AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, January 10, 2019

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
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</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Welcome and Introduction of Committee Page</td>
<td>Chairman Guthrie</td>
</tr>
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<td></td>
<td>Joseph Price</td>
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<tr>
<td>Rules Review</td>
<td>Assignments</td>
<td>Vice Chairman Den Hartog</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Guthrie
Vice Chairman Den Hartog
Sen Patrick
Sen Bayer(Bayer)
Sen Harris

COMMITTEE SECRETARY
Jacob Garner
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 10, 2019
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson
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 Guthrie called the meeting of the Senate Agricultural Affairs Committee (Committee) to order at 8:00 a.m.

INTRODUCTION: Chairman Guthrie introduced Joseph Price, Agricultural Affairs Committee Page, Committee secretary Jacob Garner, and Senators Nelson, Lent, and Bayer.

RULES REVIEW: Vice Chairman Den Hartog presented the rule assignment spreadsheet to the Committee to be discussed on a future date.

ADJOURNED: There being no further business, Chairman Guthrie adjourned the meeting at 8:20 a.m.

___________________________  __________________________
Senator Guthrie                      Jacob Garner
Chair                                   Secretary
# AMENDED AGENDA #1

## SENATE AGRICULTURAL AFFAIRS COMMITTEE

8:00 A.M.
Room WW53
Tuesday, January 15, 2019

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
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<tr>
<td><strong>DOCKET NO.:</strong></td>
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<tr>
<td>02-0214-1801</td>
<td>Rules for Weights &amp; Measures</td>
<td>Kevin Merritt, Section Manager, Idaho State Department of Agriculture</td>
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<tr>
<td>02-0408-1801</td>
<td>Rules for Governing Grade A Milk and Milk Products</td>
<td>Dr. Scott Leibsle, Deputy Administrator, Department of Animal Industries, Department of Agriculture</td>
</tr>
<tr>
<td>02-0409-1801</td>
<td>Rules Governing Milk and Cream Procurement and Testing</td>
<td>Dr. Scott Leibsle, Deputy Administrator, Department of Animal Industries, Department of Agriculture</td>
</tr>
<tr>
<td>02-0413-1801</td>
<td>Rules Governing Raw Milk</td>
<td>Dr. Scott Leibsle, Deputy Administrator, Department of Animal Industries, Department of Agriculture</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

**COMMITTEE MEMBERS**

| Chairman Guthrie | Sen Lent |
| Vice Chairman Den Hartog | Sen Bayer |
| Sen Patrick | Sen Jordan |
| Sen Harris | Sen Nelson |
| Sen Mortimer | |

**COMMITTEE SECRETARY**

Jacob Garner
Room: WW31
Phone: 332-1330
e-mail: sagri@senate.idaho.gov
DATE: Tuesday, January 15, 2019
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson
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 Guthrie called the meeting of the Senate Agricultural Affairs Committee (Committee) to order at 8:00 a.m.
PASSED THE GAVEL: Chairman Guthrie passed the gavel to Vice Chairman Den Hartog.

DOCKET NO. 02-0214-1801
Rules for Weights and Measures. Kevin Merritt, Section Manager, Idaho State Department of Agriculture (ISDA) explained that the ISDA is updating two incorporations by reference. The first change is in subsection 01, the required reference materials, where the ISDA is referencing a 2019 edition of the National Institute of Standards in Technology (NIST). The second change is in subsection 02, required reference materials for checking packaged commodities, where the ISDA is referencing the 2019 NIST Handbook 133. Negotiated rulemaking was not conducted due to the rule change being an annual housekeeping item. However, the ISDA did conduct outreach June 18th, 2018 to stakeholders during the rulemaking process.

Vice Chairman Den Hartog asked Mr. Merritt to briefly describe some of the changes in Handbook 44. Mr Merritt answered that metering systems that are used to deliver petroleum products are now required to have a procedure for how to flush the lines that deliver petroleum products. Mr. Merritt also explained that metering systems are required to have an effective means to prevent vapor elimination. This also pertains to petroleum products. Further changes include the requirement that delivery receipts demonstrate when and how promotions are given.

Senator Harris asked how often the pumps are checked. Mr. Merritt answered that the pumps are checked on an annual basis.

MOTION: Senator Jordan moved to approve Docket No. 02-0214-1801. Senator Mortimer seconded the motion. The motion carried by voice vote.
DOCKET NO. 02-0408-1801

Rules for Governing Grade A Milk and Milk Products. Dr. Scott Leibsle, Deputy Administrator, Department of Animal Industries, Idaho State Department of Agriculture explained that this pending rule as incorporated by reference. These are 2017 versions of the four governing documents that regulate the transport, sale, and testing of Grade A milk in Idaho. He continued to explain that an invitation for negotiated rulemaking was sent out. However, the Department of Animal Industries received no comments or requests. These documents were published by the Food and Drug Administration (FDA) and are revised every two years by a national committee. They evaluate all manner of regulations that promote Grade A milk in the United States. They also meet sanitary and public health and testing requirements primed to be shipped across state lines and sold for human consumption. These four documents make up the Grade A Pasteurized Milk Ordinance.

MOTION: Senator Nelson moved to approve Docket No. 02-0408-1801. Senator Jordan seconded the motion. The motion carried by voice vote.

DOCKET NO. 02-0409-1801

Rules Governing Milk and Cream Procurement and Testing. Dr. Scott Leibsle, Deputy Administrator, Department of Animal Industries, Idaho State Department of Agriculture explained that this rule change is the result of a joint petition received from the Milk Producers of Idaho, The Idaho Dairymen's Association, and the Idaho Milk Processors Association. It clarifies language in the rule regarding the definition of terms, sample tolerance standards, enforcement protocols, and the recertification process for labs that fail to meet performance standards. There are no changes to the pending rule and it is being adopted as originally proposed. The complete text of the proposed rule was published in the September 5, 2018 Idaho Administrative Bulletin, Vol. 18-9, pages 39-44. This rule does not regulate an activity not already regulated by the federal government, nor is it broader in scope or more stringent than federal regulations. The ISDA does not anticipate any fiscal impact as a result of this rulemaking.

Senator Mortimer asked how many labs are currently operating in the state of Idaho. Dr. Leibsle answered that there are ten labs currently operating in the state.

Chairman Guthrie asked if there would be any hardships for the milk producers if the milk gets rerouted to another lab. Dr. Leibsle answered that Idaho dairy producers should not be affected by the changes.

Senator Mortimer asked at what temperature the milk needs to be stored. Dr. Leibsle answered that the temperature range is a requirement that's set by the Department of Agriculture when they send proficiency test samples.

Senator Patrick asked Dr. Leibsle how Idaho compares to other states in regards to the standards that are set. Dr. Leibsle answered that Idaho has the most restrictive rule and the highest expectations out of any other state that our producers are being paid as accurately as possible for the quality of their milk.

MOTION: Senator Mortimer moved to approve Docket No. 02-0409-1801. Senator Nelson seconded the motion. The motion carried by voice vote.
Rules Governing Raw Milk, Dr. Scott Leibsle, Department of Animal Industries, Idaho State Department of Agriculture explained that this pending rule incorporates by reference the 2017 edition of the Grade A Pasteurized Milk Ordinance, except those provisions establishing raw milk standards for raw milk for pasteurization. This change does not affect the majority of the producers that sell or that are regulated by the raw milk rule. It will only affect those facilities which sell raw unpasteurized milk for human consumption that are too large to be top rate out of the small herd exemption portion of the rule. There are over 100 small herd exempt facilities in the state and they will not be affected by this rule change. There are approximately 11 unlimited raw milk permits in the state and these are the ones that have more than the minimum of either three cows or seven goats or sheep. And if there are more than those numbers of animals then it would be necessary to operate on an unlimited raw milk permit.

Senator Mortimer asked Dr. Leibsle if he could further explain the changes to the Rules Governing Raw Milk. Dr. Leibsle explained that there are several standards which have been adopted by the industry for the transfer of milk bulk tanks. The piping equipment that’s used in the manufacturing of milk pumps also needed to be updated to the current version of the pasteurized milk ordinance.

Senator Mortimer asked Dr. Leibsle if he was talking specifically about pasteurization instead of raw milk standards. Dr. Leibsle answered that the pasteurization portion of the document does not affect or change the rule. The handling of the milk and the sanitation requirements that go along with it are the reason for incorporation of the documents.

MOTION: Senator Nelson moved to approve Docket No. 02-0413-1801. Chairman Guthrie seconded the motion. The motion carried by voice vote.

PASSED THE GAVEL: Vice Chairman Den Hartog passed the gavel back to Chairman Guthrie.

ADJOURNED: There being no further business, Chairman Guthrie adjourned the meeting at 8:39 a.m.
INCORPORATION BY REFERENCE SYNOPSIS

In compliance with Section 67-5223(4), Idaho Code, the following is a synopsis of the differences between the materials previously incorporated by reference in this rule that are currently of full force and effect and newly revised or amended versions of these same materials that are being proposed for incorporation by reference under this rulemaking.

The following agency of the state of Idaho has prepared this synopsis as part of the proposed rulemaking for the chapter cited here under the docket number specified:

Idaho State Department of Agriculture
IDAPA 02.02.14 - Rules for Weights and Measures.
Proposed Rulemaking - Docket No. 02-0214-1801

Incorporating by reference the National Institute of Standards and Technology (NIST) Handbook 44, Specifications, Tolerances, and Other Technical Requirements for Weighing and Measuring Devices is more practical and cost effective than reproducing similar specifications in Rule. The NIST Handbook 44 is a nationally recognized standard used by weights and measures officials to test suitability and accuracy of weighing and measuring devices used in commerce. This document is also used by manufacturers of weighing and measuring devices, service entities and users of weighing and measuring devices. Adopting the most current version promotes uniformity throughout the United States.

Listed below is an overview of changes to NIST Handbook 44 Incorporation by Reference by ISDA Weights and Measures. A brief summary follows each change, or group of related changes.

Summary of Changes

<table>
<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>Changes</th>
<th>Impact on Idaho</th>
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</thead>
<tbody>
<tr>
<td>S.3.1</td>
<td>Diversion of Measured Liquid</td>
<td>Clarification</td>
<td>Minimal</td>
</tr>
</tbody>
</table>

- This change makes minor clerical changes and adds clarification identifying where this item does not apply to equipment used exclusively for fueling aircraft, or multiple
product single discharge hose metering systems that are equipped with systems designed to flush the discharge hose, provided the flushing system complies with the provisions of section S.3.1.1. This change will impact manufacturers of metering systems and weights and measures officials.

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<thead>
<tr>
<th>Code</th>
<th>Title</th>
<th>Changes</th>
<th>Impact on Idaho</th>
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<tbody>
<tr>
<td>S.3.1.1.</td>
<td>Means for Clearing Discharge Hose</td>
<td>Addition</td>
<td>Minimal</td>
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<td></td>
<td>This change outlines the requirements of a metering system when equipped with a means that allows flushing of product from the discharge hose after the meter. This change outlines how diversion valves can be installed to temporarily divert product from the measuring chamber to a storage tank. This change will impact users of metering systems that meter multiple products through single discharge hose and weights and measures officials.</td>
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<tr>
<td>U.R.2.6.</td>
<td>Clearing Discharge Hose</td>
<td>Addition</td>
<td>Minimal</td>
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<td>This addition requires a record of the delivery be created when product is pumped through a discharge hose to avoid contamination. This change will impact users of metering systems that meter multiple products through a single discharge hose and weights and measures officials.</td>
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<tr>
<td>S.2.1.</td>
<td>Vapor Elimination</td>
<td>Addition</td>
<td>Minimal</td>
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<td>This addition requires all metering systems to have “effective” means to prevent vapor elimination lines from becoming obstructed. This change will impact manufacturers of metering systems and weights and measures officials.</td>
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<tr>
<td>S.1.6.7.</td>
<td>Recorded Representations</td>
<td>Clarification</td>
<td>Minimal</td>
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<td>This change clarifies what types of devices are required to print receipts showing post-delivery discounts. Sale promotions that offer discounts, example; 10 cents off per gallon of gas if you purchase a car wash. The receipt must show the discount provided the device has the capability to print the receipt. This change will impact manufacturers of metering systems and weights and measures officials.</td>
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<tr>
<td>S.2.1.</td>
<td>Provisions for Sealing</td>
<td>Addition</td>
<td>Minimal</td>
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</table>
• This change allows digital water meters the capability of being security sealed electronically. This change will impact manufacturers of metering systems and weights and measures officials.

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<thead>
<tr>
<th>Code</th>
<th>Title</th>
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<th>Impact on Idaho</th>
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<tbody>
<tr>
<td>S.1.2.2</td>
<td>Taxi Meters</td>
<td>Addition</td>
<td>Minimal</td>
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</table>

• This change allows taxi meter manufactures time to develop technology to meet the requirements when disabling or suspending the use of distance measurements for the calculation of fare charges. This corrects an earlier oversite of the conference that made this requirement non-retroactive. This change will impact manufacturers of metering systems and weights and measures officials.

NIST Handbook 133
Checking the Net Contents of Packaged Goods

Listed below is an overview of changes to NIST Handbook 133 Incorporation by Reference by ISDA Weights and Measures. A brief summary follows each change, or group of related changes. Note that several years of changes to this document have transpired from the 2004 Incorporation by Reference. The changes to this document only effect weights and measures officials.

Incorporating by reference the National Institute of Standards and Technology (NIST) Handbook 133, Checking the Net Contents of Packaged Goods is more practical and cost effective than reproducing similar specifications in Rule. The NIST Handbook 133 is a nationally recognized procedural guide for compliance testing of net content statements of packaged goods. This handbook is used primarily by weights and measures officials, commercial and industrial establishments in the areas of packaging, distribution, and sale of commodities. Adopting the most current version promotes uniformity in testing throughout the United States.

Summary of Changes

<table>
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<tr>
<th>Code</th>
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<th>Changes</th>
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<tbody>
<tr>
<td>3.3</td>
<td>Test Procedures</td>
<td>Addition/Procedural</td>
<td>Minimal</td>
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</table>
• This change allows for use of a volumetric measuring flask equal or less than the labeled declaration when testing milk.

Tables 2-10

• This change amends SI units' value to more closely correspond to inch pound values and adjusts the table to reflect the inspection lot size.

<table>
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<th>Code</th>
<th>Title</th>
<th>Changes</th>
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<tbody>
<tr>
<td>Appendix E</td>
<td>Addition</td>
<td>Minimal</td>
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</table>

• This change amends the Standard Package report title to match the Random Package Report title.

1.1. Scope

• This change removes the word “standard” and replaces it with “Laws and Regulations” and describes weights and measures as the jurisdiction to monitor packaging procedures and to detect problems.

1.2. Package Requirements

• These changes allow for applying moisture loss before or after determining package errors. Also amends the procedure to apply moisture loss before adjusting the nominal gross weight.

1.2.1. Inspection Lot

• This change defines the definition of “inspection lot”.

1.7. Good Measurement Practices

• This change defines the document and web link used for testing standards.

2.2. Measurement Standards

• This change outlines the performance test conducted on the scale used for testing.

2.3.5. Tare Procedures

• This change identifies what type of tare may be used for testing and the number of samples needed to determine accurate tare.

• Updates procedure for testing vacuum packed items (coffee).
2.3.6. Nominal Gross Weight  Procedural  Minimal
  • Updates procedure for computing package error.

2.3.8 Wet Tare Procedure  Procedural  Minimal
  • Establishes definition of wet tare and prohibits the use of wet tare procedures when testing packages of meat and poultry packed in USDA inspection sites.

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<th>Code</th>
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<th>Changes</th>
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<tbody>
<tr>
<td>2.3.9</td>
<td>Moisture loss</td>
<td>Procedural</td>
<td>Minimal</td>
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</table>
  • Procedure for determining moisture allowance prior to determining package errors. How to sample moisture allowance in “gray” areas and what to do when moisture loss causes reasonable deviations in the net quantity.

2.4. Borax  Procedural  Minimal
  • This addition allows an audit test for testing packages of borax due to severe moisture loss. Testing equipment is identified in handling borax during the testing process and the procedure is updated to promote safety to the inspector and allow for moisture loss during the testing procedure.

2.6. Ice Glazed Products  Procedural  Minimal
  • Updates the procedure in determining net weight on packages that are encased in ice or ice glazed.

2.7. Frozen Chitterlings  Addition/Procedural  Minimal
  • This addition outlines the testing procedure, worksheet examples, and evaluation of test results of frozen packages of chitterlings.

2.8. Moisture Allowance  Clerical and Procedural  Minimal
  • Instructs inspectors to use jurisdiction guidelines when making determinations on acceptable moisture allowance when no predetermined allowance is found in Handbook 133 tables 2-3.
  • Identifies acceptable moisture loss allowances in Table 2-3 for flour, dry pet food, borax, fresh poultry, hotdogs, and Bacon, fresh sausage, pasta, and luncheon meats.

3.1. Scope  Clerical  Minimal
• Updates reference temperatures for liquids, example; beer, distilled spirits, frozen foods, petroleum, milk, and other liquids sold in a refrigerated state.

3.11. Ice Cream Novelties

* Procedural
* Minimal

• Updates procedure to test ice cream novelties and excludes pelletized ice cream beads.

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<tbody>
<tr>
<td>3.12</td>
<td>Fresh Oysters</td>
<td>Procedural</td>
<td>Minimal</td>
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<td></td>
<td>Updates testing procedure by adding equation for factoring free liquid.</td>
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<td>Allows use of smaller strainers when testing small containers.</td>
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<tr>
<td>3.14</td>
<td>Firewood</td>
<td>Definitions</td>
<td>Minimal</td>
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<td></td>
<td>Adds definitions for firewood to include boxed firewood, stacked firewood, bundles and bags.</td>
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<td>Updates the procedure for evaluating test results.</td>
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<td>3.2</td>
<td>Gravimetric Test</td>
<td>Procedural</td>
<td>Minimal</td>
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<td>Updates procedure for testing liquids gravimetrically.</td>
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<td>3.4</td>
<td>Volumetric Procedures</td>
<td>Procedural</td>
<td>Minimal</td>
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<td>Updates testing procedures for volumetrically testing liquids.</td>
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<td>3.8</td>
<td>Viscous Materials</td>
<td>Procedural</td>
<td>Minimal</td>
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<td></td>
<td>Updates ASTM reference document</td>
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<td>3.9</td>
<td>Peat Moss, Mulch and Soil, Animal Bedding</td>
<td>Procedural</td>
<td>Minimal</td>
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<td>Updates procedure for testing materials compressed and uncompressed by volume and updates the specifications for test measures used for testing compressed and uncompressed volumes.</td>
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<td>Adds a procedure for determining usable material by volume specific to animal bedding.</td>
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</table>

3.14. Firewood

* Definitions
* Minimal

• Adds definitions for firewood to include boxed firewood, stacked firewood, bundles and bags.
• Updates the procedure for evaluating test results.

3.2. Gravimetric Test

* Procedural
* Minimal

• Updates procedure for testing liquids gravimetrically.

3.4. Volumetric Procedures

* Procedural
* Minimal

• Updates testing procedures for volumetrically testing liquids.

3.8. Viscous Materials

* Procedural
* Minimal

• Updates ASTM reference document

3.9. Peat Moss, Mulch and Soil, Animal Bedding

* Procedural
* Minimal

• Updates procedure for testing materials compressed and uncompressed by volume and updates the specifications for test measures used for testing compressed and uncompressed volumes.
• Adds a procedure for determining usable material by volume specific to animal bedding.

4.4. Packages labeled by count, linear measure, area, thickness or a combination of quantities

* Clerical and Procedural
* Minimal

• Updates the American Society of Testing Materials (ASTM) reference standards.
• Updates procedure for testing polyethylene sheeting.
4.5. Polyethylene Sheeting

- Update references from “inch pound” to U.S. customary units.
- Updated the minimum density for polyethylene plastics form 0.92 g/cm³ to 0.93 g/cm³.
- Updates testing procedure of polyethylene bags, liners, and sheeting.

<table>
<thead>
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<th>Code</th>
<th>Title</th>
<th>Changes</th>
<th>Impact on Idaho</th>
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<tbody>
<tr>
<td>4.8. &amp; 4.9</td>
<td>Test Procedure for linear or square area measures, and baler twine.</td>
<td>Procedural</td>
<td>Minimal</td>
</tr>
</tbody>
</table>

- Updates the procedure for testing packages labeled by linear or square measure and baler twine test procedure for length.
- Updates Table 2 correction factors for maximum allowable variations.
- Updates the sample correction factor formula in calculating the sample error limit

Appendix C General Tables 

- Added abbreviations for “short ton”

End of Document
The following changes have been made to update Incorporation by Reference documents in this Rule:

2017 Grade A Pasteurized Milk Ordinance (PMO)
The PMO was modified from the 2015 version to bring requirements in line with the Preventative Controls Rule of the Food Safety Modernization Act (FSMA). That will allow FDA to accept the PMO, the written Food Safety Plan and written recall plan for all regulated facilities. The 2015 NCIMS conference identified areas the PMO was deficient in the meeting the requirements of the new FSMA rules. These deficiencies were addressed and a new Appendix T was written that now includes all standards relating to Grade A FSMA requirements.

2017 Methods of Making Sanitation Ratings of Milk Shippers (MMSR)
The 2017 MMSR now outlines how rating inspections will be conducted to enforce FSMA requirements.

2017 Interstate Milk Shipments
The 2017 Interstate Milk Shipments document was modified from the 2015 version to outline the regulatory framework as to the enforcement portion of FSMA requirements when a Grade A processing facility is found to be non-compliant with FSMA requirements.

2017 Evaluation of Milk Laboratories (EML)
The 2017 EML has incorporated the new testing equipment available for use at certified laboratories as well as updated the procedures for conducting split sample testing and analysis of the split sample results.
Memo

To: Senate Agriculture Affairs Committee

From: Dr. Scott Leibsle
Division of Animal Industries
Idaho State Department of Agriculture

Date: January 9, 2019
Docket: 02-0413-1801
Re: Incorporation by Reference Summary - Rules Governing Raw Milk

The following changes have been made to update the Incorporation by Reference document in this Rule:

2017 Grade A Pasteurized Milk Ordinance (PMO)
The PMO was modified from the 2015 version to bring requirements in line with the Preventative Controls Rule of the Food Safety Modernization Act (FSMA) that will allow FDA to accept the PMO, the written Food Safety Plan and written recall plan for all regulated facilities. The 2015 NCIMS conference identified areas the PMO was deficient in the meeting the requirements of the new FSMA rules. These deficiencies were addressed and a new Appendix T was written that now includes all standards relating to Grade A FSMA requirements. These changes are only applicable to those producers that participate in the Grade A raw milk program. Most raw milk dairy producers in Idaho fall under the small herd exemption, in which case this incorporate by reference document does not apply.
AGENDA  
SENATE AGRICULTURAL AFFAIRS COMMITTEE 
8:00 A.M. 
Room WW53 
Thursday, January 17, 2019

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<td>Approve Minutes of January 10, 2019</td>
<td>Vice Chairman Den Hartog</td>
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<td>Presentation:</td>
<td>Trade/Tariffs, Colombia River Treaty, Invasive Mussels</td>
<td>Larry Doke, Member of the Legislative Assembly (MLA), Brandon Hardenbrook, PNWER Chief Operating Officer, Matt Morrison, PNWER Chief Executive Officer</td>
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<td>02-0429-1801</td>
<td>Rules Governing Trichomoniasis</td>
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<td>Jared Stuart, Feed and Plant Services, Idaho State Department of Agriculture</td>
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<td>02-0641-1801</td>
<td>Rules Pertaining to the Idaho Soil &amp; Plant Amendment Act of 2001</td>
<td>Jared Stuart, Feed and Plant Services, Idaho State Department of Agriculture</td>
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*If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.*

COMMITTEE MEMBERS
Chairman Guthrie  
Vice Chairman Den Hartog  
Sen Patrick  
Sen Harris  
Sen Mortimer

COMMITTEE SECRETARY
Jacob Garner  
Room: WW31  
Phone: 332-1330  
email: sagri@senate.idaho.gov
MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 17, 2019
TIME: 8:00 A.M.
PLACE: Room WW53

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

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

MINUTES: At the discretion of the Chairman, the Minutes of January 10, 2019 will be approved next meeting.

