

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 14, 2019

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Lent, Bayer, Jordan, and Nelson

ABSENT/ EXCUSED: Senator Mortimer

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 Guthrie** called the meeting of the Senate Agricultural Affairs Committee (Committee) to order at 8:00 a.m.

PAGE GRADUATION: **Joseph Price**, Senate page, expressed his gratitude for the experience he had to work with the Senate this session. **Mr. Price** explained some of his future plans of serving a mission for his church and attending college at Utah Valley University. **Mr. Price** also plans on becoming an Air Force pilot after graduation from college.

GUBERNATORIAL APPOINTMENT: **Reappointment of Celia R. Gould of Boise, Idaho to the Idaho State Department of Agriculture (ISDA) to serve a term commencing January 7, 2019, and will serve at the pleasure of the Governor.** **Director Gould** stated that she has been the director of ISDA for the past 12 years. Each day has been a pleasure to serve. **Director Gould** stated that she's passionate about agriculture and that she owns and helps operate her own ranch in Buhl, Idaho. **Director Gould** has a bachelor's degree in political science from Boise State University, as well as a master's degree in public administration from Boise State.

DISCUSSION: **Senator Harris** asked Director Gould what she thought would be her greatest challenge with the ISDA. **Director Gould** answered that training new employees and improving the ISDA's turnover rate will be the greatest challenge.

Senator Patrick asked Director Gould if she thought the new Change in Employee Compensation recommendations that the Joint Finance and Appropriations Committee approved would help or hurt her agency moving forward. **Director Gould** answered that she couldn't give a definitive answer, but that she is confident the ISDA will make it work.

Senator Harris asked Director Gould for her thoughts on the United States Congress legalizing hemp and what her thoughts are on the possible challenges surrounding its legalization. **Director Gould** stated that she doesn't want that legislation to distract from the other good things the ISDA is currently doing, and that she would want it to be adequately funded.

PRESENTATION: **Idaho Dairy Products Commission. Karianne Fallow**, Executive Director, Dairy West, began her presentation going over some interesting statistics on the dairy industry in Idaho. There are currently 457 dairy operations in Idaho with 592,000 cows. The average herd size is about 1,300. The average annual production in milk is 14.6 billion pounds. **Ms. Fallow** explained that Idaho ranks fourth in the United States for dairy production and that there are currently 24 processing plants. Idaho exports about \$466 million worth of dairy each year with a local economic impact of about \$1.24 billion. There are about 8,000 direct and 34,000 indirect jobs in Idaho that are created by the dairy industry. **Ms. Fallow** also explained some of the functions and responsibilities of Dairy West. One of their responsibilities is to give tours to the public and educate them on the dairy industry. **Ms. Fallow** stated that many individuals' attitudes and opinion of farmers change for the better after they are given tours and have been properly educated on the dairy industry. **Ms. Fallow** also explained the nutritional value of dairy with its vitamin D and high protein, which are necessary for development and prevention of disease. **Ms. Fallow** also explained some of the partnerships that Dairy West has with local businesses such as Smoky Mountain and Reed's Dairy. **Ms. Fallow** stated that exports are key for the future of the dairy industry, not only in Idaho, but in the United States as well. The key areas of focus for Dairy West in 2019 are to continue to work to attract more processing and international opportunities, to expand tours for schools, and to emphasize the importance of dairy for nutritional value to professionals and medical students. **Ms. Fallow** concluded by giving a brief overview of Dairy West's 2018 and 2019 budgets.

DISCUSSION: **Senator Bayer** asked Ms. Fallow if Dairy West exports raw milk to other countries, or products made from milk. **Ms. Fallow** answered that they export products made from milk such as whey powders and cheese.

Senator Nelson asked why Utah, which produces just a fraction of what Idaho does, has more jobs directly related to the dairy industry. **Ms. Fallow** answered that it is because Utah has more food manufacturing plants, which contributes to the higher number of direct jobs.

PRESENTATION: **Idaho Potato Commission (IPC). Frank Muir**, President, IPC, explained the IPC's mission statement which is "Lead, Promote, and Protect." **Mr. Muir** also stated that the mission of the IPC is to contribute to the economic welfare of the State of Idaho, its potato growers, and other potato-related businesses. **Mr. Muir** also stated that one of the most important functions of the IPC is to protect Idaho's potato crops from disease and contamination. **Mr. Muir** further explained IPC's 2018-2019 annual budget with its revenues, fees, penalties, and reserves, which totalled \$15,022,001. **Mr. Muir** also went over the IPC's expenditures, which included personnel, advertising, retail, communications, rent, insurance, and capital outlay among a number of other things, which totalled \$15,022,001. **Mr. Muir** explained that the Idaho Legislature created the IPC in 1937 to provide market development, production research, and the promotion of potatoes grown in Idaho. The IPC's office is located in Eagle, Idaho. The IPC is governed by nine Governor-appointed commissioners. **Mr. Muir** further explained that the IPC commissioners are made up of five growers, two processors, and two shippers. The IPC also has 18 staff, including seven field directors. **Mr. Muir** went on to explain that the IPC is a self-governing state agency that receives the majority of its revenue through a potato tax, which is split 60 percent from the growers and 40 percent from the first handlers. The tax is currently set at 12.5 cents per hundred-weight. Idaho Code gives the IPC's board the right to set the tax rate up to 15 cents per hundred-weight. **Mr. Muir** stated that the IPC uses funds and account groups to report on its financial position and the results of its operations. **Mr. Muir** also covered information that related to pension plans, capital assets,

lease commitments, investments, and a summary of other significant accounting policies as they related to the IPC.

DISCUSSION: **Vice Chairman Den Hartog** asked Mr. Muir how Idaho's assessment rates compare to surrounding states. **Mr. Muir** answered that Washington, for example, is set at eight cents and Idaho in comparison is set at seven and a half cents, which is similar to surrounding states.

Vice Chairman Den Hartog asked Mr. Muir what contributed to the IPC's 16 percent increase in personnel costs from 2017 to 2018. **Mr. Muir** answered that it was due to a one-time PERSI payment and the overlap of three employees who retired and three employees who were hired to replace them.

ADJOURNED: There being no further business, **Chairman Guthrie** adjourned the meeting at 9:19 a.m.

Senator Guthrie
Chair

Jacob Garner
Secretary