

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 16, 2017

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Vice Chairman Den Hartog, Senators Patrick, Bayer, Guthrie, Johnson, Thayn, Foreman, Smith, and Jordan

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: **Vice Chairman Den Hartog** called the meeting of the Senate Agricultural Affairs Committee (Committee) to order at 8:01 a.m.

MINUTES APPROVAL: **Senator Bayer** moved to approve the Minutes of February 2, 2017. Seconded by **Senator Johnson**. The motion carried by **voice vote**.

PAGE GRADUATION: **Farewell to Committee Page Bryon Beams. Vice Chairman Den Hartog** asked Bryon Beams to tell the Committee about his experience as a page for the Committee and plans for the future.

GUBERNATORIAL APPOINTMENT: **Reappointment of Gerald Trebesch of Boise, Idaho to the State Soil and Water Conservation Commission (ISSWCC) to serve a term commencing July 1, 2016 and expiring July 1, 2021. Gerald Trebesch** reported that he had been a member of the Commission for five years and currently holds the position of Vice Chairman. He was a banker for forty years specializing in agricultural loans and working for firms all over the State. When he retired he started a small cattle business. He is married and has four children.

Senator Bayer asked what are some of the consequential policy changes for Idaho that Mr. Trebesch has seen in recent years. **Mr. Trebesch** answered that he is involved in the loan program through ISSWCC which loans money for conservation projects and sprinkler equipment. The present agricultural economy is in a downturn with lower prices for grain, milk, and cattle and he believes the industry will have lower prices for a few years. **Senator Patrick** asked are the applications for loans fewer in this downturn; what are the needs and is there any expansion. **Mr. Trebesch** stated that the loan applications volume has remained steady. There are still some ongoing projects in which ISSWCC assists the Natural Resources Conservation Service (NRCS) in granting money to buy center pivots and ISSWCC finances the balance. Mr. Trebesch does not expect much loan volume going forward.

PRESENTATION: **Idaho Dairy Products Commission (IDPC)/United Dairymen of Idaho. Bob Naerebout**, Executive Director introduced **Rick Naerebout**, Director of Operations who proceeded with the presentation stating as of November 2017 there were 500 dairies in the State milking about 577,000 cows. The Magic Valley is the largest producing part of the State with 60 percent of the herds and 73 percent of the production. The Treasure Valley's herd size is smaller and fewer herds but their operations are similar to what you would see in the Magic Valley as far as size and layout. Eastern Idaho is home to about 100 dairies, milking approximately 40,000 cows with an average herd size of 300 cows per dairy.

These are family operations with family labor and are the dairies that the State is losing to attrition. The milk processors are largely housed in the Magic Valley with 80 percent of Idaho's capacity and the other 20 percent processed in the Treasure Valley.

Milk production is growing by two to three percent consistently each year. Much of this growth is due to improvements in milk per cow; the dairymen getting better at converting feed to milk along with genetic improvement. In 1970 Idaho produced 1.5 billion pounds of milk and 2016 production was at 14.06 billion pounds. The dairy industry is at a point in the State that they could use additional milk processing capacity with a 10 percent swing from winter to summer months. During the summer months the industry is producing more milk than they can process within the State and the milk has to be pushed to other western states to be processed. The 2017 Class III; futures price for milk is \$17.75; Idaho can expect to take about 65 cents off this price and that will be what the dairymen will be paid (see Attachment 1).

In 2016 IDPC implemented a workforce training and safety program. The impetus for this training was driven by Occupational Safety and Health Association (OSHA) which announced a rulemaking process to make all of Idaho agriculture a local emphasis program. This rulemaking will allow OSHA to come onto agricultural facilities that have 10 or more employees and conduct unannounced inspections to make sure that all the safety prodigals on the facilities are being met. OSHA has justification for this new rulemaking because the statistics have jumped and in the last few years Idaho has had fifteen fatalities on Idaho farms and two on dairies involving lagoons. IDPC is committed to helping their producers stay in front of these safety regulations and preparing them for what to expect from these inspections. IDPC is adding another individual to their staff to consult and educate the dairies for the OSHA inspections along with safety training. Consumer expectations are another driving force for change. Consumers want to know how their food is produced and what type of conditions exist on dairy facilities. IDPC saw these expectations in animal husbandry and now they have transitioned to worker conditions such as training, safety, and benefits.