PRESENTATION: President of the Pacific Northwest Economic Region (PNWER), Member of the Legislative Assembly (MLA), Larry Doke, explained that PNWER was chartered in 1991 by Idaho and other states and provinces of both the United States and Canada in the Pacific Northwest region. Mr. Doke explained that the mission of PNWER is to increase the economic well-being and quality of life of all citizens in the region, while also maintaining and enhancing the natural environment. They do this by working to coordinate provincial and state policies throughout the region, identifying and promoting models of success, serving as a conduit to exchange information, promoting a greater regional collaboration, and finding ways to enhance the competitiveness of both domestic and international markets.

Brandon Hardenbrook, PNWER Chief Operating Officer, explained the importance of the United States - Canadian trade. He explained that Canada is the United State's number one market with $2 billion dollars and 380,000 people crossing the Canadian-US border every day. He continued to explain that it is the goal of PNWER to expand this relationship in order to ensure that it is healthy and moving forward in a positive direction. The North America Free Trade Agreement (NAFTA) market is by far the biggest in the world. Canada and Mexico buy more from the U.S. than all of the high-income countries, such as China, France, Germany, Japan, and the U.K. Mr. Doke articulated the importance of a relationship between the U.S. and Canada. Mr. Hardenbrook further explained that Canada and Mexico are the number one and number three export markets, respectively, for U.S. agricultural products ($20.6 billion to Canada and $18.6 billion to Mexico). He also explained that since NAFTA was signed in 1992, agriculture exports from the US have increased from $18.7 billion in 1992 to $39 billion in 2017. Mr. Hardenbrook concluded by saying that it is very important that the United States-Mexico-Canada Agreement (USMCA) be ratified as soon as possible. Due to the amount of trade between the three countries, they call upon the Administrations of all three countries to renew its original waiver on steel and aluminum tariffs for Canada, and Mexico and they call on Canada and Mexico to eliminate retaliatory tariffs.
Matt Morrison, PNWER Chief Executive Officer explained the Colombia River Treaty and that official negotiations began in May of 2018 between the United States and Canada. He explained that continued negotiations and town hall meetings will continue throughout the year in different parts of the region, as well as in Washington D.C. They want to make sure that all states and provinces affected by the Colombia River Treaty are given the opportunity to provide their input on the issue. Mr. Morrison went on to summarize that the issue surrounds the quagga/zebra Mussels. He explained that they are a highly invasive creature devastating lakes and rivers across the U.S. A single adult mussel produces one million larvae per year, which impact the country’s water intakes, agriculture, recreation, fisheries, and more. These mussels are typically transported via watercraft or ballast water and that is how they infiltrate waters which are beneficial to the states and provinces. Mr. Morrison concluded by explaining that the states affected, particularly Idaho, continue to give adequate funding to help prevent this invasive species from entering Idaho’s waterways.

DISCUSSION: Senator Patrick asked Mr. Morrison if they have stopped the movement of larvae in Montana. Mr. Morrison answered that they have had no adult findings in the state of Montana.

Senator Bayer asked Mr. Morrison if there is a method of killing the mussels. Mr. Morrison answered that there is no known method of eradicating the problem.

Chairman Guthrie asked Mr. Morrison how big of an issue the quagga mussels are in the Great Lakes region of the United States. Mr. Morrison answered that it is a very expensive problem. They cause tremendous damage to expensive equipment which causes long shutdown periods and loss in revenue.

Senator Mortimer asked if there is any significant amount of money going into research here in Idaho. Mr. Morrison answered that the Army Corps of Engineers has a limited research project they’re working on. However, Idaho as a whole needs more research dollars to help with prevention.

PASSED THE GAVEL: Chairman Guthrie passed the gavel to Vice Chairman Den Hartog.

DOCKET NO. 02-0429-1801  Rules Governing Trichomoniasis. Dan Salmi, Bureau Chief, Agriculture Bureau of Laboratories explained that negotiated rule-making was conducted this past summer along with a meeting with the Trichomoniasis Advisory Board. The Idaho State Department of Agriculture’s (ISDA) Animal Health Laboratory’s mission is to conduct diagnostic and regulatory disease testing of animals. One of the regulatory tests performed is trichomoniasis in cattle. It is a venereal disease caused by an organism called trichomonas foetus, which causes abortion in cattle.

DISCUSSION: Senator Harris asked Mr. Salmi what the current status of trichomoniasis is in Idaho today. Mr. Salmi answered that the numbers are fortunately going down.

Senator Bayer asked Mr. Salmi if trichomoniasis is a problem with other animals besides cattle. Mr. Salmi answered that he was not aware of the disease occurring with other animals besides cattle.

MOTION: Senator Harris moved to approve Docket No. 02-0429-1801. Senator Bayer seconded the motion. The motion carried by voice vote.
DOCKET NO. 02-0501-1801  
Rules Governing Produce Safety. Pamm Juker, Chief of Staff, Idaho State Department of Agriculture (ISDA) explained that the Produce Safety Rules are part of the new Food and Drug Administration's (FDA) Food Safety Modernization Act (FSMA). She explained that the act establishes science based minimum standards for the safe growing, harvesting, packing, and holding of fruits and vegetables grown for human consumption. She continued to explain that in 2018, legislation was passed in Idaho which gave the ISDA authority to implement that Federal Rule. Miss Juker explained that the ISDA provides information and assistance to hundreds of producers in Idaho. That information includes any changes, fact sheets, and resources. The ISDA is required to keep people aware of what's happening with this particular new rule. She continued to explain that all farms in Idaho that grow, harvest, pack, and hold produce for human consumption must comply with this rule; however, farms that grow for personal consumption do not have to comply with this rule.

DISCUSSION: Senator Harris asked Miss Juker what one would need to do, for example, if a deer went through a field full of produce. Miss Juker answered that the only time one would need to do something would be if any of the produce were contaminated, and if it were contaminated one would simply not harvest it.

Senator Harris asked if the rule affects the age of buildings and storage used for storing produce. Miss Juker answered that as long as there are no pests or litter and that the storage is adequately clean for produce, farmers do not have to make changes to their storage spaces.

Senator Nelson asked Miss Juker to explain the science behind the substitution of die-off rate for E. coli. Miss Juker answered that they only tested when the level was low enough to meet the standard.

Senator Lent asked if there is a fiscal impact for Idaho food producers. Miss Juker answered that there is no fiscal impact for food producers.

Chairman Guthrie asked if there was any push back during the negotiated hearings. Miss Juker answered that there was no push back.

MOTION: Senator Jordan moved to approve Docket No. 02-0501-1801. Senator Bayer seconded the motion. The motion carried by voice vote. Senator Harris wished to be recorded as voting nay.

DOCKET NO. 02-0602-1801  
Rules Pertaining to the Idaho Commercial Feed Law. Jared Stuart, Feed and Plant Services, Idaho Department of Agriculture (ISDA), explained that Idaho incorporates by reference standard manuals used nationally by industry and regulatory officials. These provide producers with clear and defined guidelines and terms, as well as acceptable standard policies and practices. The manual being incorporated now is the official publication of the American Association of Feed Control Officials (AAFCO). Mr. Stuart explained that the publication is heavily used by manufacturers in the production and labeling of their products. The change to the rule updates the incorporation to the most recently available copy.

Vice Chairman Den Hartog asked if there were any substantive changes to the rule. Mr. Stuart answered that there were no such changes.

Senator Mortimer asked if there was any negative feedback during the ruling process. Mr. Stuart answered that they received no negative comments or feedback during the ruling process.

MOTION: Senator Mortimer moved to approve Docket No. 02-0602-1801. Senator Harris seconded the motion. The motion carried by voice vote.
Rules Pertaining to the Idaho Fertilizer Law. Jared Stuart, Feed and Plant Services, Idaho State Department of Agriculture (ISDA) explained that this rule also has a standardized manual used nationally by industry and regulatory officials to provide clear and defined guidelines and norms. The manual for this rule is from the American Association of Plant and Feed Control Officials (AAPFCO). Jared explained that this also provides producers and distributors with set standards so they can ensure that they're not changing standards from state to state while producing, lobbying, and distributing items in Idaho and nationwide.

DISCUSSION: Senator Mortimer asked Jared if producers of compost are monitoring temperatures and pathogens in the compost, and if they need to do that if they're using the compost on their own lands or if it's just for the compost that's being sold. Mr. Stuart answered that this regulation of compost only applies to those being sold at retail so it would not apply to someone who's doing compost on their own.

Senator Mortimer asked Jared if there is monitoring being done in Idaho and who is regulating it. Jared answered that the ISDA is tasked with the enforcement of the Idaho Fertilizer Law, as well as the rules that fall under it. They also regularly test and inspect fertilizer products in the state of Idaho and those tests are done seasonally.

MOTION: Senator Mortimer moved to approve Docket No. 02-0612-1801. Senator Jordan seconded the motion. The motion passed by voice vote.

Rules Pertaining to the Idaho Soil & Plant Amendment Act of 2001. Jared Stuart, Feed and Plant Services, Idaho State Department of Agriculture (ISDA) explained that the rule incorporates by reference the standards manual from AAPFCO. This publication, in addition to being used with fertilizer production is used in the production of Soil and Plant Amendment products and provides producers with clear and defined guidelines and standards. This publication also helps to facilitate the distribution of products in producing, manufacturing, and labeling products so that they have set standards in Idaho and they are distributed to other states as well.

MOTION: Senator Mortimer moved to approve Docket No. 02-0641-1801. Chairman Guthrie seconded the motion. The motion carried by voice vote.

PASSED THE GAVEL: Vice Chairman Den Hartog passed the gavel back to Chairman Guthrie.

ADJOURNED: There being no further business, Chairman Guthrie adjourned the meeting at 9:14 a.m.

___________________________  __________________________
Senator Guthrie                Jacob Garner
Chair                          Secretary

SENATE AGRICULTURAL AFFAIRS COMMITTEE
Thursday, January 17, 2019—Minutes—Page 4
Good afternoon my name is Larry Doke and I am the President of the Pacific Northwest Economic region and I serve as a Member of the Legislative Assembly in Saskatchewan. Thank you for inviting us to provide an update on several topics today that we are working on related to Agriculture. I will provide a brief introduction and will turn the presentation over to Brandon Hardenbrook to provide details on current issues impacting regional trade as well as an update on the Columbia river treaty negotiations and an update on invasive mussel prevention efforts.

The Region has a GDP of over $1 Trillion, with a population of 24.4 Million people, making it the 13th Largest Economy in the world.

Most of you are familiar with PNWER but I know we have a few new folks who may not yet be involved with our work. Idaho along with the other states and provinces in the region chartered PNWER in 1991. Our missions is to increase the economic well-being and quality of life for all citizens of the region, while maintaining and enhancing our natural environment. We do this by

- Working to coordinate provincial and state policies throughout the region
- Identifying and promoting "models of success"
- Serving as a conduit to exchange information.
- Promoting greater regional collaboration
- Finding ways to enhance the competitiveness of the region in both domestic and international markets
- Leveraging regional influence in Ottawa and Washington D.C.
PNWER has 20 working groups and task forces. I co-chair the Agriculture working group along with Patrick Kole from the Idaho potato commission.

Over the past two years the Agriculture Working Group has focused on trade with a primary examination of modernizing NAFTA and the Canada-U.S. Regulatory Cooperation Council Action Plan (RCC). The Working Group continues to provide input on cross-border agricultural trade issues to key decision makers in Ottawa and Washington DC. PNWER has worked very effectively over the past year to provide specific input on modernizing NAFTA through various channels.

One example is this past year when we hosted Agriculture Directors and Ministers from around the region to discuss regional issues related Ag trade and market access. You will notice in the photo that Idaho Ag Director Celia Gould was part of this discussion. As part of this session we also hosted USDA Under Secretary Bill Northy to provide input to the federal level from regional stakeholders. It is through meetings like this we are able to work as a region to address high priority issues.

Other issues we are currently working on include working with our Transportation working group co-chaired by Senator Windor to find opportunities to harmonize size and weight standards for trucking, and improving rail and market access for our Ag commodities.
I encourage all of you to become involved in PNWER and any of our working groups. I also would like to personally invite you to Saskatoon for the PNWER Annual Summit in July where Agriculture will be a primary focus of the meeting.
I would like to turn the presentation over to Brandon Hardenbrook, PNWER Deputy Director to provide an update on issues impacting Agriculture trade, as well as where things are with the Columbia River Treaty negotiations and finally an update on current funding to prevent quagga/zebra mussels. Thank you again for this opportunity.
US-Canada Bi-National Economy

- $2 billion (USD) in goods and services cross the United States-Canada border every day.
- 380,000 people cross the border every day.
- Economic watersheds flow North and South across the border.
- Canada and the U.S. are each other’s largest source of direct investment.
- PNWER works with stakeholders to identify and reduce trade impediments.

As many of you know the United States and Canada are each other’s top trading partners, strategic allies and long standing friends. The US and Canada have the most important trading partnership in the world with over $2 billion in goods and services crossing the border every day. Likewise over 380,000 people cross the northern border on a daily basis. We are each other’s best customers, supplies and tourists.

The economic watersheds flow North and South and this is especially apparent in the PNWER region with so many interdependent supply chains, and critical linkages between national resources, good and services. Recognizing these critical relationships, PNWER works with stakeholders to identify and reduce trade impediments and work to enhance the regional economy.
It was mentioned the importance of the US-Canada trade relationship, but if you also include Mexico it becomes even larger. Canada and Mexico are the US’s top export markets for US goods at $267B per year and $230B respectively. Both countries individually buy more from the US than the eight highest population markets combined, which include Bangladesh, Brazil, China, India, Indonesia, Nigeria, Pakistan and Russia. We also export more to both Canada and Mexico than the four highest income countries combined France, Germany, Japan and United Kingdom combined. And we export more to Canada or Mexico than all of the other countries we have free trade agreements combined. If you exclude Japan, the US exports more to Canada and Mexico combined than the other 29 countries listed together.
Agriculture & USMCA

- Canada and Mexico are #1 and #3 export markets for US Agriculture products ($20.6 billion to Canada and $18.6 billion to Mexico)
- Since NAFTA was signed in 1992, agriculture exports from the US have increased from $8.7 billion in 1992 to $39 billion in 2017
- All three countries signed the USMCA on Nov. 30, 2018
- USMCA still must be approved by congress with an up-or-down vote before it is finalized

These stats highlight the importance of the trading relationship formalized through NAFTA in 1992. This is especially important to the Agriculture sector. Canada and Mexico are the #1 and #3 export markets for agriculture products. ($20.6 billion to Canada and $18.6 billion to Mexico). Since NAFTA was signed in 1992, ag exports from the US have increased from $8.7 billion in 1992 to $39 billion in 2017. Because of the importance of this incredible trading relationship, the three countries moved to modernize NAFTA and negotiated over the past year to finalize the US-Mexico-Canada-Agreement (USMCA). All three countries signed the USMCA on Nov. 30, 2018. The USMCA still needs congressional approval before it is finalized, as part of the Trade Promotion Authority 2015 agreement by congress, which extended President Trump’s Trade Promotion Authority, also known as TPA and fast-track. TPA provides the President the authority to negotiate international trade agreements and the Congress can only vote with a simple yes or no vote; and cannot amend the agreement. There are also a variety of administrative processes that must take place before Congress can act on the legislation, including a public report on the potential economic impact of the agreement. Timeline of next steps.

**60 days**: President must report to Congress on the changes in United States law that are required to comply with the new trade agreement.

**105 days**: The International Trade Commission must complete a study of the potential economic impact of the agreement.

**30 days before introduction**: The President must submit final text of the agreement to Congress before the introduction of legislation.

**House Vote**: The House Ways and Means Committee must vote on the bill within 45 session days, and then the full house must vote within 15 session days of the Committee.

**Senate Vote**: The Senate Finance Committee must vote on the bill within 15 session days, and then the full Senate must vote within 15 session days of the Committee.

**Final Votes**: The House must vote within 60 days and then the Senate must vote within 30 days.
Key Agriculture provisions of USMCA

- Canadian Dairy Policy Changes
- US Poultry Access to Canada
- Canadian Grain Policy Changes
- Sanitary and Phytosanitary Provisions
- Biotechnology Provisions
- Beer, wine and spirits labeling

For US Agriculture the agreement enhances several areas. First it expands market access for exports of United States dairy products into Canada, or up to 3.6 percent of Canada’s dairy market. It also eliminates Canada’s program to allow low priced dairy ingredients to undersell United States dairy sales. The agreement also increases tariff rate quotas (TRQ’s) on poultry and eggs to open this market more into Canada. The agreement will allow United States grown wheat to receive an official Canadian grade, eliminating the requirement for a country of origin statement. The agreement also set a new standard for agricultural biotechnology products, this is a new chapter not previously in the old agreement. It calls for Sanitary and Phytosanitary Provisions be based on relevant scientific principles and eliminate those rules that are not. Finally, The countries agreed to non-discriminatory commitments to the sale and distribution of alcoholic beverages including Bourbon Whiskey, Tennessee Whiskey, Tequila, Mezcal, and Canadian Whiskey as distinctive products. Canada also agreed to have British Columbia remove its limitations on sales of non-BC wines in grocery stores.
Steel and Aluminum Tariffs

- March 1, 2018: US tariffs announced on steel and aluminum by 25% and 10% respectively (Canada and Mexico initially granted waivers)
- June 1, 2018: Initial waivers for Canada and Mexico removed
- The steel and aluminum tariffs may cost the US and Canada over $11 billion USD combined, and we could see losses of over 6,000 jobs*
- As a result of the steel and aluminum tariffs, retaliatory tariffs from Mexico and Canada could cause US Agriculture exports to decline by USD $1.9 billion to these two trading partners. This would likely eliminate any Agriculture gain from the new USMCA**

*CD Howe Institute. **Purdue University

The finalized USMCA is good news and will help increase ag exports. However, current policy could erode any gains expected from the USMCA. As background, the US Secretary of Commerce announced investigations into the impact of steel and aluminum imports on US national security. The investigations were self-initiated under Section 232 of the Trade Expansion Act of 1962. On March 8, 2018, President Trump signed two proclamations, one covering steel and one covering aluminum, imposing tariffs of 25 percent on imported steel articles and 10 percent on imported aluminum articles, effective March 23, 2018. Imports from Canada and Mexico were initially exempted from the tariffs but the waiver was later removed in June 2018. As a result, on July 1, 2018 Canada imposed retaliatory tariffs on U.S. products totaling $12.8B; and July 5: Mexican retaliatory tariffs on $3B worth of U.S. products imposed. It has been estimated that the steel and aluminum tariffs may cost the US and Canada over $11 billion USD combined, and we could see losses of over 6,000 jobs. Likewise as a result of the steel and aluminum tariffs, retaliatory tariffs from Mexico and Canada could cause US Agriculture exports to decline by USD $1.9 billion to these two trading partners. This would likely eliminate any Agriculture gain from the new USMCA.
The PNWER Executive Committee recognizes the importance of our trading relationship between our two countries and have worked to develop joint statements in favor of a modernized NAFTA and calling for the exemption of Canada from steel and aluminum tariffs. We have also called for the removal of retaliatory tariffs by Canada. PNWER issued a statement in November after a session focused on the impact of tariffs in our region.

"UNWARRANTED TARIFFS ARE DISRUPTING TRADE BETWEEN THE WORLD'S CLOSEST ALLIES & LARGEST TRADING PARTNERS AND NEGATIVELY IMPACTING REGIONAL SUPPLY CHAINS" – PNWER Letter sent to U.S. Administration, November 2018

We also issued a statement at the end of the Summit in Spokane in July.

"We believe that new unilateral tariffs between the US and Canada go against the principles of free and fair trade and only harm industries in both countries. When markets are open and goods are transported freely across borders, the result is economic growth, new businesses and more and better job opportunities for individuals." - PNWER Leadership
Call to Action

1. Important that USMCA is ratified as soon as possible

2. Due to the amount of trade between the 3 countries, we call upon the administration to renew its original waiver on steel and aluminum tariffs for Canada and Mexico

3. Call on Canada and Mexico to eliminate retaliatory tariffs

There are three high priority actions that must happen in order to help our regional economy.
1. USMCA must be ratified by congress as soon as possible.
2. Due to the amount of trade between the 3 countries, we call upon the administration to renew its original waiver on steel and aluminum tariffs for Canada and Mexico.
3. Call on Canada and Mexico to eliminate retaliatory tariffs.

Thank you for the opportunity to discuss these issues with you today.
The Pacific Northwest Economic Region has been working with partner jurisdictions over several years on the importance of the Columbia River Treaty. In 2004 the PNWER Executive Committee highlighted the Columbia River Treaty as one of the most important issues for the region. Since then much has been done in the region to provide input to the U.S. and Canadian Entities leading up to the renegotiation of the treaty. The U.S. Entity forwarded its recommendation concerning the future of the Columbia River Treaty with Canada to the U.S. Department of State on December 13, 2013. Known as the "Regional Recommendation," the U.S. Entity developed this recommendation in collaboration and consultation with the region through an extensive, multi-year Columbia River Treaty Review. The constructive involvement of the region’s states, federally recognized tribes, and hundreds of stakeholders helped the U.S. Entity reach this important milestone. With the conclusion of the Regional Recommendation process, the U.S. government conducted a review concerning the post-2024 future of the Treaty. The year 2024 is a significant date for the Treaty, as the current flood risk management provisions change to a less-defined approach. In addition, it is the earliest date at which the Treaty can be terminated, provided that either Canada or the United States provides ten years’ written notice. In spring 2018, negotiators representing the governments of Canada (including British Columbia) and the United States began holding meetings to discuss the future of the treaty regime in Washington, DC on May 29-30.

Jill Small, U.S. Chief Negotiator for the Columbia River Treaty, leads the U.S. negotiating team. The U.S. negotiating team also includes representatives from the Bonneville Power Administration and the U.S. Army Corps of Engineers Northwestern Division (which together form the “U.S. Entity” that has responsibility for Treaty implementation in the United States); the Department of the Interior; and the National Oceanic and Atmospheric Administration. Sylvain Fabi, Canadian Chief Negotiator for the Columbia River Treaty, leads the Canadian team with the Government of British Columbia. The “Canadian Entity” is BC Hydro.

Four rounds of negotiation so far:
May 2018 – Washington, DC
August 2018 – Nelson, BC
October 2018 – Portland, OR
December 2018 – Vancouver, BC

Next round February 2019 to be held on Washington, DC.

A Symposium organized by PNWER was held at the July 2018 Annual Summit in Spokane, WA. The first--and only place thus far--where the chief negotiators from the U.S. and Canada presented together and heard testimony from stakeholders on both sides of the border. It was an opportunity for stakeholders to share benefits and impacts of the Treaty, focusing on areas including ecosystems, tribal groups, utilities, tourism, agriculture, recreation, and more. The symposium also featured legislators of jurisdictions surrounding and in the Columbia River Basin speaking about effects of the CRT on livelihood.
CRT 2018 Overview

- Tour of Grand Coulee Dam in central Washington showcased hydroelectric power and water storage for irrigation projects in the U.S. & Canada.
- In a two-day tour of southeast B.C., 50 leaders visited the Hugh Keenleyside Dam and the Spicer farm in Nakusp, one of the farms inundated when the treaty dams were built.
- Columbia Basin residents & local experts present along the way to share their knowledge of how the treaty affects the region’s ecosystems, agriculture, tourism, & community.

