the Legislature approved a change to make application and certification fees nonrefundable to applicants for certification as veterinary technicians (CVT). However, current statute requires the return of licensing fees to applicants for veterinary licenses under certain circumstances. To eliminate this inconsistency between two similarly situated groups regulated by the IBVM, this legislation amends Idaho Code § 54-2107 to make both application and licensing fees for veterinary applicants nonrefundable, thereby treating the two groups the same.

**Chairman Rice** questioned the current statute which only makes the license portion, not the application portion, non-refundable. Why has IBVM not separated the license fee from the application fee? **Ms. Ellis** explained the initial applicants for licensure will pay a license and application fee. **Chairman Rice** asked if there was reason not to fix the rule so that it would match and create fairness. **Ms. Ellis** believed that IBVM started with the CVT licensing procedure with the idea the Doctor of Veterinary Medicine (DVM) would follow. **Chairman Rice** asked how much is a license. **Ms. Ellis** stated that a license is \$175. **Chairman Rice** asked if the \$25 is the cost of processing the application. **Ms. Ellis** answered the \$25 does not completely cover the cost of processing the license. It takes their staff approximately six hours to process the license, and there are additional hours if it is a difficult application. **Chairman Rice** asked what is the average cost to process an application. **Ms. Ellis** answered that it takes her staff between 4 to 6 hours to process an application, using \$15.00 per hour it costs \$60 to process an application.

**Senator Burgoyne** observed that the Legislature has received information over the years that certain boards and the Bureau of Occupational Licenses (BOL) have overspent. Money has been used within the BOL from one board to another board to cover the deficits. What is the financial standing of IBVM? **Ms. Ellis** replied that the financial situation of the IBVM is very tight. Of all the medical boards they have the least amount of cushion. **Senator Burgoyne** clarified that the IBVM is not in deficit like some of the other boards. **Ms. Ellis** replied in the affirmative.

**Vice Chairman Bayer** asked could you break the application away from the licensing fees by only assessing a license fee on the completion of a successful application. **Ms. Ellis** responded that the main reason that have placed the two fees together is it is more efficient for their office; they are a staff of two. **Vice Chairman Bayer** asked how many cases would apply to the proposed legislation. **Ms. Ellis** advised that they had only denied three veterinarian applications since 2013.

**Senator Burgoyne** stated that it is important that application fees reflect the cost of the application process. There is a history of boards finding themselves in deficit because their fees do not encompass administrative costs.

**Chairman Rice** stated the current statute deals with the license fee separate from the application fee. It is important that application fees be set at an amount that reflects the administration cost. He does not believe it is appropriate to charge the license fee to an applicant who does not receive a license.

**Vice Chairman Bayer** asked how many applications and licenses the IBVM processes in a year. **Ms. Ellis** replied IBVM processes approximately 1200 renewals and 100 new applicants.

**MOTION:** **Senator Ward-Engelking** moved to send **H 73** to the floor with a **do pass** recommendation. **Senator Brackett** seconded the motion. The motion failed by **voice vote**.

**PRESENTATION:** **Idaho Dairy Products Commission (IDPC), Karianne Fallow**, CEO and **Tom Dorsey** Chairman, **Ms. Fallow** referred to the presentation as the story about dairy promotion in Idaho and across the country. Idaho is the third largest milk producer in the U.S., and it is feeding the world. Almost 20 percent of the dairy products are exported and the remainder goes out of the State.

**Tom Dorsey** advised that 2014 production was a banner year for milk prices in the nation. Never had milk prices been this high; \$26.00/100 weight. The production chart shows that the dairy industry in Idaho has matured. The 2009 bar on the chart shows a record low price for milk. **Senator Brackett** asked for clarification on the production chart. In 2014 production was up and price was up. In 2009 the reverse was true, prices were down along with production. **Mr. Dorsey** discussed the supply and demand economics of the world milk market. Consumption trends of consumers in milk volume sales remain depressed there was a small downturn in cheese volume along with yogurt.

**Karianne Fallow** spoke on IDPC's focus in three key areas:

1. Consumer confidence around building trust among consumer in the products and dairy farming. Advertisements connect the farmers with the consumers. By putting a face on the industry the issue of trust will build.
2. To address transparency and educate the public a number of farmers have volunteered to allow organizations to come on their farms to observe how their milk products are processed.
3. The health and wellness initiative revolves around positioning the Idaho's dairy industry through the Idaho Dairy Council. They work to be influential in driving health and nutrition related initiatives in the State. One of these initiatives is Fuel Up to Play 60, which is directed at youth wellness. It encourages youth to take action to improve nutrition and physical activity in the school environment. Students consume 60 percent of their meals in the school environment. So there is a significant opportunity to effect change in schools. Milk is a protected commodity in the school environment.