Mr. Naerebout spoke to the unprecedented conditions of the run-on from this winter's snows. IDPC has spent field time on the dairies observing these winter conditions unfold for their producers. Many of the Magic Valley agricultural facilities are under water along with tremendous amounts of run-on from adjacent properties because of the frozen ground. IDPC's legal advisors are trying to find a federal avenue to hold the dairymen and agricultural producers harmless for regulatory action from EPA or the Clean Water Act. At this time, there is no legal avenue to protect them. None of the dairies have a National Pollutant Discharge Elimination System (NPDES) permit, and without the permit there is nothing to shield agricultural producers from civil action or EPA regulations. Mr. Naerebout spent time yesterday with a dairy producer touring the site to understand all the different areas that the facility was taking on run-on.

The sheer volume from the section of lands around that dairy was astounding with nothing to prevent that run-on that was flooding the dairy. IDPC has had dialogue with Department of Environmental Quality (DEQ) and Idaho State Department of Agriculture (ISDA) and those agencies have employees out in the field who are observing and understanding these run-on issues. IDPC is encouraging the dairymen to reach out to ISDA inspectors for documentation of the run-on.

Bob Naerebout stated that the dairies employ 8,100 workers, and they are highly dependant on foreign born labor in agriculture. The Department of Labor and USDA studies show that between 40 to 70 percent of agricultural workers in the U.S. are not in this country properly documented. The agricultural industry and the supporting businesses would be out of business without this foreign born labor.

The economic viability of rural Idaho is supported by foreign born labor and it is time that the country recognizes their impact for the economy. The dairy industry, agricultural processing plants, and construction industry do not have a visa program; the H-2A Program is seasonal and temporary.

IDPC position has been that those immigrants that are already here working must be identified and provided with a legal status, not amnesty, maybe a green card. The IDPC has been working on the legislation for ten years and haven't gotten U.S. Congress to move at all on this issue.

Senator Patrick asked if OSHA's inspection requirements are targeting the correct group of farmers with more than ten employees. **Mr. Rick Naerebout** replied the federal requirements for OSHA prohibit them from applying the inspections to agricultural business of less than ten employees.

Senator Johnson stated that he serves on the Idaho Hispanic Affairs Commission (IHAC) which meets with the representatives of the communities, local law enforcement, schools, and healthcare facilities and IHAC has a feel for what this group is facing. **Senator Johnson** encouraged the IDPC to work with the IHAC to identify leaders within the Hispanic communities to help find solutions for documentation. **Mr. Bob Naerebout** answered that IDPC can always do a better job for this community of workers. IDPC has worked with IHAC and one of the studies they are renewing is hiring a leader from IHAC to work within the Latino Community. IDPC has encouraged Idaho's delegation members to take on the immigration; this is so important to Idaho's economy that they cannot wait any longer. Idaho has two committee members in the right place, Senator Crapo is now on the Judiciary Committee and Representative Labrador is on the House Judiciary Committee and these are the committees that all immigration reform would go through.

Senator Johnson asked what the dollar impact of the new Total Maximum Daily Loads (TMDL's) would be on the industry and are their federal or state dollars to help offset the cost of the implementation. **Mr. Bob Naerebout** explained dairies and beef lots do not have NPDES permits with the EPA because the permit was written in such a way that they can never remain in compliance. The permits are time sensitive and it takes two years to adjust NPDES plans once they are on a facility. IDPC has conducted meetings with DEQ requesting that they write the NPDES permit so the dairymen can stay in compliance and protect the environment.

PRESENTATION: **Idaho Soil and Water Conservation Commission (ISWCC).** **Terri Murrison**, Administrator, stated the ISWCC does agricultural stewardship, Conservation the Idaho Way. Good stewardship is voluntary and locally led action helping address mandated federal water quality and other environmental goals. ISWCC works with local people who know the land and natural resources. The expertise the Commission offers is better water quality and water savings, less soil erosion and fuel for wildfires, improved habitat for wildlife, and many more services.