Following the Symposium, PNWER and its partners organized two policy tours showcasing aspects of the Columbia River Basin. A Tour of the Grand Coulee Dam in central Washington showcased hydroelectric power and water storage for irrigation projects in the U.S. & Canada. Participants heard from Bonneville Power Administration on delivery of power throughout the region. Additionally, an Executive from the Chelan County Public Utility District spoke about operations and the important role the Grand Coulee Dam has for power generation. Lastly, tour attendees heard about the importance of water storage for irrigation to the region’s agricultural community. The following day policy makers were invited to a two-day tour of southeast B.C., 50 leaders visited the Hugh Keenleyside Dam and the Spicer farm in Nakusp, one of the farms inundated when the treaty dams were built. During the two-day tour Columbia River Basin residents & local experts present along the way to share their knowledge of how the treaty affects the region’s ecosystems, agriculture, tourism, & community.
CRT Next Steps

- U.S. and Canada held fourth round of negotiations to modernize the Columbia River Treaty in Vancouver, BC on December 12-13.
- The next round of Columbia River Treaty negotiation meetings will take place Feb. 27 and 28, 2019 in Washington, D.C. no other dates announced at this time – appears a long term process.
- The U.S. negotiating team will hold regular town hall meetings throughout the Columbia River Basin. The last town hall took place September 6, 2018 in Portland, Oregon and the next one is planned for early 2019.
- PNWER’s role has been to facilitate dialogue and understanding between all our member jurisdictions, while showcasing the benefits of the treaty.
- Continuing to explore opportunities for states to provide input into the process as the negotiations continue to take place.

As mentioned earlier, the US and Canada held their fourth round of negotiations to modernize the Columbia River Treaty in Vancouver, BC in December. The next round of negotiations is scheduled for February 27 and 28, 2019 in Washington, D.C. no other dates are announced at this time. It has been noted in several forums that the negotiations will be a long term process. It is also of note, that BC has held a series of ten community meetings in the Canadian Columbia River Basin to seek residents’ input on modernization of the Columbia River Treaty (Treaty). The timing of the meetings coincided with the beginning of Treaty negotiations between Canada and the United States. The purpose of these meetings was to provide an update on negotiations, and seek Basin residents’ input on what key issues should be considered during these negotiations. The input received from all 10 meetings is summarized in the Columbia River Treaty 2018 Community Meetings Summary Report and it is available online at: engage.gov.bc.ca/columbiarivertreaty/2018-community-meetings/

The U.S. negotiating team will hold regular town hall meetings throughout the Columbia River Basin to hear from the U.S. public on the modernization of the Columbia River Treaty regime. The last town hall took place September 6, 2018 in Portland, Oregon and the next one is planned for early 2019. There are several documents pertaining to the US’s work on the treaty available online at: https://www.state.gov/p/wha/ci/ca/topics/c78892.htm

PNWER will continue to play a role facilitating dialogue and understanding between all our member jurisdictions, while showcasing the benefits of the treaty. We will continue to explore opportunities for states to provide input into the process as the negotiations continue to take place.
Invasive Mussels
Federal Funding Update

Pacific NorthWest Economic Region
Quagga/Zebra Mussels

- Highly invasive mussel devastating lakes and rivers across the US
- A single adult mussel produces 1 million larvae (veliger) per year
- Impact water intakes, agriculture, recreation, fisheries, and more
- Typically transported via watercraft or ballast water

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- Impact water intakes, agriculture, recreation, fisheries, and more
- Typically transported via watercraft or ballast water
The Pacific Northwest remains the last region within the US without an infestation of invasive Quagga/Zebra mussels. Q/Z mussels are thought to have arrived in the Great Lakes region in the 1980s via the ballast water of ships arriving from the Ukraine. PNWER has helped to lead efforts for the past decade to protect against the spread of invasive mussels to the pristine waters of the PNW. PNWER has helped to develop a regional defense and secure federal funds for the region.
Regional Defense

- 2014-2015 study funded by the State of Washington

**Estimated economic impact to the region:**

Over $500,000,000 per year *every year*

- Coordinating inspection, messaging, efforts

Little was known about that invasive mussels would have on the region. In 2014-15, Washington state stepped up and provided funds for a regional study on the impacts of invasive mussels. PNWER prepared the study with help from key partners. The study found that invasive mussels would cost the region $500,000,000 annually if an infestation were to occur.
Approximately $94 Million Per Year Impact to Idaho

- The economic impact of a quagga/zebra mussel infestation in Idaho exceeds $94 million annually (not including agriculture related impacts), according to a study conducted by the Idaho Invasive Species Council.

- Quagga and zebra mussels will cost agriculture tens of millions of dollars annually by clogging irrigation pipes, pumps, and aqueducts, and altering vital ecosystems and fish habitats by feeding on plankton.

The economic impact of a quagga/zebra mussel infestation in Idaho exceeds $94 million annually (not including agriculture related impacts), according to a study conducted by the Idaho Invasive Species Council. Quagga and zebra mussels will cost agriculture tens of millions of dollars annually by clogging irrigation pipes, pumps, and aqueducts, and altering vital ecosystems and fish habitats by feeding on plankton.
PNWER pushes to get funds appropriated for mussel prevention efforts to protect the Columbia River Basin

- Met with dozens of Congress Members and Senators to amend WRDA language
- Worked with PNW Congressional leaders to get appropriations for matching funds to states for watercraft monitoring stations
- $21 Million over the past 4 years

PNWER Vice President Senator Mike Cuffe from MT speaks to a group of 20 Congressional staffers in Washington, DC about the seriousness of a mussel invasion into the Columbia River Basin. PNWER continues to have quarterly meetings with a group of Congressional staff about the WRDA funding for mussel prevention.

**2009-2015:** PNWER advocates for federal funding and works to educate legislators on invasive mussels

**2015:** Congress appropriated $4m through WRRDA 2014 to the four NW states of ID, MT, OR, and WA, for watercraft inspection stations (through US Army Corps of Engineers).

**2015-17:** Significant multi-year effort by PNWER and partners to access funds for the states and change WRRDA language for watercraft inspections "to protect the Columbia River Basin". Took 3 acts of Congress to finally get matching funds!

**April 2017:** WRRDA 2014 funds released to the States in time for 2017 watercraft inspection season (Pacific States Marine Fisheries Commission as fiduciary agent).

**December 2016:** Congress authorized funds to be used for early detection, rapid response, and monitoring through WIIN Act 2016.

**April 2017:** Congress appropriated $5m for FY2017 for the four NW states.

**2018:** $6m appropriated to the four NW states for 2019 watercraft inspection season.

**2019:** $6m appropriated to the four NW states for 2020 watercraft inspection season.

**Total Funding:** $21 million for ID, MT, OR, and WA, thus far.
Federal Funding Received by States for Watercraft Inspection and Monitoring

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idaho</td>
<td>$1,080,502</td>
<td>$1,126,446</td>
<td>$2,206,948</td>
</tr>
<tr>
<td>Washington</td>
<td>$379,066</td>
<td>$729,954</td>
<td>$1,109,020</td>
</tr>
<tr>
<td>Oregon</td>
<td>$538,223</td>
<td>$650,766</td>
<td>$1,188,989</td>
</tr>
<tr>
<td>Montana</td>
<td>$2,046,183</td>
<td>$2,237,569</td>
<td>$4,283,752</td>
</tr>
<tr>
<td>Total to Region</td>
<td>$4 million</td>
<td>$5 million</td>
<td>$9 million</td>
</tr>
</tbody>
</table>

$12 million ($6 million in 2019 & $6 million in 2020) of federal matching funds has already been appropriated to the 4 States for 2019 & 2020. Must be matched by states to access funds.
Actions

- Ensure that state funding is assured for the AIS program for the next two years. Federal match funding has already been appropriated.
- Support continued appropriations in Congress to the Army Corps of Engineers for the Watercraft Inspection Station support to the 4 NW States – URGENT to request appropriations for next cycle.
- The new Water Infrastructure for America Act expanded the AIS program to an additional 9 states and two new basins.
- We will have to work hard to ensure that our current funding remains in place because of this.
- We could have an active infestation at any time. Need to be ready throughout the region with early detection and rapid response plans.

Ensure that state funding is assured for the AIS program for the next two years. Federal match funding has already been appropriated.
Support continued appropriations in Congress to the Army Corps of Engineers for the Watercraft Inspection Station support to the 4 NW States – URGENT to request appropriations for FY 2021.
The new Water Infrastructure for America Act expanded the AIS program to an additional 9 states and two new basins.
We will have to work hard to ensure that our current funding remains in place because of this.
We could have an active infestation at any time. Need to be ready throughout the region with early detection and rapid response plans.
Actions

• Communicate to neighboring states and provinces the importance of an active prevention strategy.
• Update response plans, expand monitoring activities, and communicate these plans to all local jurisdictions.
• Share information with Border officials for any watercraft coming south from infected waterways.
• Support mandatory decontamination of fouled watercraft at federally managed waterbodies, especially lower Colorado River water bodies.
Become Involved in PNWER

• You are a PNWER member!
• www.pnwer.org

Questions?
Brandon Hardenbrook
brandon@pnwer.org
206-443-7723
November 20, 2018

President Donald Trump
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Trump,

Our organization spent the past year working with business leaders and states and provinces to develop specific recommendations for NAFTA modernization. As a result of this effort, we welcome the U.S., Mexico, Canada Agreement that has been made in principle, and our organization will be advocating for its ratification. **However, we strongly urge that the steel and aluminum tariffs against Canada be lifted as soon as possible.**

These unwarranted tariffs are negatively impacting regional supply chains and disrupting trade with our largest trading partner and closest ally, Canada. We believe that unilateral tariffs between the U.S. and Canada go against the principles of free and fair trade and only harm industries in both countries.

Here in the Pacific Northwest, we are stronger by working closely together, and our relationships are intact because of the ongoing partnerships in every major sector of our economy, and state, provincial, territorial, local, and tribal governments. **The U.S. should exempt Canada from any steel and aluminum tariffs, which are causing significant disruption to our industries on both sides of the border.**

The U.S. and Canada’s trading relationship is incredibly important to the Pacific Northwest. The U.S. and Canada have the largest trading relationship in the world, and here in the Pacific Northwest, we benefit from the two-way trade of over $541 billion USD ($630 billion CAD) annually, of which about $22.6 billion USD ($29 billion CAD) is in the Pacific Northwest. Protectionism is seriously damaging the vital economic regional partnership in both of our countries.

The steel and aluminum tariffs may cost the U.S. and Canada over $11 billion USD combined, and we could see losses of over 6,000 jobs, according to CD Howe Institute, a Canadian independent not-for-profit research institute fostering economically sound public policies. As a result of the steel and aluminum tariffs, retaliatory tariffs from Mexico and Canada could cause U.S. Agriculture exports to decline by $1.9 billion USD to these two trading partners. The U.S. tariffs on Canadian steel and aluminum products based on Section 232 U.S. national security investigations are of great concern. As a trusted ally and partner, Canadian steel and aluminum products are used as vital inputs in the Canada-U.S. manufacturing supply chains. Tariffs on these critical inputs are not only making consumer goods expensive in both countries, but also making North American products uncompetitive in international markets.
This cross-border region continues to work closely together every day with our interconnected and interdependent supply chains, and dozens of cross-border cooperative agreements on everything from our shared transboundary watersheds, cross-border airsheds, climate action, cross-border law enforcement, invasive species prevention, and forest fire prevention, to defending our shared borders in the 60-year-old NORAD (North American Air Defense) System.

PNWER is an example of these interconnections and the ongoing relationships that make our bi-national region stand out in North America as a place where innovation happens, precisely because of the multi-faceted relationships of trust that have been built up here for many decades.

We will be advocating for the ratification of the USMC Agreement, and we hope to see an exemption for Canada on the steel and aluminum tariffs before the end of the year.

Sincerely,

Larry Doke, MLA
PNWER President 2018-2019
Government of Saskatchewan

Matt Morrison
Chief Executive Officer
PNWER

Sen. Arnie Roblan
Past President 2017-2108
Oregon State Legislature

Cc: Secretary Wilbur Ross, U.S. Department of Commerce
Status of U.S. Federal Funding for Quagga & Zebra Mussel Prevention

Timeline:
- In 2015, Congress appropriated $4m to the four Northwest States of Idaho, Montana, Oregon, and Washington, for watercraft inspection stations through the Water Resources Reform and Development Act (WRRDA) of 2014.
- In December 2016, Congress authorized early detection, rapid response, and monitoring through the Water Infrastructure Improvement for the Nation Act (WIIN) of 2016, and, in April 2017, Congress appropriated $5m to the four NW states.
- In FY18, $6m was appropriated to the four NW states.
- In FY19, $6m was appropriated via the Water Infrastructure Act, signed by the President in Oct. 2018.

**Total U.S. Federal Funding to date: $21 million**

Current Status of Funding:
On April 5, 2017, $4 million in FY2015 WRRDA 2014 funds were released to the four NW States. The federal matching funds effectively doubled the amount of money States were spending and allowed each state to increase their number of watercraft inspection stations and aquatic invasive species prevention efforts. PNWER worked with the U.S. Army Corps of Engineers to get the funds released to the States. The Pacific States Marine Fisheries Commission serves as fiscal agent in distributing the funds to the four States.

PNWER was instrumental in incorporating new language in WIIN that updates WRRDA 2014 language by allowing for federal cost-share funds to be used for watercraft inspection stations outside of the Columbia River Basin and for early detection and rapid response.

PNWER has supported continued federal matching funds every year and has been successful in getting $6 million in FY18 and $6m in FY19. Most recently, in October 2018, the President signed the Water Infrastructure Act providing $6 million more in federal funding to the NW States in FY19.

Montana Mussel Response:
In October 2016, invasive mussel larvae were discovered in Montana. On November 30, 2016, Governor Steve Bullock declared a natural resources state of emergency and released $750,000 in emergency state funds to combat the spread of invasive mussels. The Montana Mussel Response Team was formed to address the urgent situation, and the entire region was on high alert. Montana is critical as a “firewall” to the region. The response was considered highly successful.

In 2017, the Montana Legislature voted to increase Montana’s aquatic invasive species prevention funding from $2.2 to $13 million for the 2017-2019 biennium. **No new mussels were discovered in 2017 or 2018.**

Updated 1/11/19
Agricultural Provisions of the U.S.-Mexico-Canada Agreement

On September 30, 2018, the Trump Administration announced an agreement with Canada and Mexico to replace the North American Free Trade Agreement (NAFTA) with the United States-Mexico-Canada Agreement (USMCA). USMCA, if finalized, will allow food and agriculture products to "trade more fairly," according to the U.S. Trade Representative, and will expand exports of U.S. agricultural goods. While USMCA includes provisions that address many sectors, this report summarizes the agriculture and sanitary and phytosanitary (SPS) provisions of the agreement. The President is expected to sign USMCA on November 30, 2018, before sending the agreement and implementing legislation to Congress for approval. It must also be approved by the governments of Canada and Mexico.

Canada and Mexico were the first- and third-leading export markets for U.S. agriculture and food products by value in 2017, worth $20.6 billion and $18.6 billion, respectively. Since NAFTA was signed in 1993—which eliminated most tariffs on agricultural goods sold among the three countries—the value of U.S. agricultural trade with its NAFTA partners has increased. Agricultural exports rose from $8.7 billion in 1992 to $39 billion in 2017, while imports rose from $6.5 billion to $47 billion over the same time period. There has been a trade deficit for agricultural products since 2014, including an $8 billion trade deficit in 2017 that is the largest deficit since NAFTA was signed.

Canada has further agreed to changes in its milk pricing system that has set low prices for Canadian skim milk solids, undercutting U.S. exports. Six months after USMCA goes into effect, Canada will eliminate its Class 7 milk price (which includes skim milk solids, Class 6 in Ontario) and will set its price for skim milk solids based on a formula that takes into account the U.S. nonfat dry milk price, among other factors. Both the United States and Canada will need to notify each other in the future if either introduces or changes a milk class price. Canada has further agreed to cap its skim milk powder and milk protein concentrate exports. USMCA also includes a requirement that the United States and Canada meet five years after the implementation of the agreement—and every two years after that—to determine whether to modify the dairy provisions of the agreement.

U.S. Poultry Access to Canada
USMCA increases the TRQs for U.S. poultry and egg exports to Canada. Much like the rules governing its dairy sector, Canada has a supply management system for chicken, egg, and turkey production and has allowed only a small amount of those products to be imported duty free. Under the agreement, the duty-free quotas for chicken starts at 47,000 tons, expands to 57,000 tons in year six, and then continues at a growth rate of 1% per year for the 10 years after that. Eggs would have a new TRQ of 10 million dozen annually, while the annual TRQ for turkey and broiler hatching eggs and chicks would be set by formulas based on Canadian production.

Canadian Grain Policy Changes
Under USMCA, Canada will revise its grain grading policies to treat U.S. wheat in a way that is "no less favorable than that it accords to like wheat of national origin." Canadian inspection certificates for wheat currently do not allow for a grade, so U.S. exports cannot receive premium prices that would come with a higher grade. USMCA provides that neither the United States nor Canada are allowed to have country of origin on wheat quality certificates for wheat from either country.

Figure 1. U.S.-NAFTA Agricultural Trade, 1992-2017

Source: CRS from USDA, Global Agricultural Trading System. Data are not adjusted for inflation.

Canadian Dairy Policy Changes
Under USMCA, Canada has agreed to reduce certain barriers for U.S. dairy exports, a key demand of U.S. dairy groups. Canada restricts U.S. dairy exports through tariff-rate quotas (TRQs) with high over-quota tariffs. Currently, most of the in-quota tariffs for U.S. dairy exports to Canada are set at zero, but over-quota tariffs can be as high as 313.5%. Under USMCA, Canada would maintain its supply management system, but USMCA would expand TRQs that increase each year for U.S. exports of milk, cheese, cream, skim milk powder, condensed milk, yogurt, and several other dairy categories. In addition, USMCA includes broader provisions on transparency for the implementation of TRQs, such as requirements for advanced notice of changes to the quotas and making publicly available details on quota utilization rates.
Sanitary and Phytosanitary Provisions

SPS measures are the laws, rules, standards, and procedures that governments employ to protect humans, animals, and plants from diseases, pests, toxins, and other contaminants. USMCA's SPS chapter calls for greater transparency in SPS rules and regulatory alignment among the three countries. Under the agreement, countries must base their SPS rules on "relevant scientific principles" and eliminate those rules that no longer have a scientific basis. While USMCA commits the United States, Mexico, and Canada to seek alignment and equivalence in their SPS regulations, it also requires them to notify and give opportunity to comment on any additions or changes to SPS rules. USMCA further lays out requirements for notifying exporting countries when an issue arises with a shipment and the exchange of information on SPS issues, and it maintains a trilateral Committee on Sanitary and Phytosanitary Measures to address issues as they arise.

Biotechnology Provisions

The agriculture chapter of USMCA lays out protections and coordination on agricultural biotechnology, an issue that is not addressed in NAFTA. USMCA requires the United States, Mexico, and Canada to make publicly available the details on the approval process for crops produced with biotechnology, encourage producers to submit concurrent applications for approval, and ensure that decisions on those applications are made in a timely manner. Further, when an import into a member country is found to have a low level presence of an unapproved crop produced with biotechnology, the importing country is to act quickly so as to not unnecessarily delay the shipment. USMCA also creates a Working Group for Cooperation on Agricultural Biotechnology to help with information exchange and advance "transparent, science and risk-based regulatory approaches" and policies in other countries and international organizations. The provisions of USMCA apply to crops produced with conventional biotechnology methods, including recombinant DNA and gene editing.

Beer, Wine, and Spirits Labeling, Sales

Canada allows its provinces to control the sale of beer, wine, and spirits, a system that in some cases has disrupted market access for U.S. products with barriers such as higher prices for imported products. USMCA requires that each country have the same treatment for distributing another country's spirits, wine, beer, and other alcoholic beverages as it would its own products. It also sets rules governing listing requirements for a product to be sold in a given country and sets limits on cost markups of alcoholic beverages from other countries. In a side letter to the agreement, Canada also agreed to have British Columbia remove its limitations on sales of non-British Columbian wines in grocery stores by November 1, 2019. The agreement further includes rules to promote transparency and harmonization of labeling for wine and spirits beverages among the three countries and prevent labeling from acting as a barrier to trade.

Geographical Indications and Distinctive Products

Geographical indications (GIs) are place names used to identify products that come from certain regions or places. GIs are intended to protect the quality and reputation of a distinctive product originating in certain regions. USMCA protects the GIs for food products that Canada and Mexico have already agreed to in trade negotiations with the European Union (EU) but lays out transparency and notification requirements for any new GIs that a country wants to recognize. The agreement also details a process for determining whether a food name is common or should be protected. In a side letter accompanying the agreement, Mexico confirmed a list of 33 terms for cheese that would remain available as common names for U.S. cheese producers exporting to Mexico. The list includes some terms that are protected as GIs by the EU, such as Edam, Gouda, and Brie.

USMCA protects certain U.S., Canadian, and Mexican spirits as distinctive products. Under the agreement, products labeled as Bourbon Whiskey and Tennessee Whiskey must originate in the United States. Similar protections exist for Canadian Whiskey and Tequila and Mezcal, which must be produced in Mexico. In a side letter accompanying the agreement, the United States and Mexico further agreed to protect American Rye Whiskey, Charanda, Sotol, and Bacanora.

Protection for Proprietary Formulas

USMCA includes protections for proprietary formulas for prepackaged foods and food additives that limit the information countries subject to the agreement can ask for from food companies looking to export. Countries can ask only for information that is necessary to "achieve its legitimate objective" and must protect the confidential information of products from another country as it would for domestic products.

U.S. Imports of Canadian Sugar, Dairy, Peanuts, and Cotton

The United States has agreed to allow more access for Canadian producers of dairy, sugar, peanuts and cotton. Under USMCA, the United States will increase TRQs on imports of Canadian dairy products and sugar and sweetened products. The agreement details the phase-out period for U.S. tariffs on cotton and peanut imports from Canada, which will be eliminated five years after the agreement takes effect. U.S. imports of peanut products—including shelled and unshelled peanuts and peanut butter—from Canada are currently subject to a 131.8% tariff.

Agricultural Trade Issues Not Addressed

While USMCA addresses several issues that have restricted U.S. agricultural exports to Mexico and Canada, it does not include all of the changes sought by U.S. agricultural groups. The agreement does not include changes to trade remedy laws to address seasonal produce as requested by Southeastern U.S. produce growers. It also does not address non-tariff barriers to market access for U.S. fresh potatoes in Canada and Mexico. Finally, the agreement does not address a resolution for retaliatory tariffs on U.S. agricultural exports to those countries.

Jenny Hopkinson, jhopkinson@crs.loc.gov, 7-3137

www.crs.gov | 7-5700
Retaliatory Tariffs on Idaho Products

July 24th, 2018

The Idaho Department of Commerce and the Idaho State Department of Agriculture have created this summary to highlight the Idaho products that will be affected by recent tariffs imposed or scheduled to be imposed by Canada, Mexico, China, the European Union and India.