**Senator Burgoyne** asked if these programs were based on any marketing research. Was that market research done at the state or national level? What has that market research shown about the image of the milk industry and consumer practices? **Ms. Fallow** replied that their ad campaign was driven to put the face back on dairy and getting away from fluid milk and cheese. They launched an image campaign, and they have done research on the campaign to see if it has changed perceptions. Based on early numbers, their ad campaign revealed that there are some areas that consumers want to know about such as environmental sustainability and animal care. **Senator Burgoyne** questioned if there was any

research done on where the industry stood before the ad campaign started on these issues or is there research coming to see how the ad campaign is changing consumer perceptions. **Ms. Fallow** replied based on national's own work, they believe their investment is more effectively spent in driving consumption as opposed to buying advertising. The image campaign is focused on re-engaging the consumer with dairy farming. **Mr. Dorsey** stated that the industry has done extensive research on the nutritional content of milk. When the First Lady launched her campaign to increase nutrition and decrease the weight of children, the dairy research was complete and showed the nine essential nutrients in dairy; milk is the only ingredient that has been researched, proven, and tested.

**Mr. Dorsey** spoke on developing business by being a valued, relevant partner across the entire supply chain through innovation in processing, marketing and research, and through enhanced stakeholder communication. **Mr. Dorsey** expanded on the staffing that they have placed with their marketplace partners: McDonald's, Quaker, Domino's Pizza, Pizza Hut and Taco Bell. The return on these partnerships will be that for every \$1 the dairy industry puts in, their partners will put in \$10 and will do the advertising. Their staff is creating nutritious menu items with more dairy for the partners to sell in their businesses.

For example, Domino's Pizza was failing. In 2009 through the dairy industries partnership, they advised Domino's to put more cheese on their pizzas; the sales skyrocketed and have continued. These companies are now globally expanding and are exporting U.S. cheese to go on pizzas.

The Milk Advisory Board came to IDPC with their fluid milk dilemma. Fluid milk is 80 percent of the market and sales were declining 3-4 percent per year. They formed a committee and hired three people, which partnered with Coca Cola and Select Milk and created the Fairlife product. They filter the milk and take the lactose out of the milk and put an enzyme into the milk which gives it a natural sweetness; it is still 100 percent milk.

**Ms. Fallow** concluded the presentation with their vision: to contribute to the long-term economic success of the Idaho dairy industry.

Their mission statement: Increase demand and inspire trust in dairy products and dairy farming through innovation, leadership and collaboration. They focus their efforts on four core areas:

1. Domestic and global dairy access.
2. Sustainable lifestyle.
3. Future of dairy.
4. Stewardship of their partner investment.

**PRESENTATION: Idaho Dairymen's Association, Bob Naerebout**, Executive Director stated their industry has 514 dairies in operations with 560,000 cows. Treasure Valley has 18 percent of the dairies and 18 percent of the cows; eastern Idaho has 23 percent of the dairies with only 6 percent of the cows; and the Magic Valley has 60 percent of the dairies with 73 percent of the cows.

- Sustainability: Providing the consumers with the nutritious dairy products that they want, in a way that makes industry, people and the Earth economically, environmentally and socially better now and for future generations. That innovation is centered on some groups that they are working with to develop the sustainability of the dairy industry.
- The scope of where the dairy industry is going is the World Wildlife Federation. Their agenda is how do they increase the sustainability of production in the U.S. and for the world. For Idaho 35 percent of the Farm Gate Cash Receipts come from the dairy industry.
- On the environmental side livestock contribution to greenhouse gas emissions were less than 2 percent. From 1944 to the present, 90 percent less land is needed, 65 percent less water, 76 percent less manure is generated and there was a 63 percent smaller carbon footprint.

**Bob Naerebout** introduced **Rick Naerebout** to present farm numbers at the producer level and what the dairies are looking at this year. **Rick Naerebout** said that 2014 was a great year, and the dairy industry averaged \$22.34/100 weight for milk, record highs; expenses were \$18/100 weight. This resulted in a good year for margins. The 2015 forecast is that the industry will break even. Right now the milk averages are running \$16.29/100 weight with expenses of \$17.00/100 weight. These numbers are a good indicator of how the year might shape up.

Some of the issues the industry is facing:

- Cost of operations: Feed costs remain the same as the last few years. Labor costs are expected to increase because of the scarcity of dairy labor. The dairies are struggling to maintain a regular workforce and are having higher turnover rates.
- Consumer expectations are creating additional costs.
- As the dairymen become part of the Farm Plan they must have written protocols for their animal husbandry programs.

**Senator Burgoyne** asked for an explanation on the skill set for workers in the dairy industry and why they do not expect the wages to remain flat. **Rick Naerebout** clarified that a typical workforce within the dairy industry will be foreign born. Their assessment is that border security is working. Typically, the dairy producers would see a number of applicants come to their facilities, and that is not happening. There are not the number of individuals looking for work as in the past. **Senator Burgoyne** asked if the industry was in competition with other agricultural sectors for the same workers. **Rick Naerebout** replied that the industry will be in competition with irrigation, construction, field work and other similar areas in agriculture that have similar skill sets and manual labor needs. **Bob Naerebout** stated the dairy industry has been working with the University of Idaho and College of Southern Idaho on labor development programs. Labor is so tight that the corrections department has met with the dairy industry to develop training within the prison system for future laborers. The dairy industry is now having to consider taking convicted felons and having them trained so they can work on their dairies.

**ADJOURNED:** There being no further business, **Chairman Rice** adjourned the meeting at 9:35 a.m.

---

Senator Rice  
Chair

---

Carol Deis  
Secretary