ISWCC core functions:

1. Statutory charge is in Idaho Code § 22–2718 and the Commission was formed to work with locally elected boards of conservation districts, providing financial, and technical assistance to Idaho's 50 local conservation districts.
2. Provide/promote non-regulatory incentive and science-based programs that enhance the environmental quality and economic productivity of the State.
3. Ensuring continuity of operations and establishing protocols to support commissioners and staff.
4. Outreach and education to engage local, state and federal partners, non-governmental organizations, and resource and agricultural production groups. Supporting youth education via the Idaho Envirothon.

ISWCC revenues and level of support have been increased by the Legislature and the Governor over the last five years. Sister state agencies compensate ISWCC for some services they provide, and the Natural Resources Conservation Service (NRCS) in FY 2018 and 2019 will fund a quarter of an existing position to strengthen district capacity and help attract new, non-traditional partners.

The Conservation Districts are supported by \$1.25 million General Funds which was appropriated in FY 2016. The Districts receive \$8,500 base, \$2,000 operating funds, \$800 for capacity building, and they receive additional state to local matching funds. This allows them to employ a part time administrative assistant and to conduct information and educational events. About 50 percent of ISWCC time goes to support the districts. This year districts requested almost 11,000 hours of technical assistance and identified needs for specific project funding of \$3 million statewide.

Ms. Murrison explained the Performance Measures Report which represents the district satisfaction with ISWCC's services which has been increasing over the past four years gradually upward from around 60 percent in FY 2013, to a jump in FY 2016 to 91 percent.

ISWCC assists in providing statutorily mandated incentive and general conservation programs such as:

- Conservation Reserve Enhancement Program which promotes water conservation on marginal farm ground in the Eastern Snake Plain Aquifer
- Assist DEQ in writing TMDL implementation plans to address agriculturally-generated water pollution in federally-listed waterways.

ISWCC's success story for 2016. In 2016 the Legislature appropriated \$100,000, as a onetime pilot project, to fund the North Central Wildfire Restoration Group which was a collaborated effort led by the Nez Perce, Latah, Idaho, Clearwater, and Lewis Soil and Water Conservation Districts (see Attachment 2). This project helped local, State, and federal governments to identify and prioritize the restoration of private and municipal lands that were damaged by 2015 wildfires. This zone covered nine wildfires that burned over 226,790 acres across five counties. The land ownership that was included in the restoration was: 26 percent private land, 63 percent federal, 4 percent tribal, and 3 percent State lands. There were two primary products that were generated as a result of this funding: 1) collaborative working groups including leadership, administrative, outreach, and a technical group; and 2) 2015 post fire inventory and analysis identification plan. Out of the \$100,000 appropriation every \$1 in State funds leveraged \$19 in other funds which was a mixture of cash, in-kind, and pending grant awards. This was a very successful project (see Attachment 2).

Ms. Murrison concluded her presentation by showing the Committee an educational video on the Idaho Envirothon which was co-produced with the Idaho Rangeland Resource Commission and Life on the Range. The Envirothon is one of several youth outreach efforts that are support by ISWCC. This is an educational outreach program which encompasses agriculture and the environment simultaneously and teaches hands-on valuable lessons for Idaho's future leaders.

Senator Johnson stated that he noticed that the loan program numbers are going down what is driving this downturn. **Ms. Murrison** replied that ISWCC believes that the economic downturn dissuaded many potential borrowers from stepping forward to take on additional debt. In addition, there have been low commodity prices. ISWCC is in the process of determining whether the overall agricultural lending climate is depressed or if there is some changes ISWCC can affect.

ISWCC has also seen many loans paid-off early; the consumers are very cautious at this time.

ADJOURNED: There being no further business, **Vice Chairman Den Hartog** adjourned the meeting at 9:11 a.m.

Senator Smith(Rice)
Chair

Carol Deis
Secretary