European Union: The following tariffs went into effect on June 22nd, 2018

<table>
<thead>
<tr>
<th>HS Codes</th>
<th>2017 Exports from Idaho to the EU</th>
<th>Original Tariff Percentage</th>
<th>Added Tariff Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>100590</td>
<td>Corn (maize), Other Than Seed Corn</td>
<td>$ 6,653</td>
<td>0%</td>
</tr>
<tr>
<td>610910</td>
<td>T-shirts, Singlets, Tank Tops</td>
<td>$ 16,233</td>
<td>12%</td>
</tr>
<tr>
<td>610990</td>
<td>T-shirts, Singlets</td>
<td>$ 2,967</td>
<td>12%</td>
</tr>
<tr>
<td>620343</td>
<td>Men's Or Boys' Trousers</td>
<td>$ 5,661</td>
<td>12%</td>
</tr>
<tr>
<td>640299</td>
<td>Footwear, Outer Sole &amp; Upper</td>
<td>$ 22,185</td>
<td>17%</td>
</tr>
<tr>
<td>691110</td>
<td>Ceramic Tableware &amp; Kitchenware, Porcelain &amp; China</td>
<td>$ 2,566</td>
<td>12%</td>
</tr>
<tr>
<td>730431</td>
<td>Tubes/Pipes of stainless Iron or steel</td>
<td>$ 192,297</td>
<td>0%</td>
</tr>
<tr>
<td>730711</td>
<td>Cast Pipe Fittings, Nonmalleable Cast Iron</td>
<td>$ 6,840</td>
<td>3.70%</td>
</tr>
<tr>
<td>730900</td>
<td>Tanks Over 300 Liter Capacity, Iron Or Steel</td>
<td>$ 130,795</td>
<td>2.20%</td>
</tr>
<tr>
<td>731816</td>
<td>Nuts Of iron Or Steel</td>
<td>$ 100,686</td>
<td>3.70%</td>
</tr>
<tr>
<td>732399</td>
<td>Household Articles such as tables, kitchens, etc.</td>
<td>$ 3,635</td>
<td>3.20%</td>
</tr>
<tr>
<td>854370</td>
<td>Miscellaneous Electric Machinery</td>
<td>$ 122,690</td>
<td>.90%</td>
</tr>
<tr>
<td>890310</td>
<td>Inflatable Yachts, Vessels, For Pleasure, Sports</td>
<td>$ 97,686</td>
<td>2.70%</td>
</tr>
<tr>
<td>890399</td>
<td>Yachts Row Boats, Canoes</td>
<td>$ 58,445</td>
<td>2.70%</td>
</tr>
<tr>
<td>940169</td>
<td>Seats with Wooden Frames, Not Upholstered</td>
<td>$ 48,470</td>
<td>0%</td>
</tr>
<tr>
<td>940599</td>
<td>Parts for Lamps and Lighting Fittings</td>
<td>$ 336,764</td>
<td>0%</td>
</tr>
<tr>
<td>0713339</td>
<td>Kidney Beans</td>
<td>$ 8,177,825</td>
<td>0%</td>
</tr>
<tr>
<td>07104000</td>
<td>Sweetcorn, uncooked or cooked, frozen</td>
<td>$ 0 reported</td>
<td>5.10% + 9.40 EUR / 100 kg</td>
</tr>
<tr>
<td>07119030</td>
<td>Sweetcorn provisionally preserved</td>
<td>$ 0 reported</td>
<td>5.10%</td>
</tr>
</tbody>
</table>

*Note: Nesoi means not elsewhere specified or included*
<table>
<thead>
<tr>
<th>HS Codes</th>
<th>2017 Exports from Idaho to China</th>
<th>Original Tariff Percentage</th>
<th>Added Tariff Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>02011000 Meat of bovine animals, fresh or chilled: carcasses and half carcasses</td>
<td>$ 0 reported</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>02012000 Meat of bovine animals, fresh or chilled: other cuts with bone-in</td>
<td>$ 0 reported</td>
<td>12%</td>
<td>25%</td>
</tr>
<tr>
<td>02013000 Meat of bovine animals, fresh or Chilled: boneless</td>
<td>$ 0 reported</td>
<td>12%</td>
<td>25%</td>
</tr>
<tr>
<td>02021000 Meat of bovine animals, fresh or chilled: carcasses and half carcasses</td>
<td>$ 0 reported</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>040221 Milk/Cream Concentrated and Powder over 1.5% fat</td>
<td>$ 88,803</td>
<td>10%</td>
<td>25%</td>
</tr>
<tr>
<td>040410 Whey and whey concentrate containing sweetener</td>
<td>$ 35,553,788</td>
<td>2%</td>
<td>25%</td>
</tr>
<tr>
<td>040490 Products of natural milk constituents</td>
<td>$ 2,162,904</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>040620 Cheese of all kind, grated or powdered</td>
<td>$ 202,630</td>
<td>8%</td>
<td>25%</td>
</tr>
<tr>
<td>071310 Peas, dried shelled, including seed</td>
<td>$ 3,845,447</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td>071339 Beans, dried shelled including seed</td>
<td>$ 13,636</td>
<td>7%</td>
<td>25%</td>
</tr>
<tr>
<td>07019000 Other potatoes, fresh or chilled. ** China Prohibits the import of fresh Potato Products from Idaho due to Phytosanitary concerns.</td>
<td>$ 0 reported</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>07081000 Peas: Fresh or Refrigerated</td>
<td>$ 0 reported</td>
<td>13%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Note: Nesoi means not elsewhere specified or included
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Price</th>
<th>Tariff 1</th>
<th>Tariff 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>07134090</td>
<td>Dried lentils</td>
<td>$0 reported</td>
<td>7%</td>
<td>25%</td>
</tr>
<tr>
<td>07134010</td>
<td>Dried lentils for planting</td>
<td>$0 reported</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td>07133390</td>
<td>Dried kidney beans</td>
<td>$13,636</td>
<td>7%</td>
<td>25%</td>
</tr>
<tr>
<td>07133310</td>
<td>Dried kidney beans for planting</td>
<td>$13,636</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td>07133290</td>
<td>Dry small red beans</td>
<td>$0 reported</td>
<td>3%</td>
<td>25%</td>
</tr>
<tr>
<td>07133310</td>
<td>Dried small red beans for planting</td>
<td>$0 reported</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td>07131090</td>
<td>Dried Peas</td>
<td>$0 reported</td>
<td>5%</td>
<td>25%</td>
</tr>
<tr>
<td>07131010</td>
<td>Dried Peas for planting</td>
<td>$0 reported</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td>080810</td>
<td>Fresh Apples</td>
<td>$20,580 (2016)</td>
<td>10%</td>
<td>40%</td>
</tr>
<tr>
<td>07132090</td>
<td>Dried Chickpeas</td>
<td>$0 reported</td>
<td>7%</td>
<td>25%</td>
</tr>
<tr>
<td>07132010</td>
<td>Dried Chickpeas for planting</td>
<td>$0 reported</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td>080929</td>
<td>Fresh Cherries</td>
<td>$30,852</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>100119</td>
<td>Durum wheat excl, seed</td>
<td>$0 reported</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td>100199</td>
<td>Other wheat and meslin, excl. seed</td>
<td>$0 reported</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td>121490</td>
<td>Forage Products (Hay, Alfafa, Clover, etc) ** The Chinese government does not allow alfalfa pellet imports into China.</td>
<td>$103,047</td>
<td>7%</td>
<td>25%</td>
</tr>
<tr>
<td>200893</td>
<td>Cranberries, preserved or prepared</td>
<td>$47,025</td>
<td>15%</td>
<td>25%</td>
</tr>
<tr>
<td>870323</td>
<td>Vehicles with cylinder capacity between 1,500 cc and 3,000 cc including motorhomes, station wagons, passenger vans</td>
<td>$45,499</td>
<td></td>
<td>25%</td>
</tr>
</tbody>
</table>

China: The following tariffs go into effect at an unknown future date.

Note: Nesol means not elsewhere specified or included
<table>
<thead>
<tr>
<th>HS Code</th>
<th>Description</th>
<th>2017 Exports</th>
<th>Original Tariff</th>
<th>Additional Tariff</th>
</tr>
</thead>
<tbody>
<tr>
<td>901819</td>
<td>Electronic Diagnostic Apparatus</td>
<td>$ 233,733</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>901890</td>
<td>Instruments for medical surgery, including dental and veterinarian</td>
<td>$ 107,994</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>902290</td>
<td>X-ray apparatus including radiography, x-ray tubes, high tension generators, etc.</td>
<td>$ 257,276</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>230330</td>
<td>Brewing or distilling waste</td>
<td>$ 125,359</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>340213</td>
<td>Non-ionic surface agents</td>
<td>$ 74,404</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>382491</td>
<td>Any compound of 5-ethyl-2-methyl-2-oxido-1,3,2-dioxaphosphinan-5-yl)methyl methylphosphonate</td>
<td>$ 4,299</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>382499</td>
<td>Products and residuals of chemical industry</td>
<td>$ 13,591</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>390110</td>
<td>Polyethylene having specific gravity under .94</td>
<td>$ 11,121</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>390690</td>
<td>Acrylic Polymers in primary forms</td>
<td>$ 100,622</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>391000</td>
<td>Silicones in primary form</td>
<td>$ 16,460</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>391990</td>
<td>Tape, including electric, transparent, filament reinforced</td>
<td>$ 48,400</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>392190</td>
<td>Plates, sheets, films, etc.</td>
<td>$ 158,561</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>392690</td>
<td>Articles of plastic nesoi</td>
<td>$ 21,231</td>
<td></td>
<td>25%</td>
</tr>
</tbody>
</table>

India

<table>
<thead>
<tr>
<th>HS Code</th>
<th>2017 Exports from Idaho to India</th>
<th>Original Tariff</th>
<th>Additional Tariff</th>
</tr>
</thead>
<tbody>
<tr>
<td>07089005</td>
<td>Chickpeas (Desi; small dark variety)</td>
<td>$ 0 reported</td>
<td>30%</td>
</tr>
<tr>
<td>07089015</td>
<td>Lentils</td>
<td>$ 0 reported</td>
<td>30%</td>
</tr>
<tr>
<td>08081000</td>
<td>Fresh Apples</td>
<td>$ 0 reported</td>
<td>50%</td>
</tr>
</tbody>
</table>

Canada:

Prior to the implementation of retaliatory tariffs, Canada and the United States enjoyed free trade due to NAFTA. Tariffs were at 0% after being slowly phased out since the signing of NAFTA in 1993.

<table>
<thead>
<tr>
<th>Hs Code</th>
<th>2017 Exports from Idaho to Canada</th>
<th>Tariff Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>7213 Bars &amp; Rods, Iron &amp; Nonalloy steel</td>
<td>$ 17,142</td>
<td>25%</td>
</tr>
<tr>
<td>7214 Bars &amp; Rods, Iron nonalloy steel nesoi</td>
<td>$ 6,297</td>
<td>25%</td>
</tr>
<tr>
<td>7217 Wire of Iron &amp; Nonalloy Steel</td>
<td>$ 2,743</td>
<td>25%</td>
</tr>
<tr>
<td>7220 Flat rolled products of iron or steel width under 600mm</td>
<td>$ 5,294</td>
<td>25%</td>
</tr>
<tr>
<td>7224 Alloy Steel in ingots or other primary forms</td>
<td>$ 10,693</td>
<td>25%</td>
</tr>
<tr>
<td>7228 Steel - hollow drill bars and rods</td>
<td>$ 2,571</td>
<td>25%</td>
</tr>
</tbody>
</table>

Note: Nesoi means not elsewhere specified or included
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Price</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>7306</td>
<td>Tubes, Pipes &amp; Hollow Profiles Nesoi, Iron &amp; Steel</td>
<td>$1,673,683</td>
<td>25%</td>
</tr>
<tr>
<td>730290</td>
<td>Railway Or Tramway Track with iron or steel</td>
<td>$3,409</td>
<td>25%</td>
</tr>
<tr>
<td>730411</td>
<td>Line Pipe For Oil Or Gas Lines – Stainless Steel</td>
<td>$2,885</td>
<td>25%</td>
</tr>
<tr>
<td>090121</td>
<td>Coffee, Roasted, Not Decaffeinated</td>
<td>$8,287</td>
<td>10%</td>
</tr>
<tr>
<td>160232</td>
<td>Prepared Or Preserved Chicken Meat Or Offal, Nesoi</td>
<td>$26,829</td>
<td>10%</td>
</tr>
<tr>
<td>160250</td>
<td>Prepared Or Preserved Bovine Meat. Nesoi</td>
<td>$1,330,722</td>
<td>10%</td>
</tr>
<tr>
<td>170490</td>
<td>Sugar Confection</td>
<td>$4,446,017</td>
<td>10%</td>
</tr>
<tr>
<td>180632</td>
<td>Chocolate &amp; other Cocoa Preps, Not Bulk, Not Filled</td>
<td>$1,538,196</td>
<td>10%</td>
</tr>
<tr>
<td>190590</td>
<td>Bread, Pastry, Cakes Nesoi &amp; Puddings</td>
<td>$8,559,797</td>
<td>10%</td>
</tr>
<tr>
<td>210210</td>
<td>Yeasts, Active</td>
<td>$15,534</td>
<td>10%</td>
</tr>
<tr>
<td>210320</td>
<td>Tomato Ketchup And Other Tomato Sauces</td>
<td>$29,391</td>
<td>10%</td>
</tr>
<tr>
<td>210390</td>
<td>Sauces and Mixed Condiments And Seasonings Nesoi</td>
<td>$14,909,381</td>
<td>10%</td>
</tr>
<tr>
<td>210410</td>
<td>Soups And Broths And Preparations Therefor</td>
<td>$113,654</td>
<td>10%</td>
</tr>
<tr>
<td>330430</td>
<td>Manicure Or Pedicure Preparations</td>
<td>$6,215</td>
<td>10%</td>
</tr>
<tr>
<td>330530</td>
<td>Hair Lacquers</td>
<td>$29,980</td>
<td>10%</td>
</tr>
<tr>
<td>330749</td>
<td>Preparations For Perfuming/deodorizing Rooms Nesoi</td>
<td>$19,093,300</td>
<td>10%</td>
</tr>
<tr>
<td>340130</td>
<td>Organic surface-active products and preparations for skin washing</td>
<td>$1,428,721</td>
<td>10%</td>
</tr>
<tr>
<td>340220</td>
<td>Surface-active, Washing for Retail Sale</td>
<td>$6,827,337</td>
<td>10%</td>
</tr>
<tr>
<td>340600</td>
<td>Candles, Tapers And The Like</td>
<td>$88,258</td>
<td>10%</td>
</tr>
<tr>
<td>350610</td>
<td>Products used as glues or adhesives</td>
<td>$16,757</td>
<td>10%</td>
</tr>
<tr>
<td>380891</td>
<td>Insecticides</td>
<td>$20,054</td>
<td>10%</td>
</tr>
<tr>
<td>380892</td>
<td>Fungicides</td>
<td>$15,679,374</td>
<td>10%</td>
</tr>
<tr>
<td>380893</td>
<td>Herbicides, anti-sprouting products, and plant-growth regulators</td>
<td>$988,451</td>
<td>10%</td>
</tr>
<tr>
<td>392321</td>
<td>Sacks &amp; Bags Of Polymers Of Ethylene</td>
<td>$7,926,960</td>
<td>10%</td>
</tr>
<tr>
<td>392410</td>
<td>Tableware And Kitchenware Of Plastics</td>
<td>$48,486</td>
<td>10%</td>
</tr>
<tr>
<td>392490</td>
<td>Household And Toilet Articles Nesoi Of Plastics</td>
<td>$25,872</td>
<td>10%</td>
</tr>
<tr>
<td>441239</td>
<td>Plywood, Excluding Bamboo</td>
<td>$2,886,417</td>
<td>10%</td>
</tr>
<tr>
<td>441299</td>
<td>Plywood, Veneer Panels &amp; Similar Lam Wood</td>
<td>$14,576,358</td>
<td>10%</td>
</tr>
<tr>
<td>480256</td>
<td>Uncoated paper and paperboard</td>
<td>$76,907</td>
<td>10%</td>
</tr>
<tr>
<td>731010</td>
<td>Tanks of iron or steel with capacity of more than 50 Liters</td>
<td>$35,484</td>
<td>10%</td>
</tr>
<tr>
<td>732190</td>
<td>Parts Of Nonelectric Cooking Appliances made of Iron &amp; Steel</td>
<td>$21,017</td>
<td>10%</td>
</tr>
<tr>
<td>760820</td>
<td>Aluminum Alloy Tubes And Pipes</td>
<td>$4,112</td>
<td>10%</td>
</tr>
<tr>
<td>760900</td>
<td>Aluminum Tube Or Pipe Fittings</td>
<td>$3,759</td>
<td>10%</td>
</tr>
<tr>
<td>761010</td>
<td>Aluminum Doors Windows And Their Frames/Thresholds</td>
<td>$10,455</td>
<td>10%</td>
</tr>
<tr>
<td>761090</td>
<td>Aluminum Structures And Parts, Nesoi</td>
<td>$76,976</td>
<td>10%</td>
</tr>
<tr>
<td>761100</td>
<td>Tanks Over 300 Liter Capacity, Aluminum</td>
<td>$10,138</td>
<td>10%</td>
</tr>
<tr>
<td>761290</td>
<td>Casks Not Over 300 Liter Capacity Nesoi, Aluminum</td>
<td>$24,647</td>
<td>10%</td>
</tr>
<tr>
<td>761699</td>
<td>Articles Of Aluminum, Nesoi</td>
<td>$306,768</td>
<td>10%</td>
</tr>
<tr>
<td>841891</td>
<td>Furniture For Refrigeration Or Freezing Equipment</td>
<td>$11,822</td>
<td>10%</td>
</tr>
<tr>
<td>842211</td>
<td>Dishwashing Machines, Household Type</td>
<td>$7,171</td>
<td>10%</td>
</tr>
<tr>
<td>890310</td>
<td>Inflatable Yachts, Vessels</td>
<td>$212,067</td>
<td>10%</td>
</tr>
<tr>
<td>890392</td>
<td>Motorboats, Other Than Outboard Motorboats</td>
<td>$94,780</td>
<td>10%</td>
</tr>
<tr>
<td>890399</td>
<td>Yachts For Pleasure/sport Nesoi</td>
<td>$196,127</td>
<td>10%</td>
</tr>
<tr>
<td>940161</td>
<td>Seats with Wooden Frames, Upholstered, Nesoi</td>
<td>$240,546</td>
<td>10%</td>
</tr>
<tr>
<td>940490</td>
<td>Bedding, Mattresses, cushions</td>
<td>$8,800</td>
<td>10%</td>
</tr>
</tbody>
</table>

*Note: Nesoi means not elsewhere specified or included*
Mexico
Prior to the implementation of retaliatory tariffs, Mexico and the United States enjoyed free trade due to NAFTA. Tariffs were at 0% after being slowly phased out since the signing of NAFTA in 1993.

<table>
<thead>
<tr>
<th>HS Codes</th>
<th>2017 Idaho Exports to Mexico</th>
<th>Tariff Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>020312 Ham, Shoulders and other cuts, bone in.</td>
<td>$ 920,069</td>
<td>20%</td>
</tr>
<tr>
<td>020329 Pork not otherwise mentioned elsewhere</td>
<td>$ 224,896</td>
<td>20%</td>
</tr>
<tr>
<td>040610 Fresh cheese, including whey and curd</td>
<td>$ 97,566</td>
<td>25%</td>
</tr>
<tr>
<td>040690 Other cheese not mentioned elsewhere</td>
<td>$ 14,271,783</td>
<td>25%</td>
</tr>
<tr>
<td>080810 Apples</td>
<td>$ 5,082</td>
<td>20%</td>
</tr>
<tr>
<td>200410 Potatoes</td>
<td>$ 15,417,377</td>
<td>20%</td>
</tr>
<tr>
<td>210690 Food preparations derived from dried milk, buttermilk, or whey</td>
<td>$ 2,403,786</td>
<td>15%</td>
</tr>
<tr>
<td>720852 Flat rolled iron or steel with width of 600mm or more, and thickness between 7345mm and 10mm</td>
<td>$ 7,362</td>
<td>15%</td>
</tr>
<tr>
<td>730629 Iron and nonalloy steel casings</td>
<td>$ 4,200</td>
<td>15%</td>
</tr>
<tr>
<td>730830 Doors, windows, and their frames for doors</td>
<td>$ 2,998</td>
<td>15%</td>
</tr>
<tr>
<td>730890 Columns, pillars, posts, beams, girders, and other similar structures</td>
<td>$ 2,796,476</td>
<td>15%</td>
</tr>
<tr>
<td>841459 Air or vacuum pumps, air or gas compressors and fans, ventilating hoods, and parts thereof</td>
<td>$ 15,766</td>
<td>10%</td>
</tr>
</tbody>
</table>

Tukey
The Turkish government has implemented tariffs on an estimated $39.8 million worth of U.S agricultural imports. At this time, there are no major threats to Idaho agricultural export.

Note: Nesoi means not elsewhere specified or included.
# AMENDED AGENDA #1
## SENATE AGRICULTURAL AFFAIRS COMMITTEE
### 8:00 A.M.
Room WW53
Tuesday, January 22, 2019

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minutes:</td>
<td>Approve Minutes of January 10, 2019</td>
<td>Vice Chairman Den Hartog</td>
</tr>
<tr>
<td>RS26438</td>
<td>Relating to Burning Crop Residue</td>
<td>Tiffany Floyd, Air Quality Division Administrator, Idaho DEQ, Mary Anderson, Air Quality Manager, Idaho DEQ</td>
</tr>
<tr>
<td><strong>Docket No. 60-0501-1801</strong></td>
<td>Resource Conservation and Rangeland Development Program</td>
<td>Terry Hoebelheinrich, Loan Officer, Idaho Soil &amp; Water Conservation Commission</td>
</tr>
<tr>
<td><strong>Docket No. 08-0501-1801</strong></td>
<td>Rules Governing Seed and Plant Certification</td>
<td>Traci Bent, Chief Planning and Policy Officer, Office of the State Board of Education</td>
</tr>
</tbody>
</table>

*If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.*

**COMMITTEE MEMBERS**
- Chairman Guthrie
- Vice Chairman Den Hartog
- Sen Patrick
- Sen Harris
- Sen Mortimer
- Sen Lent
- Sen Bayer
- Sen Jordan
- Sen Nelson

**COMMITTEE SECRETARY**
- Jacob Garner
- Room: WW31
- Phone: 332-1330
- email: sagri@senate.idaho.gov
DATE: Tuesday, January 22, 2019
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson
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 Guthrie called the meeting of the Agricultural Affairs Committee (Committee) to order at 8:00 a.m.

MINUTES APPROVAL: Vice Chairman Den Hartog moved to approve the minutes of January 10, 2019. Senator Mortimer seconded the motion. The motion carried by voice vote.

RS 26438 Relating to Burning Crop Residue. Tiffany Floyd, Air Quality Division Administrator, Idaho Department of Environmental Quality (DEQ) explained that this is a proposed amendment to the language in Idaho Code § 39-114. It relates to when the burn fee and the crop residue burning program is paid. In 2008 the Idaho Legislature enacted Idaho Code § 39-114, which requires DEQ to manage the burning of crop residue. It specifically states that anyone planning to burn crop residue must pay a fee in the amount of $2 per acre to the DEQ prior to burning. This citation requires growers to estimate acreage they expect to burn and pay the fee without knowing air quality or weather conditions that could affect their burning. This has resulted in growers overpaying for actual hours burned and has also caused difficulties for the DEQ in managing payments or credits to the grower fee accounts. The DEQ determined that a payment based on actual hours burned would eliminate these situations, so they are proposing to change the timing of when fees are paid to an annual invoice for the actual acres burned. This legislation will have no fiscal impact to the State of Idaho.

MOTION: Senator Mortimer moved to print RS 26438. Senator Patrick seconded the motion. The motion carried by voice vote.

PASSED THE GAVEL: Chairman Guthrie passed the gavel to Vice Chairman Den Hartog.

DOCKET NO. 60-0501-1801 Resource Conservation and Rangeland Development Program (RCRDP). Terry Hoebelheinrich, Loan Officer, Idaho Soil and Water Conservation Commission, explained that the RCRDP is a low interest loan program that is for farmers and ranchers. They finance conservation projects that concern soil, water quality, and improvement of wildlife habitat. Their wish is to expand the program into more organizations. The five basic changes the RCRDP wants to implement with this new rule are to 1.) resolve inconsistencies between the statute in the current rule; 2.) streamline the application process; 3.) update the credit guidelines with the rule; 4.) remove maximum loan limits; 5.) and make other technical changes that will help facilitate the loan process.
DISCUSSION: Senator Mortimer raised a concern that the RCRDP will allow something to happen before the loan is in process, which could break a lien priority. Mr. Hoebelheinrich answered that he would go back to their legal counsel to discuss the issue with them.

Senator Patrick commented that he would assume that there wouldn't be any issues regarding liens if they made sure that the lien holders were paid off prior to issuing money to the borrower. Mr. Hoebelheinrich answered that they do require that the applicants obtain, review, and submit an invoice to the RCRDP in order to pay off the vendors who are owed money.

Senator Mortimer asked Mr. Hoebelheinrich how many loans they have given out and how they are able to pay those loans. Mr. Hoebelheinrich answered that there are 70 loans worth about $2.9 million and $6 million in cash in their portfolio.

Senator Mortimer raised a concern that eliminating all loan limits wouldn't protect any diversification on their portfolio. Mr. Hoebelheinrich answered that they have raised this concern; however, they are confident that they will not issue loans big enough to put them at financial risk.

Senator Bayer asked where their funds come from. Mr. Hoebelheinrich answered that their funds come from a dedicated fund from estate taxes which were partly allocated towards their program.

Chairman Guthrie asked if they have had any bad loans in the history of the program. Mr. Hoebelheinrich answered that during his tenure as a loan officer he has not been aware of loans that were written off.

MOTION: Senator Mortimer moved to hold Docket No. 60-0501-1801 to the call of the Chair. Senator Jordan seconded the motion. The motion carried by voice vote.

DOCKET NO. 08-0501-1801 Rules Governing Seed and Plant Certification. Traci Bent, Chief Planning and Policy Officer, State Board of Education, explained that the rule updates the Idaho Potato Certification Standards that are incorporated by reference. It changes the terminology from generation to filled years. This was done to be consistent with the national terminology so that they would no longer have to provide a crosswalk between generation and filled year.

MOTION: Senator Patrick moved to recommend approval of Docket No. 08-0501-1801 to the Senate Education Committee. Senator Harris seconded the motion. The motion carried by voice vote.

PASSED THE GAVEL: Vice Chairman Den Hartog passed the gavel back to Chairman Guthrie.

ADJOURNED: Chairman Guthrie adjourned the meeting at 9:02 a.m.

__________________________________________
Senator Guthrie
Chair

__________________________________________
Jacob Garner
Secretary
Land Requirements:

A. A field will not be eligible to produce certified seed potatoes if Root-Knot Nematode has been proven to exist in the field or in potatoes grown in that field.

B. A field will not be eligible to produce certified seed potatoes if noncertified potatoes or potatoes that have been confirmed to be Bacterial Ring Rot infected by a laboratory test were grown in this field the previous two growing seasons.

C. A field must have been farmed with a crop other than potatoes immediately following the growing season in which potatoes were disqualified for Bacterial Ring Rot.

Isolation Requirements:

A. Potatoes entered for certification must be planted at least 20 feet from potatoes not entered for certification.

B. Seed lots must be separated from each other by at least one row left unplanted or planted to some other crop.

Field Requirements:

A. Two inspections shall be made for each field entered.

B. Field Inspection tolerances for 1st and 2nd Inspections

Table 1 - Percentages allowed for 1st inspection

<table>
<thead>
<tr>
<th>Factor</th>
<th>Generation (Field Year)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY1</td>
<td>FY2</td>
</tr>
<tr>
<td>Varietal mixture</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Well defined Mosaic</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Potato Leaf Roll</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Blackleg</td>
<td>0.00</td>
<td>0.10</td>
</tr>
<tr>
<td>PVX</td>
<td>0.00</td>
<td>0.50</td>
</tr>
<tr>
<td>Total Virus</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1
Incorporated by Reference Standards

Table 2 - Percentages allowed for 2nd inspection

<table>
<thead>
<tr>
<th>Factor</th>
<th>Generation (Field Year)</th>
<th>( \text{Nuclear} ) FY1</th>
<th>( \text{Gen-1} ) FY2</th>
<th>( \text{Gen-2} ) FY3</th>
<th>( \text{Gen-3} ) FY4</th>
<th>( \text{Gen-4} ) FY5</th>
<th>( \text{Gen-5/6} ) FY6/7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Varietal mixture</td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.01</td>
<td>0.05</td>
<td>0.10</td>
<td>0.20</td>
</tr>
<tr>
<td>Well defined Mosaic</td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.25</td>
<td>0.50</td>
<td>0.75</td>
<td>1.00</td>
</tr>
<tr>
<td>Potato Leafroll</td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.02</td>
<td>0.03</td>
<td>0.08</td>
<td>0.20</td>
</tr>
<tr>
<td>Blackleg&lt;sup&gt;3&lt;/sup&gt;</td>
<td></td>
<td>0.00</td>
<td>0.10</td>
<td>0.50</td>
<td>1.00</td>
<td>2.00</td>
<td>...&lt;sup&gt;4&lt;/sup&gt;</td>
</tr>
<tr>
<td>Total Virus&lt;sup&gt;5&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.00</td>
</tr>
</tbody>
</table>

<sup>1</sup>Field inspections of \( \text{Nuclear FY1} \) and \( \text{Generation-II FY2} \) seed lots are advisory and all factors are required to be rogued when found in order to maintain the tolerance of 0.00%.

<sup>2</sup>Some diseases may be present in a seed potato lot and not exhibit symptom expression in plants or tubers at the time of a regular inspection.

<sup>3</sup>Determination of blackleg disease is based on a visual plant symptom of an inky black stem originating from the seed tuber. Visible blackleg has no tolerance in \( \text{Generations-5 and 6 FY6 and FY7} \) and therefore is not a disqualification factor.

<sup>4</sup>Visible blackleg will not be a disqualification factor in \( \text{Gen-5 and FY6 or FY7} \).

<sup>5</sup>Total is the combined percentage of potato leafroll, calico, well defined mosaic and all other viral, viroid and phytoplasmas (including Candidatus Liberibacter). This does not include Potato Virus X (PVX).

Seed Lot Disqualifying Conditions:

1. Seed lots or portions thereof may be disqualified for certification because of any condition that interferes with the inspection of the potato plants.

2. Bacterial ring rot and root-knot nematode are zero tolerance factors. Any seed lot, regardless of generation, shall be rejected from certification at any time when any of these factors is confirmed by laboratory testing.

3. Evidence of failure to remove daughter tubers from rogued hills.

Recertification Requirements:

A. All contact lots on a farming operation shall be ineligible for recertification if any lot of seed on that farming operation is rejected for certification because of bacterial ring rot.

B. Out-of-state potato stocks to be entered for certification must meet the same requirements as Idaho grown seed stocks.
Incorporated by Reference Standards

C. Seed lots with more than 0.1% Potato Leafroll Virus in either the 1st or 2nd inspection shall not be eligible for recertification.

D. Nuclear, G1 or G2 FY1, FY2, or FY3 seed lots disqualified for certification in the post harvest test because of seed-borne chemical injury may only be recertified by the original applicant(s) during the next growing season.

Post Harvest Testing Requirements:

A. Each seed lot must be post harvest tested. Lots, or portions thereof, which are shipped prior to post harvest testing, will be certified based on the two (2) summer field inspections and a shipping point inspection.

B. Only seed lots that have passed the equivalent of a 2nd field inspection will be eligible for post harvest testing.

C. Seed lots are disqualified for certification if seed-born chemical injury in excess of 5% is found during post harvest testing.

D. Seed lots are not eligible for recertification if any of the following factors are found during post harvest testing at a percentage greater than:

<table>
<thead>
<tr>
<th>Seed Borne Infection</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potato Leafroll Virus</td>
<td>0.8%</td>
</tr>
<tr>
<td>Well defined Mosaic</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Bacterial Ring Rot Testing Requirements:

A random sample of stems or tubers obtained from all seed lots entered for certification, G4 FY2 or higher, shall be laboratory tested for bacterial ring rot.

Pre-nuclear Production Requirements

A. Source: Meristem culture of tubers from breeding projects or tubers from lots of Nuclear, G1 and G2 FY1, FY2, and FY3.

B. Greenhouse Pre-nuclear crops: A minimum of two inspections shall be performed on each Pre-nuclear seed lot entered.

C. Each of the following organisms shall be tested for in Pre-nuclear seed production:

Base Cultures: Bacterial Ring Rot
(Entry Level)

- Pectobacterium (Erwinia) spp.
- Potato Viruses X, Y, M, A, S
- Potato Leafroll Virus
- Potato Spindle Tuber Viroid

Greenhouses: Bacterial Ring Rot

- Pectobacterium (Erwinia) spp.
- Potato Virus X, Y, A
- Potato Leafroll Virus
Incorporated by Reference Standards

Line Selections: Bacterial Ring Rot  
*Pectobacterium (Erwinia)* spp.  
Potato Virus X, Y, A  
Potato Leafroll Virus  

Mother Plants: Bacterial Ring Rot  
(Stem Cuttings)  
Potato Virus X, Y, A  
Potato Leafroll Virus  

Entry level cultures, line selection hill units or mother plants used in stem cuttings that are found to be infected with any of the indicated organisms shall be ineligible for use in Pre-nuclear seed production. Units or lots in greenhouse production found to be infected with any of the indicated organisms shall be downgraded to the next generation for which the seed lot does not exceed the generation tolerance of the organism that causes the certification factor (e.g. *Pectobacterium (Erwinia)* spp. is a causal agent for blackleg).

D. Clonal Line Selections:

1. One tuber from each plant selected shall be submitted to ICIA for laboratory testing.

2. *Nursery FY1* plots planted from clonal line selections shall be planted in hill units.

3. All seed in a clonal line selection plot automatically advances to *FY2* the following season except for those hills selected for clonal selections.

Storage Inspection Requirements:

A. Storage inspection will be conducted on all storages containing seed potatoes eligible for certification.

B. Storages where sprout nip or similar materials were used the previous season are not eligible to store seed potatoes eligible for certification.

C. Seed potatoes must not be stored, graded or handled in storage warehouses or subdivisions thereof in which potatoes that have not been field inspected, or are laboratory confirmed to have Bacterial Ring Rot, Root-Knot Nematode or Corky Ring Spot are stored or handled.

D. For a seed lot to remain eligible for certification, seed lot identity must be maintained in storage.

Shipping Point Inspection Grade Requirements:

A. Idaho Certified Blue Tag Seed Potatoes
Incorporated by Reference Standards

The blue tag shall be equivalent to U.S. No. 1 seed potato grade with the following exceptions. There is a 1% tolerance for late blight.

1. Scab - shall not cover more than one-fifth of the surface area.

2. Adhering dirt - a maximum of 50% of the tuber surface may be covered with caked dirt.

3. Loose dirt and/or foreign material - included in total external tolerance.

4. Clipping or trimming not allowed.

5. Freshly broken off second growth - shall not be damaged.

6. Wireworm and/or grub - damaged by waste.

7. Tolerances: For total defects 10%. Three percent (3%) for potatoes which are affected by freezing injury. One percent (1%) for potatoes which are affected by soft rot, wet breakdown or are frozen. The limitations for external and internal defects shall apply as written in the U.S. No. 1 seed potato grade.

8. An additional 10% may be damaged, but not seriously, by shape.

B. Idaho Certified Green Tag Seed Potatoes

The green tag grade shall be equivalent to the U.S. No. 2 grade with the following exceptions. There is a 1% tolerance for late blight.

1. Maximum and minimum size shall be specified by the grower.

2. Wireworm and/or grub - serious damage by waste. Permit an additional six percent (6%) serious damage by waste.

3. Scab - shall not cover more than one-fifth (1/5) of the surface area.

4. Hollowheart - no requirements.

5. Adhering dirt - no requirements.

6. Loose dirt and/or foreign material - included in total external tolerance.

7. Varietal purity - not more than 0.2% of other tuber identifiable varieties.

8. Clipping - shall not be clipped or trimmed.


10. Sunburn and light greening - no requirements.

11. Appearance - discoloring of tubers caused by immaturity or the
Incorporated by Reference Standards

characteristic checking of tubers that occurs under normal conditions shall not disqualify them.

12. Growth cracks - not to exceed a maximum of 10% serious damage.
13. Mechanical injury - shall not be damaged by waste.
15. Serious damage by dry or moist type tuber rot - 2%.
16. Sprouts – no requirements.
17. Flattened depressed and sunken discolored areas showing no underlying flesh discoloration – no requirements.

C. Idaho Certified Yellow Tag Seed Potatoes

The yellow tag grade shall be equivalent to the U.S. No. 2 grade with the following exceptions. There is a 1% tolerance for late blight.

1. Maximum and minimum size shall be specified by the grower.
2. Wireworm and/or grub - no requirements.
3. Scab - no requirements.
4. Hollowheart - no requirements.
5. Adhering dirt - no requirements.
6. Loose dirt and/or foreign material - included in total external tolerance.
7. Varietal purity - not more than 0.2% of other tuber identifiable varieties.
8. Clipping - shall not be clipped.
10. Sunburn and light greening - no requirements.
11. Appearance - no requirements except second growth.
12. Growth cracks - no requirements.
13. Mechanical injury - shall not be seriously damaged by waste.
14. Six percent (6%) serious damage by internal discoloration. Percentages higher than six percent (6%) allowed with Idaho Crop Improvement Association, Inc. approval if laboratory tests show the internal discoloration is not of pathogen origin.
15. Serious damage by dry or moist type tuber rot - 2%.

16. External discoloration – no requirements.

17. Flattened depressed and sunken discolored areas showing no underlying flesh discoloration – no requirements.

18. Rhizoctonia – no requirements

19. Sprouts – no requirements.
Teaching 
Glance

>50 PERCENT
More than half of our students receive scholarships

Academic departments

% enrollment rate

Research 
at a Glance

$71 MILLION+
value of IAES facilities, equipment and supplies

University Distinguished Professors

Research and Extension Centers across Idaho

41 Graduate and graduate students

49 UI Extension Specialists

200+ Faculty across the state of Idaho

81 UI Extension Educators

4,122 acres of land for research and teaching

$17.8 MILLION in sponsored research

200+ individuals with a research appointment

$1.1 million in wheat variety royalties from Limagrain Cereal Seeds

133 Peer-reviewed publications and professional journal articles

1,012,122 Idaho youth in 4-H

405,739 Direct Face-to-Face Contacts

562,769 Web Sessions

Federal: $2,935,486
State: $12,609,434
County: $4,916,240
Grants: $7,000,000

The only institution in Idaho that prepares agricultural teachers

Student organizations specifically for CALS majors

4
During Agricultural Years

University of Idaho College of Agricultural Sciences (CALS) advances the health and well-being of people, animals, and the environment. Idaho Agricultural Experiment Station (IAES) is a critical resource in addressing these challenges. Research and extension activities at IAES are helping to create a more sustainable and prosperous economy in the state.

Impacting Idaho’s Economy
- An economic analysis of IAES reports a 141 percent return on research spending and farm sales.
- In 2017, IAES spent $8.1 million on research and created $11.5 million in additional sales. IAES also generated $3.8 million in new grant funding at the Kimberly, Aberdeen and Parma Research and Extension Centers.

National Academy of Inventors
- CALS environmental chemist Greg Moller was inducted into the National Academy of Inventors in 2018.
- Moller holds six patents that are licensed by companies that treat wastewater. He leads a team of four at Everglades Foundation’s $10 million George Barley Water Prize competition.

Rinker Rock Creek Ranch
- The purchase of Rinker Rock Creek Ranch will help move forward major initiatives focused on cattle production and rangelands.
- CALS grazes cattle at the ranch as part of the Nancy M. Cummings Research, Extension and Education Center’s research efforts. Weed scientists conduct research at the ranch to aid noxious weed management.

Milk Production Disease Research
- CALS nutritionist Shelley McGuire will lead a new $2.4 million project funded by the National Institutes of Health to explore the cause of mastitis in women and cows.
- The project will explore how the presence and function of bacteria in the mammary gland changes during the first six weeks after birth and how those changes affect whether mastitis develops.
- IAES director and lactation physiologist Mark McGuire will collaborate on the research.

Building a prosperous, thriving, healthy Idaho.

Agriculture & Natural Resources
- The economic impact of UI Extension Farm and Ranch Management School programs was $1,687,850.
- PNWPostalert.net subscribers are using 5.76 percent less pesticides on their crops. Subscribers to the website increased 6.8 percent in 2017.
- A survey of Idaho family forest owners who received assistance, revealed that 100 percent of the forests were satisfied or very satisfied with UI Extension.
- Over 50 pivots were retrofitted to low elevation sprayer application as a result of UI Extension work.

Family and Consumer Sciences
- UI Extension’s Eat Smart Idaho program worked with over 146 community partners to provide nutrition education and physical activity programming to low-resource Idahoans in 37 of Idaho’s 44 counties.
- Environmental changes were made in 29 schools 41 food pantry/fund drives to make the healthy choice the easy choice. A social media campaign on healthy eating reached 215,717 low-resource individuals.
- A survey of food safety and dairy processing workshop participants indicated the project helped create and retain jobs with $11,663,522 in economic impact.
- Over 300 people participated in the Preserve@Home online food preservation course.

Community Development
- The online course, Start Your Own Business, had more than 150 people enrolled. The course is offered in English and Spanish.
- 15 librarians and 12 members of a youth/adult coalition participated in the Leadership to Make a Difference Institute from rural areas in North Idaho.

4-H Youth Development
- 4-H programs reached more than 70,000 youth.
- There are 288 FIRST Robotics teams across the state.
- Youth participated in over 30,000 animal projects.

University of Idaho Extension

Barbara Petty, UI Extension Director
bpetty@uidaho.edu 208-885-5300
## AMENDED AGENDA #1
### SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, January 24, 2019

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presentation:</td>
<td>Idaho Teacher of the Year</td>
<td>Marc Beitia, Mayor, American Falls, Idaho, Teacher, American Falls High School</td>
</tr>
<tr>
<td>Presentation:</td>
<td>Economic Condition of Idaho Agriculture, Clean Drinking Water and Water Quality Research</td>
<td>Dr. Michael Parrella, Dean of the College of Agricultural and Life Sciences, U of I, Dr. Garth Taylor, Associate Professor, U of I, Dr. Gregg Moeller, Professor, U of I</td>
</tr>
<tr>
<td>Docket No. 02-0601-1801</td>
<td>Rules Governing Pure Seed Law</td>
<td>Dan Salmi, Bureau Chief, Agricultural Bureau of Laboratories</td>
</tr>
</tbody>
</table>

*If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.*

### COMMITTEE MEMBERS

| Chairman Guthrie | Sen Lent |
| Vice Chairman Den Hartog | Sen Bayer |
| Sen Patrick | Sen Jordan |
| Sen Harris | Sen Nelson |
| Sen Mortimer |

### COMMITTEE SECRETARY

| Jacob Garner |
| Room: WW31 |
| Phone: 332-1330 |
| email: sagri@senate.idaho.gov |
MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 24, 2019
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson
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 Guthrie called the meeting to order at 8:00 a.m.

PRESENTATION: Idaho Teacher of the Year. Marc Beitia, Mayor of American Falls, Idaho, and Teacher at American Falls High School, explained that he began his career as a teacher in 1990 at American Falls High School. He explained that the demographics of the High School at the time were very different. There were mostly caucasian students who came from affluent families. Today, however, 70 percent of the students are socially and economically disadvantaged; 40 percent of that 70 percent live in poverty, and half of the student body are either Hispanic or Native American. He explained that despite their overall disadvantages, the students rank nationally in the top ten among Future Farmers of America (FFA). Mayor Beitia explained that money should never be the reason that students do not fulfill their potential. American Fall High School has always been able to garner support and raise funds with the help of their Advisory Committee so that no student has to pay for any activities outside of school. With the help of their Advisory Committee, American Falls High School is able to raise in excess of $50 thousand dollars annually to help their students fulfill their dreams. He explained that not all of their students go on to a four-year University. Some of them go to work right out of high school, and others go on to a two-year technical program. The charge of the agricultural program of American Falls High School is to meet the needs of the workforce required by that community. Mayor Beitia explained that the single most significant change in the direction that their Advisory Committee took was because of some of their work in the Idaho Agriculture Initiative (IAI) and the Idaho Quality Program Standards (IQPS). The IQPS, he explained, is probably the single most important piece of legislation that has helped their agriculture program and its teachers to work with the industry in order to meet the needs of the community and help students fulfill their future goals.

PRESENTATION: Economic Condition of Idaho Agriculture. Dr. Garth Taylor, Associate Professor, Department of Agricultural Economics and Rural Sociology, University of Idaho (UI), explained that Idaho agriculture is the fourth largest agricultural economy in the United States. He explained that every other job in the Magic Valley is created directly, or indirectly, by agriculture. He continued to explain that production numbers were up in 2018. There were record breaking numbers in sugar beet production and other products, including hay. However, the prices on those products were very bad. He explained that livestock and dairy account for well over half of Idaho's cash receipts; since the late 1990's, Idaho been a livestock-oriented state. There are over 600,000 cows in the State of Idaho with each one needing about 3/4 of an acre of forage in order to sustain their growth. He explained that Idaho has continued to outpace the rest of the country in cash
receipts, which have grown by 47 percent since 1947. This is largely due to production increases. He explained that Idaho is up 151 percent in dairy production since 1997. Idaho is expecting its fourth year of growth in agriculture exports. Idaho mostly exports its produce to Mexico, Canada, and China.

The Condition of the Agriculture Department at the University of Idaho (UI). Dr. Michael Parrella, Dean of the College of Agricultural and Life Sciences (College), UI, introduced some facts concerning the UI. The UI, and in particular, the College are looking for stakeholder and legislative investment going forward. He explained that there are 225 faculty members in the College, 25 percent of whom are going to be retiring over the next few years. Therefore, it is very important that they recruit the best career faculty possible to ensure a stable future for the College and provide the very best service to the agriculture industry. He explained that the College also needs adequate facilities in order to recruit the very best faculty. They’re mostly concerned with investments in their Research and Extension Centers where half of their faculty are located.

Clean Drinking Water and Water Quality Research. Dr. Gregg Moeller, Professor, College of Agricultural and Life Sciences (College), University of Idaho (UI), began his presentation talking about his current research project called Waterquest, which is a competitive research project. In terms of global impact, they are benefiting the lives of millions of people throughout the world, treating billions of gallons of water worldwide. They engineer very efficient processes, which allow them to treat more water. They’re very fortunate in terms of their patents, which have enabled them to have start-up businesses. One of them, called Nexum, is located in Post Falls, Idaho with about a dozen engineers adding to the economy of that community. The impacts of this water cleaning technology are felt throughout the entire State of Idaho. It helps keep Idaho’s rivers, lakes, and streams clean. They have impacts across the United States with industry-leading technology to remove nutrients and prevent harmful algae blooms, which are prevalent in Idaho and across the nation.

Chairman Guthrie passed the gavel to Vice Chairman Den Hartog to introduce the presenters for the rules.

Rules Governing Pure Seed Law. Dan Salmi, Bureau Chief, Agricultural Bureau of Laboratories, explained that they did conduct negotiated rulemaking this past summer and presented proposed changes to the Seed Laboratory Advisory Board (Laboratory). This is a pending fee rule. The Laboratory’s mission is to conduct germination and special testing on customer samples and enforcement samples. Idaho Administrative Procedures Act (IDAPA) 02-06-01.501 lists the different special services and fees for seed testing and was last updated in 2006. Based on customer demands, the services offered by the Laboratory have changed since this test rule was last updated. Currently, for any test requested that is not listed on their fee schedule, customers are charged on a miscellaneous fee rule of $40 per hour. To provide clarity to their customers on the services and prices, they propose updating the list of services.

Senator Mortimer asked if there are any fees assessed on the enforcement side of their business. Mr. Salmi answered that there are no such fees assessed.

Senator Patrick asked if Mr. Salmi could tell him the difference between the foreign material deletion test and the seed lab service fee. Mr. Salmi answered that the foreign material deletion test focuses on making sure that there are no metals or other inorganic materials mixed in with the seed.

Senator Patrick asked if they still test for dirt in the samples. Mr. Salmi answered that there is something on their fee schedule that covers dirt
Senator Lent asked whether the seed testing is associated with the current litigation surrounding the "Roundup Ready" product. Mr. Salmi answered that he does not know what their clients do after they've done their tests.

**MOTION:** Senator Patrick moved to approve Docket No. 02-0601-1801. Senator Mortimer seconded the motion. The motion carried by voice vote.

**DOCKET NO. 11-0201-1801** Rules of the Idaho State Brand Board. Cody Burlile, Inspector, Idaho State Brand Board (Board), explained this is a pending fee rule regarding the rules of the Board. The rule increases the brand inspections by $.25 to $1.19, and the minimum brand inspection fee from $10 to $20. This proposed fee change moves the fee closer to the maximum fee of $1.25 per head, which is set in Idaho Code § 25-1160. This fee change will also affect the fee schedule for a courtesy brand inspection, which is the same fee as all regular brand inspections. The Idaho livestock to pasture inspection will be increased from $.47 to $.60 per head. These proposed fee changes are estimated to raise an additional $473,000 annually for the Board. The reason for these fee changes is to eliminate the budget shortfalls that have dated back to fiscal year (FY) 2016.

**DISCUSSION:** Senator Lent asked why the revenues were down and the costs were up since fiscal year 2016. Mr. Burlile answered that there were deficits each year dating back to FY 2016 due to increased costs and fewer brand inspections.

Senator Lent asked whether or not the Board is trying to come up with cost-saving measures with technology or by other means. Mr. Burlile answered that they are in the process of implementing a software database, which over time will save costs.

Senator Nelson asked about the statutory limit of $1.25 per head and whether or not it is anticipated that they will change it in the future. Mr. Burlile answered that they may have to change it in the future, but they will do everything in their power to avoid increasing fees.

Senator Mortimer asked whether all of those funds were dedicated funds and not general funds put into this department. Mr. Burlile answered that it is correct; they are funded solely on dedicated funds.

**TESTIMONY:** Wyatt Prescott, Idaho Cattle Association, testified in support of approving the fee rule. He explained that the services provided by the Board are absolutely necessary, along with the increased fees, in order to safeguard the cattle and provide the best service for Idaho's cattle producers.

**DISCUSSION:** Vice Chairman Den Hartog remarked that Docket No. 11-0201-1801 would be held at the call of the Chair.

**ADJOURNED:** There being no further business, Vice Chairman Den Hartog adjourned the meeting at 9:32 a.m.
Economic Condition of Idaho Agriculture – 2018

House and Senate Ag Affairs Committee
January 24, 2019
Rita Du, Ben Eborn, and Garth Taylor

Ag Dependent Counties
Farm Sector Concentration

Source: BIA and staff calculations
Idaho - 4th largest Ag economy

Farm GDP % per total

- South Dakota
- Nebraska
- North Dakota
- Idaho
- Iowa
- Montana
- Kansas

Multiplier effects...AgBiz Idaho's largest industry

Idaho base output by sector of the Idaho economy, 2013

- Ag Biz multiplier effects
  - 20% of output
  - 14% of jobs
  - 16% of GDP

Source: Taylor, Watson, & Eborn - University of Idaho
Agribusiness in the Magic Valley

2013 Magic Valley Agribusiness
- $2.5 BILLION in gross state product
- $4 BILLION (15%) of the Magic Valley gross regional product
- $9 BILLION of goods and services
- 18,000 jobs at farms and processors
- 46,000 (68%) of Magic Valley jobs
- $12 BILLION (88%) of Magic Valley sales

2018 cash receipts unchanged

- Cattle and Calves 23%
- Milk 33%
- Potatoes 12%
- Hay 7%
- Barley 3%
- Beans 1%
- Other Livestock 3%
- Sugarbeets 4%
- Other Crops 7%

$7.20 billion, 2017
$7.18 billion, 2018

Source: University of Idaho
Cash Receipts -- quantity up prices down

Crops $2.9 billion, ↑5%
Potatoes: ↓4%
Barley: ↑3%
Wheat: ↑16%
Sugarbeets: ↑3%
Hay: ↑26%

Livestock $4.3 billion, ↓4%
Cattle & Calves: ↓1%
Milk: ↓6%

Idaho real cash receipts outgrow U.S. by 30%

Source: USDA-ERS, University of Idaho
Government payments drop

Idaho Government Payments, 2009-2018

Idaho Ag Exports -- 4th Year of Growth

Idaho Ag Exports, 2000 to 2018

Source: Laura Johnson Idaho Dept. of Ag, USDA ERS, and Global Trade Atlas
Idaho Ag Exports: Dairy, Potatoes and NAFTA

ID Ag Exports by Country, 2017

- ROW: 34%
- Canada: 26%
- Mexico: 20%
- China: 7%
- Japan: 6%
- Korea, South: 7%

ID Ag Exports Share, 2017

- Dairy products: 18%
- Other: 35%
- Wheat: 15%
- Potato, fresh: 8%
- Beef: 9%
- Potato, processed: 15%

Source: Laura Johnson Idaho Dept. of Ag, USDA ERS, and Global Trade Atlas

Five years of net farm income drop, down 27%

Idaho Net Farm Income (% change from 2017)

- TOTAL REVENUES: 0%
- TOTAL EXPENSES: 4%
- NET FARM INCOME: -27%

$1.23 billion, 2017

$0.90 billion, 2018
Idaho real net farm income growth drops to US level

Real (2018 dollars) Idaho vs US Net Farm Income (1997 =100)

Source: USDA-ERS, University of Idaho

Farm GDP 60% more than Idaho GDP

Chained GDP Idaho vs Farm vs Food Mfg (1997=100)

Source: US Dept. of Commerce, BEA
7 Ag recessions since 2005
(quarter to quarter Idaho GDP % change)

Farming & food manufacturing = steady jobs

Full and Part Time Jobs 1998-2017

- Total Idaho
  - 1,002,000 jobs
  - Up 2% over 2016
- Farm
  - 42,000 jobs
  - Up 7% over 2016
- Food mfg
  - 19,000 jobs
  - Up 6% over 2016

Source: US Dept. of Commerce, BBA
Farm sector solvency and liquidity ratios weaken slightly

Farmland: leading and current indicator

Average Dollar-per-Acre Value and Sales Activity Trend for Cropland & Pasture in ID, MT, OR, WA (40 acres or greater)

Source: Northwest FCS

Source: Northwest Farm Credit Services
QUESTIONS?
Contribution of Agribusiness to Idaho’s Economy

Agribusiness is a vertically integrated industry comprising food production and processing. In providing food to national and international markets, agribusiness creates business sales and jobs throughout the Idaho economy and contributes to the state’s GDP. Agribusiness export dollars ripple throughout Idaho’s economy, creating (directly and indirectly) $27 billion in sales (21% of total economic output), more than $1 billion in state GDP (16% of GDP). Agribusiness is Idaho’s largest (export-driven) base industry as ranked by base sales, third largest by base GDP, and fourth largest by base jobs.

Idaho Farm Cash Receipts

Idaho’s 2018 farm cash receipts are estimated to be $7.18 billion—relatively unchanged from 2017’s $7.20 billion, but 15% lower than the record high of $8.9 billion in 2014. 2018 crop revenues are estimated at $3.0 billion, up 5% from 2017’s $2.8 billion and 3% below the 10-year average. Wheat (up 16%), hay (up 26%) and beans (up 14%) recorded the largest increases in receipts over 2017. Other major crops posted small increases: barley (up 3%) and sugar beets (up 3%). Potatoes (down 4%) were the only major crop that posted a decrease. Revenue from crops (except sugar beets) is recorded on a calendar-year basis and, therefore, includes a portion of the previous year’s and the current year’s production.

Livestock revenues are estimated at $4.2 billion, down 4% from 2017 and 1% higher than the 10-year average. Cash receipts from milk are expected to be $2.4 billion, down 6% from last year’s $2.5 billion. Cash receipts from cattle and calves are projected to be $1.6 billion, 1% lower than 2017. In real dollars (inflation adjusted to 2012), estimated cash receipts are 26% higher than the 38-year (1980 to 2017) average. Extreme volatility in commodity prices over the past ten years has increased agricultural revenue volatility to levels not seen since the 1970s and 1980s. In the past 10 years (2009-2018) real cash receipts have grown at an average annual rate of 1.7%. In the previous two decades (1983-2002) real cash receipts grew at an average annual rate of 0.4%.

Idaho Net Farm Income

Net farm income is the farmer’s bottom line, or revenues minus costs. Revenues include cash receipts from crop and livestock sales, inventory changes, the estimated value of home consumption, government payments, machine hire and custom work, forest product sales, and the imputed rental value of farm dwellings. Farm expenses include farm-origin inputs (purchased livestock, feed, and seed), manufactured inputs (fertilizers, fuel, and electricity), and “other inputs,” including repairs and maintenance, machine hire and custom work, marketing, storage, transportation, and contract labor.

The projected 27% decrease in 2018 Idaho net farm income resulted from an estimated 0.5% decrease in revenues coupled with an estimated 4% increase in expenses. Estimated net farm income in 2018 is $902 million, 43% below the 10-year average. In contrast, USDA’s 2018 U.S. net farm income is estimated at $866 billion, down 12% from 2017, and 2017’s U.S. net farm income was up 22% from 2016.

Historically, net farm income is much more volatile than gross cash receipts. In six of the past 10 years, Idaho experienced double-digit swings in net farm income. Net farm income jumped 68% from 2008 to 2009, then increased 72% from 2009 to 2010 and 74% from 2010 to 2011. The 27% decrease in 2018 came on the heels of a 27% decrease in 2017 and a 7% decrease in 2016. Real-dollar Idaho net farm income (inflation adjusted to 2012) set a 49-year record (1970–2017) in 2011. Idaho real net farm income for 2018 is estimated to be 33% below the 49-year average.

The overall increase in farm expenses in 2018 was attributed to a 3% increase in farm-origin inputs (feed, seed, and replacement livestock purchases) and a 4% increase in manufactured inputs (fertilizer, chemicals, and fuel). Other expenses were up 3%, including machine hire and custom work, marketing, storage, transportation, repairs, and maintenance. Contract labor was up 4%. Interest expenses were up 16% and fuel and oil expenses were up 19% in 2018.

Government Payments

Federal government payments to Idaho agriculture in fiscal year 2018 are estimated at $132 million, a decrease of 19% from 2017 and 4% more than the average of the past 10 years. In 2018, direct payments contributed 21% to total U.S. net farm income. In contrast, government payments contributed 15% to Idaho’s net farm income, down from a high of 19% in 2009. Idaho received less than 1% of total 2018 payments to U.S. agriculture.

Idaho Agriculture’s Gross Domestic Product

Gross domestic product (GDP) measures value added. It equals the value of output minus the value of intermediate goods and services used in production. GDP grows when farms and businesses become more efficient—increasing output while reducing use of intermediate inputs. In 2017, Idaho’s nominal GDP exceeded $72 billion, of which 4.1% was generated by farming. Farm GDP in 2017 increased by 2% over 2016, to $3.0 billion. Over the past 21 years (1997–2017) inflation-adjusted (2012 dollars) Idaho GDP has grown by 81%, while Idaho farm GDP increased 142%.
### Idaho Livestock and Crop Revenues

#### Idaho Net Farm Income ($ millions)

<table>
<thead>
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<tr>
<td>Revenues</td>
<td>2,650</td>
<td>2,691</td>
<td>2,920</td>
<td>3,155</td>
<td>3,496</td>
<td>3,626</td>
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<td>3,630</td>
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<td>Crop Production</td>
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<td>2,561</td>
<td>2,790</td>
<td>3,025</td>
<td>3,366</td>
<td>3,496</td>
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<td>3,496</td>
<td>3,492</td>
<td>3,700</td>
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<td>Farm Market Income</td>
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<td>3,161</td>
<td>3,390</td>
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<td>4,196</td>
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<tr>
<td>Nonfarm Income</td>
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<td>11</td>
<td>12</td>
<td>13</td>
<td>14</td>
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<td>16</td>
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<td>Inventory Adjustment</td>
<td>107</td>
<td>108</td>
<td>147</td>
<td>148</td>
<td>187</td>
<td>226</td>
<td>236</td>
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<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>11,618</strong></td>
<td><strong>11,942</strong></td>
<td><strong>12,554</strong></td>
<td><strong>13,166</strong></td>
<td><strong>13,914</strong></td>
<td><strong>14,744</strong></td>
<td><strong>15,014</strong></td>
<td><strong>15,284</strong></td>
<td><strong>15,605</strong></td>
<td><strong>16,700</strong></td>
<td><strong>18,120</strong></td>
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#### Idaho Cash Receipts from Farm Marketings ($ millions)

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<tr>
<th>Year</th>
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<td>Livestock</td>
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<td>1,980</td>
<td>2,020</td>
<td>2,040</td>
<td>2,060</td>
<td>2,080</td>
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<td>2,120</td>
<td>2,140</td>
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<td>Milk</td>
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<td>2,160</td>
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<td><strong>TOTAL CASH RECEIPTS</strong></td>
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<td><strong>3,140</strong></td>
<td><strong>3,180</strong></td>
<td><strong>3,240</strong></td>
<td><strong>3,300</strong></td>
<td><strong>3,320</strong></td>
<td><strong>3,360</strong></td>
<td><strong>3,400</strong></td>
<td><strong>3,440</strong></td>
<td><strong>3,480</strong></td>
<td><strong>3,520</strong></td>
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#### Sources:

### The Financial Condition of Idaho Agriculture: 2018

Ben Eborn and Garth Taylor

Idaho net farm income in 2018 is projected to fall 27%, the fifth consecutive year of decline. Cash receipts from sales of crops and livestock are projected to be $7.2 billion in 2018, relatively unchanged from 2017. Cash receipts for two of Idaho’s major commodities—wheat and hay—are increased by 10% and 2%, respectively. Cash receipts for both milk, Idaho’s leading agricultural commodity, decreased by an estimated 6%. Idaho’s 2018 net farm income is projected to be $902 million, a drop of 27% below 2017. Total revenues are relatively unchanged at $7.9 billion and expenses are projected to increase by 4%, to $7.7 billion. If realized, 2018 net farm income will be the lowest since 2009, the year of the record low milk prices, and off 60% from the peak in 2011.

### Highlights:
- Exports from farms and food processors ripple throughout Idaho’s economy to make agribusiness Idaho’s largest industry. One of every five Idaho dollars is spent on agriculture or related off-farm output. Agribusiness is Idaho’s second largest labor employer.
- Idaho ranks first in U.S. potato production. With 2018 projected cash receipts of $184 million, potatoes are Idaho’s largest crop sales. Wheat and hay follow with projected cash receipts of $480 million and $483 million, respectively.
- Idaho ranks third in the U.S. for milk production. With $2.4 billion in cash receipts, milk is the top source of cash receipts from Idaho’s agricultural production. Second to milk are cash receipts from cattle and calves, projected to be $1.6 billion.
- Idaho agriculture is driven largely by livestock. Nearly 85% of Idaho cash receipts come from livestock—cattle, hogs, sheep, milk, and hay (by product of feedlot feedlot, etc.). Hay, silage, feed grains, and even the by-products of meat pulp and potato waste are significant components in Idaho’s livestock sector.
- Idaho’s net farm income has come to a bulge in 2018, with a forecast of 27% lower than 2017. The 2018 decrease makes five consecutive years of decline. Only four of the last fifteen years have seen less than double-digit, year-to-year changes in net farm income. 2017 net farm income is 60% lower than the record of $2.25 billion set in 2011.
- Except for 2009—a year of devastatingly poor milk prices—livestock cash receipts have surpassed crop cash receipts every since 2001. In 2018, livestock cash receipts are estimated to be 59% of total cash receipts, surpassing crop cash receipts by $1.2 billion.
- Federal government payments in fiscal year 2017 are estimated at $132 million, a decrease of 19% from 2017. Grain commodity programs constitute 67% of government payments while conservation programs accounted for 35% and disaster programs accounted for 5%. Dairy Margin Protection Program payments were roughly $4 million in 2018.
- Tremendous yields of wheat, barley, sugar beets, hay, and record yields in potatoes, further depressed Idaho crop prices.
Dear Senator Den Hartog,

Below are the two rule change summaries for the Idaho Department of Agriculture Bureau of Labs.

**02-06-01 Rules Governing the Pure Seed Law. This docket updates the list of Seed Lab services.**

This is a Fee Rule.

IDAPA 02.06.01 lists the different services and fees for seed testing and was last updated in 2006. Based on customer demands, the services offered by the lab have changed since this rule was last updated. Currently, for any test requested that is not listed on our current fee schedule, customers are charged based on our “Miscellaneous Fees” rate of $40.00/hour. To provide clarity to our customers on services and prices, we propose updating this list of services.

We are not increasing prices for services that are currently offered; however, we are charging for newly listed services which make this a fee rule.

The precise changes to our fee schedule are:

1. We no longer offer an “Ammonia” test.(Identifies Specific Fescue Species – >10 years ago since we last conducted)
2. Added “Certified Grains” test. (This is an enhanced category of purity created by the Idaho Crop Improvement. It requires the lab to test 1000-2000 grams of seed vs 500 grams of seed)
3. Added “Ergot Check” test. (Fungal check that causes a nodule growth on the side of the seed. >10 years ago since we last conducted).
4. Deleted the “Cut” test. (>15 years ago since we last conducted)
5. Deleted “Foreign Material” test (Applies to F&F lab enforcement samples not a Seed Lab test)
6. Deleted “Grading (beans)” test (>10 years ago since we last conducted)
7. Changed “Hay Pellet” test to “Noxious Weed Germination (Compost/Mulch)” test. (same test but a more accurate description)
8. Added “Round-Up-Ready” test on Alfalfa, Canola and Corn. (Only became available about 10 years ago, so we need to add it to our list)
9. Added “Sand Germination” (New request from customers. This test includes a vigor test plus germination)
10. Changed "Pest, Disease, Soil & Ergot Check" to "Soil Exam". (Pest and Disease testing is conducted by the Plant Pathology Lab. A better description of what the Seed Lab does is a "Soil Exam". For example, looking for foreign material in compost)

11. We no longer charge a fee to fax results. (most records are electronic now, faxing is not relevant)
12. We no longer charge to make copies. (most records are electronic now, copying is not relevant)
13. We no longer charge to make revisions to test results. (most records are electronic now, supplying a revised test result is not complicated)

02-04-29 Rules Governing Trichomoniasis. (Update incorporation by reference) This docket updates a reference to the official Idaho "Protocol for Trichomonas fetus Diagnosis in Cattle.

This is an Incorporation by Reference change.

IDAPA 02.04.29.330-01 states "Official laboratories shall operate in accordance with the official Idaho "Protocol for Trichomonas foetus Diagnosis in Cattle". The ISDA-Animal Health Lab has updated this protocol for Trichomonas foetus testing. Since this procedure is incorporated by reference, it should be updated.

The revised procedure includes additional details and options for veterinarians to collect and transport samples to the laboratory, allowing veterinarians to utilize more cost effective ways to submit Trichomonas foetus samples to the lab for testing. The revision also eliminates redundant and repetitive information. For example, out of date scientific terms like quantitative real-time PCR is now simply PCR.
**AMENDED AGENDA #1**

**SENATE AGRICULTURAL AFFAIRS COMMITTEE**

*8:00 A.M.*

*Room WW53*

*Tuesday, January 29, 2019*

<table>
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<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>Introduction:</td>
<td>Students and Faculty from the University of Idaho</td>
<td>Rick Waitley, President, Waitley Associates</td>
</tr>
<tr>
<td>Presentation:</td>
<td>Idaho Wine Commission</td>
<td>Moya Dolsby, Executive Director, Idaho Wine Commission</td>
</tr>
<tr>
<td><strong>Docket No. 11-0201-1801</strong></td>
<td>Rules of the Idaho State Brand Board, Cont’d</td>
<td>Vice Chairman Den Hartog</td>
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<tr>
<td><strong>Docket No. 02-0801-1801</strong></td>
<td>Sheep &amp; Goat Rules of the Idaho Sheep &amp; Goat Health Board</td>
<td>Brandy Kay, Executive Secretary, Idaho Sheep and Goat Health Board</td>
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<tr>
<td><strong>Docket No. 29-0103-1802</strong></td>
<td>Rules Governing Nominations for Appointment as a Commissioner to the Idaho Potato Commission</td>
<td>Patrick Kole, Vice President, Idaho Potato Commission</td>
</tr>
</tbody>
</table>

*If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.*

**COMMITTEE MEMBERS**

- Chairman Guthrie
- Vice Chairman Den Hartog
- Sen Patrick
- Sen Harris
- Sen Mortimer

**COMMITTEE SECRETARY**

- Jacob Garner
- Room: WW31
- Phone: 332-1330
- email: sagri@senate.idaho.gov
DATE: Tuesday, January 29, 2019
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson
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 Guthrie convened the meeting of the Senate Agricultural Affairs Committee at 8:00 a.m.
INTRODUCTION: Rick Waitley, President, Waitley Associates, introduced some of the students and faculty from the University of Idaho, College of Agricultural and Life Sciences. Each of the students and faculty stood and introduced themselves, stating where they are from and some of their future goals.
PRESENTATION: Idaho Wine Commission. Moya Dolsby, Executive Director, Idaho Wine Commission (Commission), explained that their Commission has about a $700,000 budget. Three hundred thousand dollars of that comes from grant money, which helps provide education to wineries and growers and to encourage them to continue their winery businesses in Idaho. They have a small staff of four and a board of directors made up of five individuals who are each appointed by the Governor. The Commission started in North Idaho, Lewiston area in the 1860s. Business slowed down for the Wine Commission in the 1920s due to Prohibition and didn't start to pick up again until the 1970s. In 2007, the Snake River Valley American Viticulture Area (AVA) was approved, which is a federally designated grape growing area. There are now three such areas in Idaho, which is excellent considering Idaho only has 53 wineries on just 1,300 acres planted. Planting grapes in Idaho is a huge cost. It takes several years before the grape vines mature and grape producers begin to make a good profit. In 2013, the Idaho wine industry had a $170 million economic impact. Idaho’s soil, climate, elevation, and growing season help contribute to making Idaho a desirable location to grow and operate wineries.
PASSED THE GAVEL: Chairman Guthrie passed the gavel to Vice Chairman Den Hartog.
DOCKET NO. 11-0201-1801 Rules of the Idaho State Brand Board. Vice Chairman Den Hartog explained that the rule had been presented by Cody Burlile, Inspector of the Idaho State Brand Board, in the previous meeting, but many of the Committee members were absent. Now that all of the Committee members were present, she explained that the rule was before them to consider a motion on it.
MOTION: Senator Harris moved to approve Docket No. 11-0201-1801. Senator Mortimer seconded the motion. The motion carried by voice vote.
DISCUSSION: Senator Harris asked Ms. Kay if the goat industry in Idaho is growing. Ms. Kay confirmed that the goat industry in Idaho is growing, especially with goats that are produced for meat.

MOTION: Senator Lent moved to approve Docket No. 02-0801-1801. Senator Bayer seconded the motion. The motion carried by voice vote.

DOCKET NO. 29-0103-1802
Rules Governing Nominations for Appointment as a Commissioner to the Idaho Potato Commission (IPC). Patrick Kole, Vice President, IPC, explained that their March commissioner nomination meetings resulted in discrepancies they need to solve by clarifying their nominating process in administrative rules. He explained that in order to prevent future discrepancies, the IPC proposes to add a chapter clarifying their nominating procedures. They intend to submit this as a proposed rule after the next legislative session. The Governor has found that temporary adoption of Docket No. 29-0103-1802 is appropriate because the current nominating process for selecting commissioners has never been outlined by administrative rules. The nomination meetings in March 2018 revealed deep flaws in the process. Mr. Kole also explained that the IPC needs to clarify their nominating process through administrative rulemaking to better serve the Idaho potato industry. Another reason, he explained, for temporarily adopting the rule is that it will confer a benefit on the industry by providing a sound method for electing the best qualified commissioners to serve the Idaho potato industry.

DISCUSSION: Senator Mortimer asked Mr. Kole if one person can only be represented in one specific time in one category. Mr. Kole answered that the principle is one man, one vote. Additionally, they wanted to avoid the possibility that there could be one person appointed to three different commissions.

Senator Patrick stated that he recognized the need for further clarification in the rule and asked whether the Committee was going to first look at the RS and then make a decision on the rule on a different date. Mr. Kole stated that would be an appropriate way of proceeding with the rule.

Chairman Guthrie asked Mr. Kole if he could further explain the difference between the current rule and what the IPC is proposing to change with the rule. Mr. Kole answered that the existing rule states that only growers may be appointed as commissioner. The IPC is proposing they add in flexibility so that somebody could be involved in all three categories as either a grower, shipper, or processor.

TESTIMONY: Keith Esplin, Executive Director, Potato Growers of Idaho, gave a brief testimony of the need to adopt the changes to the rule and that it would correct a lot of the problems associated with the current rule.

DISCUSSION: Vice Chairman Den Hartog said that the Committee will leave the rule as is until further notice.

PASSED THE GAVEL: Vice Chairman Den Hartog passed the gavel back to Chairman Guthrie.
ADJOURNED: There being no further business, Chairman Guthrie adjourned the meeting at 8:50 a.m.

___________________________  ______________________
Senator Guthrie                       Jacob Garner
Chair                                Secretary
IDAHOWINE
2018 Year in Review

The Idaho Wine Commission acts as the united voice of the Idaho wine industry, helping to grow awareness and sales of Idaho wines.

Brand Loyalty - 37% of total budget
Idaho Specialty Crop Grant for Marketing received - $246,726
North Idaho Media Tour - 7 national journalists attended
Southwestern Idaho Media Tour - 8 national journalists attended
Idaho Wine Month Banners in Boise, Caldwell & Lewiston, 109 Events
Idaho Wine Marketshare at 20.72% for 1st three quarters of 2018
10th Savor Idaho - 1,000 Consumers
8th Sippin’ in the City - 225 Consumers
3rd Savor Idaho North - 169 Consumers
Unique Media Impressions - 224,315,817

Journalist Visits
Ari Bendersky - Chicago Freelance, Conde Nast
Duane Pemberton - Communities Digital News
Meredith Heil - NY Freelance, Tasting Table
Sofia Perez - NY Freelance, Food & Wine
Yolanda Shoshana - Witch on Wine
Jenny Peters - LA Freelance, Jet Set Jen
Rebecca Murphy - Dallas Morning News
Tina Benitez - NY Freelance, Men’s Fitness
Laura Motta - Shermans Travel
Joe Roberts - 1 Wine Dude
Dawn Garcia - ATOD Magazine
Lenn Thompson - The Cork Report
Christina Mueller - Bay Area Freelance, Open Table
Lara Dunning - Seattle Freelance
Ilona Thompson - Palate Exposure
Mike Dunne - Sacramento Bee
Mike Veseth - The Wine Economist

Noteworthy Articles
How to Visit Idaho’s Affordable, Up & Coming Wine Country - Result of SW Media Tour
Finding Diversity & Deliciousness in Idaho Wine Country - Result of SW Media Tour
Here’s Why You Need to Discover the Beauty of Boise - Result of partnership with Boise CVB
Idaho’s Wine Scene has Endless Potential - Result of participation in CDA Food & Wine Festival
She’s the ‘Wine Warrior’ of Idaho - Result from Fahlgren Mortine PR Company
2018 Year in Review

The Idaho Wine Commission acts as the united voice of the Idaho wine industry, helping to grow awareness and sales of Idaho wines.

Education - 21% of total budget

Idaho Specialty Crop Grant for Marketing - $52,132
Annual Meeting - 23 Speakers, 3 Tasting Seminars, 143 Attendees
Industry Bootcamp - 2 days, 51 participants
Idaho Wine Competition - 143 wines entered, 36 double gold/gold medals, Best of Show - Lost West Winery 2017 Riesling, SRV
$12,344 total in Education Scholarship Fund - $1,500 from Wheel of Wine and $715 from Great Northwest Wine from Idaho Wine Competition
Scholarship awarded to Jacob Alger $500 and Maddy McGarry $500
Going Beyond Gold Program - 15 Wineries participated
Vineyard Educator - 3 roundtables, 35 individual meetings with industry members

Events Attended by Staff

Buy Idaho Capitol Show
Unified Wine Symposium
Idaho Preferred Annual Meeting
Oregon Wine Symposium
Leadership Idaho Agriculture Auction
Hawley Troxell Women In Leadership
Sysco Trade Event
Coeur d’Alene Food & Wine Festival
Boise CVB Rose Awards
State of Downtown Boise
Boise Chamber Leadership Conference
BVEP 2018 Economic Summit
Idaho Falls Zoo Wine Event
From the Ashes
CRAVE! Northwest
Vintage Spokane
Festival at Sandpoint
Idaho Botanical Garden Gala
Downtown Boise Assn. Capitol Table
Boise Young Professionals Gala
Women’s Leadership Conference
A Chefs’ Affaire
ID Conference on Recreation & Tourism
Professional Development Day
Boise Chamber Gala
Buy Idaho Annual Meeting
Downtown Boise Restaurant Week
State of the City (Boise) Event
WineAmerica Fall Conference
Boise Festival of Trees

Staff Community Involvement

Boise Convention and Visitors Bureau Board
Boise Chamber - Travel Advisory Board, Leadership Boise, Boise Young Professionals
Southwest Idaho Tourism Association Board
Idaho Food Producers Board
SKAL – International Travel Professionals Org
Downtown Boise Association Board
Idaho Botanical Garden Board
Big Brothers Big Sisters of SW Idaho
Destination Caldwell
Sunnyslope Wine Trail
Idaho Food Bank

IDAHO WINES
The brighter side of life
IDAHO GRAPE GROWERS AND
WINE PRODUCERS COMMISSION

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2018
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<td>Budgetary (GAAP Basis) Comparison Schedule:</td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>21</td>
</tr>
<tr>
<td>Notes to Required Supplementary Information</td>
<td>22</td>
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<td></td>
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<td>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <em>Government Auditing Standards</em></td>
<td>25</td>
</tr>
</tbody>
</table>
Independent Auditor's Report

Board of Commissioners
Idaho Grape Growers and Wine Producers Commission
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the fund information of Idaho Grape Growers and Wine Producers Commission (the Commission) as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fund information of the Idaho Grape Growers and Wine Producers Commission, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages i through v and budgetary comparison information, schedule of the Commission’s proportionate share of the net pension liability, and schedule of Commission contributions on pages 21 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2018, on our consideration of the Idaho Grape Growers and Wine Producers Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Idaho Grape Growers and Wine Producers Commission’s internal control over financial reporting and compliance.

Millington Zwygart CPAs, PLLC

Caldwell, Idaho

September 28, 2018
Financial Highlights
When comparing this year's financial record to last, there is an apparent increase in the Idaho Grape Growers and Wine Producers Commissions' net assets of $8,732 with liquor sales increasing by $10,098 from last year.

Overview of the Financial Statements
This discussion and analysis is intended to serve as an introduction to the Commission's financial statements, which is comprised of the basic financial statements and supplemental information. The Idaho Wine Commission's financial statements are comprised of four components:

1) Government-wide financial statements
2) Fund financial statements
3) Notes to financial statements
4) Required Supplementary information

Basic Financial Statements
The statement of net assets reflects the differences derived from the liabilities and assets the Commission had throughout the fiscal year, as well as the amounts of investments in resources (assets) and obligations to creditors (liabilities). The difference between the assets and liabilities is noted as net assets. Over time, the increase or decrease of net assets can serve as a tool for determining whether a company is flourishing or deteriorating.

The statement of activities shows the changes in the government’s net assets over the course of the fiscal year. All changes, including revenues and expenses, are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some items are reported in this statement that may not take place until the future, i.e. vacation earned but not used, uncollected taxes.

The governmental fund balance sheet is a reference for the total liabilities and fund balance, as well as total assets on the modified accrual basis of accounting. The statement of revenues, expenditures, and changes in fund balance reflects current financial resources and uses on the modified accrual basis of accounting. The government-wide financial statements are provided to give a quick overview of the
Idaho Wine Commission's finances on the accrual basis of accounting. The government-wide statements of activities are both government-wide financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information
This report also presents certain required supplementary information pertaining to the Commission's budget. This includes the budgetary (GAAP Bases) comparison schedule.

**IDAHO GRAPE GROWERS AND WINE PRODUCERS COMMISSION**  
Management's Discussion and Analysis  
Net Financial Analysis  
Statement of Net Position

<table>
<thead>
<tr>
<th></th>
<th>2017-2018</th>
<th>2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$207,923</td>
<td>$183,421</td>
</tr>
<tr>
<td>Assessments Receivable, Net Prepaid Items</td>
<td>2,600</td>
<td>12,224</td>
</tr>
<tr>
<td>Security Deposit</td>
<td>620</td>
<td>620</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>211,143</strong></td>
<td><strong>196,265</strong></td>
</tr>
<tr>
<td><strong>Deferred Outflows</strong></td>
<td>35,785</td>
<td>80,925</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>10,478</td>
<td>5,099</td>
</tr>
<tr>
<td>Salaries &amp; Benefits Payable</td>
<td>13,437</td>
<td>13,034</td>
</tr>
<tr>
<td>Long-Term Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due Within One Year Compensated Absences</td>
<td>16,487</td>
<td>12,774</td>
</tr>
</tbody>
</table>
| **Due in More Than One Year**  
  **Net Pension Liabilities** | 93,766    | 117,794   |
| **Total Liabilities** | **134,168** | **148,701** |
| **Deferred Outflows** | 14,065    | 38,526    |
| **Net Assets**    |           |           |
| Unrestricted Surplus | 98,695   | 89,963    |
| **Total Net Assets** | **$98,695** | **$89,963** |

Net assets, the excess of assets over liabilities, may serve, over time, as a useful indicator of a government's financial position. In the case of the Commission, total net assets were $98,695.
**Statement of Activities**

<table>
<thead>
<tr>
<th></th>
<th>2017-2018</th>
<th>2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wine Excise Tax</td>
<td>$288,471</td>
<td>$278,373</td>
</tr>
<tr>
<td>Member Assessments</td>
<td>10,101</td>
<td>57,604</td>
</tr>
<tr>
<td>Interest Income</td>
<td>297</td>
<td>503</td>
</tr>
<tr>
<td>Program:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>153,148</td>
<td>83,063</td>
</tr>
<tr>
<td>Wine Events</td>
<td>119,371</td>
<td>97,205</td>
</tr>
<tr>
<td>Wine Scholarship</td>
<td>4,465</td>
<td>2,645</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>575,853</td>
<td>519,393</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>244,087</td>
<td>242,784</td>
</tr>
<tr>
<td>Research</td>
<td>5,191</td>
<td>14,587</td>
</tr>
<tr>
<td>Information and Education</td>
<td>25,425</td>
<td>21,491</td>
</tr>
<tr>
<td>Administration</td>
<td>292,005</td>
<td>284,063</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>566,757</td>
<td>562,925</td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>9,096</td>
<td>(43,532)</td>
</tr>
<tr>
<td><strong>Net Assets, Beginning</strong></td>
<td>178,132</td>
<td>133,495</td>
</tr>
<tr>
<td><strong>Net Assets, Ending</strong></td>
<td>187,228</td>
<td>89,963</td>
</tr>
</tbody>
</table>

Total revenue increased due to the Specialty Crop grant. The marketing line item is high because of the Specialty Crop grant. The vineyards and wineries in the state of Idaho, dues and acreage assessments decreased due to frost damage.

Wine sale assessments are received each month for the sales of wine sold in the state of Idaho, with an increase of 10,098 or 4% this year.
Capital Assets and Long-Term Debt

Capital Assets
The Commission’s investment in capital assets for amounts over $500.00 is zero at historical cost, as of June 2018. This decrease is a result of the increase in capitalization policy.

Requests for Information
This financial report provides a general overview of the Commission’s finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director, Moya Dolsby.

Idaho Wine Commission
821 W. State St.
Boise, Idaho 83702
### Idaho Grape Growers and Wine Producers Commission

#### Statement of Net Position

June 30, 2018

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Current Assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 207,923</td>
</tr>
<tr>
<td>Assessments Receivable, Net</td>
<td>2,600</td>
</tr>
<tr>
<td>Security Deposit</td>
<td>620</td>
</tr>
<tr>
<td>Total Assets</td>
<td><strong>211,143</strong></td>
</tr>
<tr>
<td><strong>Deferred Outflows</strong></td>
<td></td>
</tr>
<tr>
<td>Pension Related Items.</td>
<td>35,785</td>
</tr>
<tr>
<td>Total Deferred Outflows</td>
<td><strong>35,785</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>10,478</td>
</tr>
<tr>
<td>Salaries and Benefits Payable</td>
<td>13,437</td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td></td>
</tr>
<tr>
<td>Due Within One Year:</td>
<td></td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>16,487</td>
</tr>
<tr>
<td>Due in More Than One Year:</td>
<td></td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>93,766</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td><strong>134,168</strong></td>
</tr>
<tr>
<td><strong>Deferred Inflows</strong></td>
<td></td>
</tr>
<tr>
<td>Pension Related Items</td>
<td>14,065</td>
</tr>
<tr>
<td>Total Deferred Inflows</td>
<td><strong>14,065</strong></td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
</tr>
<tr>
<td>Unrestricted Surplus</td>
<td>98,695</td>
</tr>
<tr>
<td>Total Net Position</td>
<td><strong>$ 98,695</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements
### Idaho Grape Growers and Wine Producers Commission

**Statement of Activities**

**For the Year Ended June 30, 2018**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>$ 119,371</td>
<td>$</td>
<td>$ 124,716</td>
</tr>
<tr>
<td>Research</td>
<td>-</td>
<td>153,148</td>
<td>-</td>
</tr>
<tr>
<td>Information and Education</td>
<td>-</td>
<td>4,465</td>
<td>-</td>
</tr>
<tr>
<td>Administration</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Governmental Activities</strong></td>
<td>$ 276,984</td>
<td>$</td>
<td>290,137</td>
</tr>
</tbody>
</table>

| General Revenues: | | | |
| Wine Excise Tax | 288,471 |
| Assessments | 10,101 |
| Interest Income | 297 |
| **Total General Revenues and Special Items** | 298,869 |
| Change in Net Position | 8,732 |
| Net Position, Beginning of Year | 89,963 |
| **Net Position, End of Year** | $ 98,895 |

The accompanying notes are an integral part of the financial statements.
Idaho Grape Growers and Wine Producers Commission
Balance Sheet -
Governmental Funds
June 30, 2018

<table>
<thead>
<tr>
<th>Assets</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 207,923</td>
</tr>
<tr>
<td>Assessments Accounts Receivable</td>
<td>2,600</td>
</tr>
<tr>
<td>Security Deposit</td>
<td>620</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 211,143</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Fund Balances</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$ 10,478</td>
</tr>
<tr>
<td>Salaries and Benefits Payable</td>
<td>13,437</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>23,915</td>
</tr>
</tbody>
</table>

Fund Balances:

| Unassigned                  | 187,228         |
| Total Fund Balance          | 187,228         |

Total Liabilities and Fund Balance $ 211,143
Idaho Grape Growers and Wine Producers Commission
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position
June 30, 2018

Total Fund Balances - Governmental Funds $ 187,228

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.

Compensated Absences (16,487)

The Commission participates in the Public Employee Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Liability $ (93,766)
Pension Related Deferred Inflows (14,065)
Pension Related Deferred Outflows 35,785

(72,046)

Total Net Position-Governmental Activities $ 98,695

The accompanying notes are an integral part of the financial statements
### Idaho Grape Growers and Wine Producers Commission

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds**

**For the Year Ended June 30, 2018**

#### Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wine Excise Tax</td>
<td>$288,471</td>
</tr>
<tr>
<td>Assessments</td>
<td>10,101</td>
</tr>
<tr>
<td>Grants</td>
<td>153,148</td>
</tr>
<tr>
<td>Wine Event</td>
<td>119,371</td>
</tr>
<tr>
<td>Wine Scholarship</td>
<td>4,465</td>
</tr>
<tr>
<td>Interest Income</td>
<td>297</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>575,853</strong></td>
</tr>
</tbody>
</table>

#### Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>244,087</td>
</tr>
<tr>
<td>Research</td>
<td>5,191</td>
</tr>
<tr>
<td>Information and Education</td>
<td>25,425</td>
</tr>
<tr>
<td>Administration</td>
<td>292,054</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>566,757</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Change in Fund Balances</strong></td>
<td>9,096</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>General</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Balance, Beginning</strong></td>
<td>178,132</td>
</tr>
<tr>
<td><strong>Fund Balance, Ending</strong></td>
<td><strong>$187,228</strong></td>
</tr>
</tbody>
</table>
Idaho Grape Growers and Wine Producers Commission
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2018

Total Net Change in Fund Balance - Governmental Funds $ 9,096

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This requires an adjustment in the following accounts:

Compensated Absences (3,713)

The Commission participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities.

Total Net Position-Governmental Activities $ 8,732

The accompanying notes are an integral part of the financial statements
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of Idaho Grape Growers and Wine Producers Commission. The Commission receives funding from tax assessments on grape growers and wine producers as well as revenue raised from wine events and grants. The Commission is not included in any other governmental reporting entity as defined by generally accepted accounting principles. The commissioners have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the Commission's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the Commission. Governmental activities are primarily financed from taxes assessed on grape growers and wine producers in Idaho and are collected and remitted to the Commission by the Idaho State Tax Commission.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses—expenses of the general government related to the administration and support of the Commission's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Fund Financial Statements:* The fund financial statements provide information about the Commission’s funds. The emphasis of fund financial statements is on major governmental funds. The Commission’s only fund is reported as such.

- *General fund.* This fund accounts for all financial resources of the Commission.

**Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

**Fund Balance Reporting in Governmental Funds**

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet. The Commission uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable.* Balances, for example, in permanent funds, prepaid items, and inventories that are permanently precluded from conversion to cash.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (restricted, committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Commissioners, the Commission’s highest level of decision making authority, through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

There is also no formal policy regarding the use of restricted, committed, assigned, or unassigned fund balances. However, it is the Commission’s intent that when an expenditure is incurred for purposes for which amounts in any of the classifications of fund balance or net assets could be used, the Commission considers restricted amounts to be reduced first, followed by committed amounts, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

The Commission’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. See Note 2.

Receivables

All trade and assessment receivables are shown net of an allowance for uncollectibles.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below.

<table>
<thead>
<tr>
<th>Capitalization Policy</th>
<th>Depreciation Method</th>
<th>Estimated Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$5,000</td>
<td>Straight line</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 1 Year</td>
</tr>
</tbody>
</table>

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

The Commission does not own any infrastructure assets.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

   Accounts Payable

   Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

   Pensions

   For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

   Use of Estimates

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

   Deposits

   As of June 30, 2018, the carrying amount of the Commission's deposits was $207,923 and the respective bank balances totaled $211,131. The entire bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the Commission.

   Custodial Credit Risk – Deposits

   Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. As of June 30, 2018, all of the Commission's deposits were covered by the federal depository insurance or by collateral held by the Commission's agent or pledging financial institution's trust department or agent in the name of the Commission, and thus were not exposed to custodial credit risk. The Commission does not have a formal policy limiting its exposure to custodial credit risk.
2. CASH AND INVESTMENTS (continued)

Investments

Idaho Code authorizes the Commission to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

Interest Rate Risk

The Commission does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

At year-end, deposits and investments were reported in the basic financial statements in the following categories:

<table>
<thead>
<tr>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
</tr>
</tbody>
</table>

3. FUNDING

The Commission is financed by a 45¢ per gallon excise tax on wine sales of which they receive 5% and the tax is collected by the State of Idaho. The Commission also receives: various taxes and dues from grape growers and wine producers for grapes grown in Idaho or grapes and grape juice purchased outside Idaho for the production of wine in Idaho, funds raised from wine events, and from grants. The amount of funds received by the Commission is subject to various conditions, including wine sales, wine production, weather, and acres of grapes cultivated.
4. LEASE COMMITMENTS

The Commission entered into a four-year lease for office and parking space in October 2014. Monthly payments are due in the amount of $828 for the office space and $255 for vehicle parking.

Future minimum lease payments are as follows:

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2019</td>
<td>$ 3,249</td>
</tr>
</tbody>
</table>

Lease expenditures were $14,410 in fiscal year 2018.

5. RISK MANAGEMENT

The Commission is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, and e) worker’s compensation, i.e. employee injuries. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

6. PENSION PLAN

Plan Description

Idaho Grape Growers and Wine Producers Commission contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.
6. PENSION PLAN (continued)

Plan Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members’ years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees and 11.66% for police and firefighters. Idaho Grape Growers and Wine Producers Commission’s contributions were $21,061 the year ended June 30, 2018.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, Idaho Grape Growers and Wine Producers Commission reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Idaho Grape Growers and Wine Producers Commission’s proportion of the net
pension liability was based on Idaho Grape Growers and Wine Producers Commission’s share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, Idaho Grape Growers and Wine Producers Commission’s proportion was 0.0059654 percent.

For the year ended June 30, 2018, Idaho Grape Growers and Wine Producers recognized pension expense (revenue) of $17,712. At June 30, 2018, Idaho Grape Growers and Wine Producers Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>Differences between expected and actual experience</th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in assumptions or other inputs</td>
<td>$12,990</td>
<td>$8,448</td>
</tr>
<tr>
<td>Net difference between projected and actual earnings on pension plan investments</td>
<td>1,734</td>
<td>-</td>
</tr>
<tr>
<td>Idaho Grape Growers and Wine Producers Commission’s contributions subsequent to the measurement date</td>
<td>21,061</td>
<td>5,617</td>
</tr>
<tr>
<td>Total</td>
<td>$35,785</td>
<td>$14,065</td>
</tr>
</tbody>
</table>

$21,061 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2016, the beginning of the measurement period ended June 30, 2017 is 4.9 and 5.5 for the measurement period June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<table>
<thead>
<tr>
<th>For the Year Ended June 30:</th>
<th>PERSI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$15,964</td>
</tr>
<tr>
<td>2020</td>
<td>8,809</td>
</tr>
<tr>
<td>2021</td>
<td>2,500</td>
</tr>
<tr>
<td>2022</td>
<td>(5,553)</td>
</tr>
</tbody>
</table>
6. PENSION PLAN (continued)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>3.25%</td>
</tr>
<tr>
<td>Salary increases</td>
<td>4.25% - 10.00%</td>
</tr>
<tr>
<td>Salary inflation</td>
<td>3.75%</td>
</tr>
<tr>
<td>Investment rate of return</td>
<td>7.10%, net of investment expense</td>
</tr>
<tr>
<td>Cost-of-living</td>
<td>1%</td>
</tr>
</tbody>
</table>

Mortality rates were based on the RP - 2000 combined table for healthy males or females as appropriate with the following offsets:
- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2017 is based on the results of an actuarial valuation date of July 1, 2017.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.
6. **PENSION PLAN (continued)**

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System’s asset allocation. The assumptions and the System’s formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System’s assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Expected Return</th>
<th>Expected Risk</th>
<th>Strategic Normal</th>
<th>Strategic Ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broad Domestic Equity</td>
<td>9.15%</td>
<td>19.00%</td>
<td>70%</td>
<td>66% - 77%</td>
</tr>
<tr>
<td>International</td>
<td>9.25%</td>
<td>20.20%</td>
<td>55%</td>
<td>50% - 65%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>3.05%</td>
<td>3.75%</td>
<td>15%</td>
<td>10% - 20%</td>
</tr>
<tr>
<td>Cash</td>
<td>2.25%</td>
<td>0.90%</td>
<td>0%</td>
<td>0% - 5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Fund</th>
<th>Expected Return</th>
<th>Expected Inflation</th>
<th>Expected Real Return</th>
<th>Expected Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuary</td>
<td>7.00%</td>
<td>3.25%</td>
<td>3.75%</td>
<td>N/A</td>
</tr>
<tr>
<td>Portfolio</td>
<td>6.58%</td>
<td>2.25%</td>
<td>4.33%</td>
<td>12.67%</td>
</tr>
</tbody>
</table>

* Expected arithmetic return net of fees and expenses

Assumed Inflation - Mean 3.25%
Assumed Inflation - Standard Deviation 2.00%

Portfolio Arithmetic Mean Return 8.42%

Portfolio Long-Term Expected Geometric Rate of Return 7.50%
Assumed Investment Expenses 0.40%

Long-Term Expected Geometric Rate of Return, Net of Investment Expenses 7.10%
6. PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans’ net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer’s proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer’s proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

<table>
<thead>
<tr>
<th></th>
<th>1% Decrease (6.10%)</th>
<th>Current Discount Rate (7.10%)</th>
<th>1% Increase (8.10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer’s proportionate share of the net pension liability (asset)</td>
<td>$ 217,931</td>
<td>$</td>
<td>93,766</td>
</tr>
</tbody>
</table>

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.
7. COMPENSATED ABSENCES

The Commission presently accumulates unused vacation days and compensated time calculated on an individual basis according to an employee’s total years worked and total hours per week worked. All accumulated vacation time and sick leave represents a potential liability to the Commission.

<table>
<thead>
<tr>
<th></th>
<th>6/30/2017</th>
<th>Increase</th>
<th>Decrease</th>
<th>6/30/2018</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Activities</td>
<td>$12,774</td>
<td>$20,170</td>
<td>($16,457)</td>
<td>$16,487</td>
<td>$16,487</td>
</tr>
</tbody>
</table>

8. OTHER COMMITMENTS

The Commission have credit cards with a total credit limit of $17,500. As of June 30, 2018, $6,560 of the credit was in use.
REQUIRED SUPPLEMENTARY INFORMATION
### Idaho Grape Growers and Wine Producers Commission

**Budgetary Comparison Schedule (GAAP Basis)**

**General Fund**

**For the Year Ended June 30, 2018**

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Original</th>
<th>Final</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wine Excise Tax</td>
<td>$270,000</td>
<td>$270,000</td>
<td>$288,471</td>
<td>$18,471</td>
</tr>
<tr>
<td>Assessments</td>
<td>25,000</td>
<td>25,000</td>
<td>10,101</td>
<td>(14,899)</td>
</tr>
<tr>
<td>Grants</td>
<td>220,802</td>
<td>253,943</td>
<td>153,148</td>
<td>3,572</td>
</tr>
<tr>
<td>Wine Event</td>
<td>95,000</td>
<td>95,000</td>
<td>119,371</td>
<td>24,371</td>
</tr>
<tr>
<td>Wine Scholarship</td>
<td>2,000</td>
<td>2,000</td>
<td>4,465</td>
<td>2,465</td>
</tr>
<tr>
<td>Interest Income</td>
<td>500</td>
<td>500</td>
<td>297</td>
<td>(203)</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>613,302</td>
<td>646,443</td>
<td>575,853</td>
<td>33,777</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>265,567</td>
<td>293,567</td>
<td>244,087</td>
<td>49,480</td>
</tr>
<tr>
<td>Research</td>
<td>125,090</td>
<td>125,090</td>
<td>5,191</td>
<td>119,899</td>
</tr>
<tr>
<td>Information and Education</td>
<td>19,600</td>
<td>19,600</td>
<td>25,425</td>
<td>(5,825)</td>
</tr>
<tr>
<td>Administration</td>
<td>257,849</td>
<td>257,849</td>
<td>292,054</td>
<td>(34,205)</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>668,106</td>
<td>696,106</td>
<td>566,757</td>
<td>129,349</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Change in Fund Balances</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(54,804)</td>
<td>(49,663)</td>
<td>9,096</td>
<td>(58,759)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Balance - Beginning</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>54,804</td>
<td>49,663</td>
<td>178,132</td>
<td>(128,469)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Balance, Ending</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$187,228</td>
<td>$ (187,228)</td>
</tr>
</tbody>
</table>
1. BUDGETS AND BUDGETARY ACCOUNTING

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

A. On or before January 15 of each year, the Commission prepares a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

B. The budget is filed with the senate agricultural affairs committee, the house agricultural affairs committee, the legislative council, the state controller, and the division of financial management.

C. Formal budgetary integration is employed as a management control device during the year for all the funds.

D. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

E. Budgeted amounts are as originally adopted, or amended by the Board of Commissioners.
Idaho Grape Growers and Wine Producers Commission  
Schedule of the Commission's Proportionate Share of the Net Pension Liability  
Public Employees Retirement System of Idaho  
Last 10 - Fiscal Years*

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission's proportion of the net pension liability (asset)</td>
<td>0.0059654%</td>
<td>0.0058108%</td>
<td>0.0060072%</td>
<td>0.0054116%</td>
</tr>
<tr>
<td>Commission's proportionate share of the net pension liability (asset)</td>
<td>$ 93,766</td>
<td>$ 117,794</td>
<td>$ 79,105</td>
<td>$ 39,838</td>
</tr>
<tr>
<td>Commission's covered-employee payroll</td>
<td>$ 186,054</td>
<td>$ 185,279</td>
<td>$ 169,948</td>
<td>$ 168,261</td>
</tr>
<tr>
<td>Commission's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</td>
<td>50.40%</td>
<td>63.58%</td>
<td>46.55%</td>
<td>23.68%</td>
</tr>
<tr>
<td>Plan fiduciary net position as a percentage of the total pension liability</td>
<td>87.26%</td>
<td>87.26%</td>
<td>91.38%</td>
<td>94.95%</td>
</tr>
</tbody>
</table>

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Idaho Grape Growers and Wine Producers Commission will present information for those years for which information is available. 
Data reported is measured as of June 30, 2017

23
### Idaho Grape Growers and Wine Producers Commission
#### Schedule of Council Contributions

**Public Employees Retirement System of Idaho**

**Last 10 - Fiscal Years**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractually required</td>
<td>$21,061</td>
<td>$20,974</td>
<td>$19,238</td>
<td>$19,047</td>
</tr>
<tr>
<td>contributions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions in relation to</td>
<td>21,061</td>
<td>20,974</td>
<td>19,238</td>
<td>19,047</td>
</tr>
<tr>
<td>the contractually required</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Commission's covered-employee</td>
<td>$186,054</td>
<td>$185,279</td>
<td>$169,948</td>
<td>$168,261</td>
</tr>
<tr>
<td>payroll</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions as a percentage</td>
<td>11.32%</td>
<td>11.32%</td>
<td>11.32%</td>
<td>11.32%</td>
</tr>
<tr>
<td>of covered-employee payroll</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Idaho Grape Growers and Wine Producers Commission will present information for those years for which information is available.

Data reported is measured as of June 30, 2018
FEDERAL REPORT
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Commissioners
Idaho Grape Growers and Wine Producers Commission
Boise, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the fund information of Idaho Grape Growers and Wine Producers Commission, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Idaho Grape Growers and Wine Producers Commission’s basic financial statements, and have issued our report thereon dated September 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Idaho Grape Growers and Wine Producers Commission’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Idaho Grape Growers and Wine Producers Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of Idaho Grape Growers and Wine Producers Commission’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Idaho Grape Growers and Wine Producers Commission’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Millington Zwygart CPAs, PLLC
Caldwell, Idaho
September 28, 2018
22-1205. ADMINISTRATION AND ENFORCEMENT OF ACT. The administration of this act shall be vested in the Idaho potato commission which shall have power to prescribe and enforce suitable and reasonable rules for the enforcement of the provisions thereof.

22-1207. POWERS AND DUTIES OF COMMISSION. The powers and duties of the commission shall include the following:

(1) To adopt and from time to time alter, rescind, modify and/or amend all proper and necessary rules and orders for the exercise of its powers and the performance of its duties under this chapter.
Administrative Rules Request Form

<table>
<thead>
<tr>
<th>Agency Name:</th>
<th>Miscellaneous Commissions</th>
<th>Submitted on:</th>
<th>06/04/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Contact:</td>
<td>Patrick Kole</td>
<td>Phone:</td>
<td>120-851-4420</td>
</tr>
<tr>
<td>Secondary Contact:</td>
<td>Gracie Bingham</td>
<td>Phone:</td>
<td>208-514-4206</td>
</tr>
<tr>
<td>Person Authorizing Rule:</td>
<td>Patrick Kole</td>
<td>Phone:</td>
<td>120-851-4420</td>
</tr>
<tr>
<td>Submitted on:</td>
<td>06/04/2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:patrick.kole@potato.idaho.gov">patrick.kole@potato.idaho.gov</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:gracie.bingham@potato.idaho.gov">gracie.bingham@potato.idaho.gov</a></td>
<td></td>
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<tr>
<td>Email:</td>
<td><a href="mailto:patrick.kole@potato.idaho.gov">patrick.kole@potato.idaho.gov</a></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Statutory Authority for the rule making (Idaho Code, Federal Statute or Regulation):

| Idaho Code Chapter 12, Sections 22-1205 and 1207 |

Title, Chapter, and Possible Docket (IDAPA) Number: 29.01.03 - Rules Governing Nominations for Appointment as a Commissioner to the Idaho Potato  

This rule is: [ ] Proposed  [ ] Temporary  [ ] Proposed/Temporary  
Effective Date: 08/30/2018

If this is a temporary rule:

[ ] Necessary to protect the public health, safety, or welfare; or  
[ ] Compliance with deadlines in amendments to governing law or federal programs; or  
[ ] Conferring a benefit.

Please explain:

Our current nominating process for selecting Commissioners has never been outlined by administrative rules and our nomination meetings in March 2018 revealed deep flaws in the process. We need to clarify our nominating processes through administrative rulemaking to better serve the Idaho potato industry. Adopting this temporary rule will confer a benefit on the industry by providing a sound method for electing the best-qualified Commissioners to serve the Idaho potato industry. The rule is temporary because the nomination process in part hinges on updating our statutes. Modernizing statutory definitions to reflect the current Idaho potato industry and redrawing more proportional grower districts on the Commission will also confer a substantial benefit on the industry. A temporary rule is the first crucial step we need to take in order to confer the benefit of fair nomination practices, more equitable district representation, and definitions that match the realities of our industry today.

If this is a temporary rule which imposes a fee or charge, provide justification as described in Idaho Code 67-5226(2):

Not applicable.

Agency has determined according to Idaho Code 67-5220(1):

[ ] This rule is to be negotiated  
Agency certifies that the rule: [ ] has been  [ ] will be negotiated with interested persons as outlined in Idaho Code 67-5220(3).

[ ] Negotiation of this rule is not feasible  
[ ] Rule is temporary; or  
[ ] Lack of identifiable representatives of affected interests; or  
[ ] Rule is simple in nature; or  
[ ] Affected interests are not likely to reach consensus; or  
[ ] Other.

Please explain:

Provide a fiscal impact statement for all programs affected. Be sure to reflect both positive and negative impacts and to include all fund sources including both the General Fund and dedicated funds:

This rulemaking will have no fiscal impact.

Provide a short explanation of the need for this rule:

Our March commissioner nomination meetings resulted in discrepancies we need to solve by clarifying our nominating procedures in administrative rules. To prevent future discrepancies we propose to add a chapter clarifying our nominating procedures.
### Does this rule adopt amendments to materials previously incorporated by reference?
- [ ] Yes
- [x] No

#### Provide a short summary of the changes this rule makes:
This rulemaking will specify our commissioner nomination procedures, including commissioner eligibility, nominating process, and voting methods. Our proposed chapter will be titled IDAPA 29.01.03 - "Rules Governing Nominations and Elections for Candidates to be Selected for Commissioner."

#### Provide a list of those persons or interested group(s) affected by the rule:
Idaho potato growers, shippers, and processors.

<table>
<thead>
<tr>
<th>DFM Analyst</th>
<th>Recommendation</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amber Christofferson</td>
<td>[x] Recommended</td>
<td>06/07/2018</td>
</tr>
</tbody>
</table>

#### Comments:
The Commission has been directed by Dennis to run this as a temporary rule and then to rerun it as a proposed after next session. This rule is necessary for their next commissioner nomination meeting.

<table>
<thead>
<tr>
<th>Special Assistant</th>
<th>Recommendation</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Katrine Franks</td>
<td>[x] Recommended</td>
<td>06/07/2018</td>
</tr>
</tbody>
</table>

#### Comments:
Creates new rule section clarifying election procedures that have already been in place. Proceed.

<table>
<thead>
<tr>
<th>DFM Administrator Action:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>06/07/2018</td>
</tr>
</tbody>
</table>

- [ ] Authorized to Advance to Rulemaking Process, DFM to review draft rule prior to publication
- [x] Approved
  - [ ] Not Approved
IDAPA 29 – IDAHO POTATO COMMISSION
29.01.03 – RULES GOVERNING NOMINATIONS AND ELECTIONS
FOR CANDIDATES TO BE SELECTED FOR COMMISSIONER
DOCKET NO. 29-0103-1801 (NEW CHAPTER)
NOTICE OF INTENT TO PROMULGATE RULES – NEGOTIATED RULEMAKING

AUTHORITY: In compliance with Sections 67-5220(1) and 67-5220(2), Idaho Code, notice is hereby given that this agency intends to promulgate rules and desires public comment prior to initiating formal rulemaking procedures. This negotiated rulemaking action is authorized pursuant to Sections 22-1205 and 22-1207, Idaho Code.

MEETING SCHEDULE: Public meetings on the negotiated rulemaking will be held as follows:

<table>
<thead>
<tr>
<th>NEGOTIATED RULEMAKING MEETINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ALL TIMES ARE LOCAL)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tuesday, July 24, 2018</th>
<th>Tuesday, July 31, 2018</th>
<th>Wednesday, August 1, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>4:00 to 6:00pm</td>
<td>5:00 to 9:00pm</td>
<td>5:00 to 9:00pm</td>
</tr>
</tbody>
</table>

- **IPC Offices**
  - 661 S. Rivershore Ln., Ste. 230
  - Eagle, ID 83616

- **Burley Inn & Convention Center**
  - 800 N. Overland Avenue
  - Burley, ID 83318

- **Shoshone-Bannock Hotel**
  - 777 Bannock Trail
  - Fort Hall, ID 83203

The meeting sites will be accessible to persons with disabilities, if needed. Requests for accommodation must be made not later than five (5) days prior to the meeting to the agency address below.

METHOD OF PARTICIPATION: Persons wishing to participate in the negotiated rulemaking must do the following:

Interested members of the public who wish to participate must submit any written comments, questions, recommendations, or ideas to the Idaho Potato Commission addressed to Patrick Kole, PO Box 1670, Eagle, ID 83616 or by email to Patrick.kole@potato.idaho.gov. Individuals may also attend the public meetings to be conducted on the above dates during which the Idaho Potato Commission will allow oral comments or presentations to be made.

Upon conclusion of the negotiated rulemaking, any unresolved issues, all key issues considered, and conclusion reached during the negotiated rulemaking will be addressed in a written summary. The summary will be made available to interested persons who contact the agency or, if the agency chooses, the summary may be posted on the agency website.

DESCRIPTIVE SUMMARY AND STATEMENT OF PURPOSE: The following is a statement in nontechnical language of the substance and purpose of the intended negotiated rulemaking and the principal issues involved:

This rulemaking will specify our commissioner nomination procedures, including commissioner eligibility, nominating process, and voting methods. Our proposed chapter will be titled IDAPA 29.01.03 - “Rules Governing Nominations and Elections for Candidates to be Selected for Commissioner.”

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS, OBTAINING DRAFT COPIES: For assistance on technical questions concerning this negotiated rulemaking or to obtain a preliminary draft copy of the rule text contact Patrick Kole, VP of Legal and Government Affairs, at (208) 514-4208. Materials pertaining to the negotiated rulemaking, including any available preliminary rule drafts, can be found on the Idaho Potato Commission’s web site at the following web address: www.idahopotato.com.

Anyone may submit written comments regarding this negotiated rulemaking. All written comments must be directed to the undersigned and must be delivered on or before Wednesday, August 15.
Dated this 8th day of June, 2018.

Patrick Kole, VP Legal and Government Affairs
Idaho Potato Commission
661 S. Rivershore Ln. Ste. 230
PO Box 1670
Eagle, ID 83616
Phone: (208) 514-4208
Fax: (208) 334-2274
TEMPORARY RULES

COMMITTEE RULES

REVIEW BOOK

Submitted for Review Before

Senate Agricultural Affairs Committee

65th Idaho Legislature
First Regular Session – 2019

Prepared by:

Office of the Administrative Rules Coordinator
Department of Administration

January 2019
IDAPA 29 – IDAHO POTATO COMMISSION
29.01.03 – Rules Governing Nominations for Appointment as a Commissioner to the Idaho Potato Commission
Docket No. 29-0103-1802 (New Chapter) .................................................................3
IDAPA 29 – IDAHO POTATO COMMISSION
29.01.03 – RULES GOVERNING NOMINATIONS FOR APPOINTMENT AS A
COMMISSIONER TO THE IDAHO POTATO COMMISSION

DOCKET NO. 29-0103-1802 (NEW CHAPTER)
NOTICE OF RULEMAKING – ADOPTION OF TEMPORARY RULE

THE FOLLOWING NOTICE PUBLISHED WITH THE TEMPORARY RULE

EFFECTIVE DATE: The effective date of the temporary rule is August 29, 2018.

AUTHORITY: In compliance with Sections 67-5226, Idaho Code, notice is hereby given this agency has adopted a
temporary rule. The action is authorized pursuant to Sections 22-1205 and 22-1207, Idaho Code.

DESCRIPTIVE SUMMARY: The following is the required finding and concise statement of its supporting reasons
for adopting a temporary rule:

Our March commissioner nomination meetings resulted in discrepancies we need to solve by clarifying our
nominating procedures in administrative rules. To prevent future discrepancies we propose to add a chapter clarifying
our nominating procedures. We intend to submit this rule as a proposed rule after the next legislative session.

TEMPORARY RULE JUSTIFICATION: Pursuant to Sections 67-5226(1) Section C, Idaho Code, the Governor
has found that temporary adoption of the rule is appropriate for the following reasons:

Our current nominating process for selecting Commissioners has never been outlined by administrative rules and
our nomination meetings in March 2018 revealed deep flaws in the process. We need to clarify our nominating
processes through administrative rulemaking to better serve the Idaho potato industry.

Adopting this temporary rule will confer a benefit on the industry by providing a sound method for electing the
best-qualified Commissioners to serve the Idaho potato industry. The rule is temporary because the nomination
process in part hinges on updating our statutes. Modernizing statutory definitions to reflect the current Idaho potato
industry and redrawing more proportional grower districts on the Commission will also confer a substantial benefit
on the industry. A temporary rule is the first crucial step we need to take in order to confer the benefit of fair
nomination practices, more equitable district representation, and definitions that match the realities of our industry
today.

FEE SUMMARY: Pursuant to Section 67-5226(2), the Governor has found that the fee or charge being imposed or
increased is justified and necessary to avoid immediate danger and the fee is described herein:

This rulemaking will have no fiscal impact.

ASSISTANCE ON TECHNICAL QUESTIONS: For assistance on technical questions concerning the temporary
rule, contact Patrick Kole, VP of Legal and Government Affairs, at (208) 514-4208.

Dated this 31st day of August, 2018.

Patrick Kole, VP Legal and Government Affairs
Idaho Potato Commission
661 S. Rivershore Ln. Ste. 230
PO Box 1670
Eagle, ID 83616
Phone: (208) 514-4208
Fax: (208) 334-2274

S – AGRICULTURAL AFFAIRS COMMITTEE           PAGE 3           2019 TEMPORARY RULE BOOK
FOLLOWING IS THE TEXT OF THE TEMPORARY RULE FOR DOCKET NO. 29-0103-1802

IDAPA 29
TITLE 01
CHAPTER 03

29.01.03 – RULES GOVERNING NOMINATIONS FOR APPOINTMENT AS A COMMISSIONER TO THE IDAHO POTATO COMMISSION

000. LEGAL AUTHORITY.
These rules are adopted under the legal authority of the Idaho Potato Commission Law, Chapter 12, Title 22, Idaho Code. (8-29-18)

001. TITLE AND SCOPE.

01. Title. The title of this chapter is IDAPA 29.01.03, “Rules Governing Nominations for Appointment as a Commissioner to the Idaho Potato Commission.” (8-29-18)

02. Scope. These rules govern the way nominations are made by eligible growers, shipper and processors for selection by the Governor to a position of Commissioner of the Idaho Potato Commission. (8-29-18)

03. Citation. The official citation of these rules is IDAPA 29.01.02.000, et seq. For example, this rule is cited as IDAPA 29.01.03.001.03. In documents submitted to the Commission or issued by the Commission, these rules may be cited as Idaho Potato Commission “Rules Governing Nominations for Appointment as a Commissioner to the Idaho Potato Commission,” IDAPA 29.01.03. (8-29-18)

002. WRITTEN INTERPRETATIONS – AGENCY GUIDELINES.
For rulemakings conducted before July 1, 1993, written interpretations to these rules in the form of explanatory comments accompanying the order of proposed rulemaking and review of comments submitted in the order adopting these rules are maintained in the files of the Secretary of the Idaho Potato Commission and are available from the office of the Commission Secretary. For rulemakings conducted after July 1, 1993, written interpretations to these rules in the form of explanatory comments accompanying the notice of proposed rulemaking that originally proposed the rules and review of comments submitted in the rulemaking decision adopting these rules maintained in the files of the Secretary of the Idaho Potato Commission and are available from the office of the Commission Secretary. The Commission Secretary may be contacted in writing at the Idaho Potato Commission, P.O. Box 1670, Eagle, Idaho 83616, or may be reached by telephone at (208) 334-2350. (8-29-18)

003. ADMINISTRATIVE APPEALS.
Administrative appeals are governed under the Commission’s Rules of Procedure, IDAPA 29.01.01.000, et seq. (8-29-18)

004. INCORPORATION BY REFERENCE.
There are no documents incorporated by reference into these rules. (8-29-18)

005. OFFICE – OFFICE HOURS – MAILING ADDRESS AND STREET ADDRESS.
The principal office of the Commission is in Eagle, Idaho. This office is open from 8 a.m. to 5 p.m., except Saturday, Sunday and legal holidays. The Commission’s telephone number is (208) 334-2350. The Commission’s FAX number is (208) 334-2274. The Commission’s mailing address: Idaho Potato Commission, Post Office Box 1670, Eagle, Idaho 83616. The street address of the Commission is: 661 S. Rivershore Lane, Suite 230, Eagle, Idaho 83616. All
documents filed in all proceedings must be filed with the Commission at one (1) of these addresses. (8-29-18)

006. PUBLIC RECORDS ACT COMPLIANCE.
Except as provided by Sections 502 and 233 of IDAPA 29.01.01, “Rules of Procedure of the Idaho Potato Commission,” and Title 74, Chapter 1, Idaho Code, all materials filed with the Commission pursuant to these rules and all materials issued by the Commission pursuant to these rules are public documents subject to inspection, examination and copying. (8-29-18)

007. -- 009. (RESERVED)

010. DEFINITIONS.
The definitions set forth in Section 22-1204, Idaho Code, shall apply to this chapter. (8-29-18)

011. COMMODITY COMMISSION — NOMINATIONS — ELECTIONS — VACANCIES.

01. Notice. On or prior to January 21 of each year, the Commission will mail notice to all affected growers, shippers and processors with a call for nominations for the position of Commissioner of the Commission. The notice shall give the final date for filing nominations, which shall be on or before February 21. The notice shall also advise that nominating petitions must be signed by three (3) persons qualified to vote for such candidates for a grower position. The designated shipper or processor voting representative to the Commission for Commissioner nominations may nominate up to three (3) qualified persons. (8-29-18)

02. Ballots. On or before March 1, the Commission shall mail ballots to all affected growers, shippers and processors. The mailing list of those eligible to receive a ballot and vote will be compiled from those paying assessments on potatoes to the Commission. Grower ballots shall only be mailed to growers within a district where a nomination is required. Ballots shall be required to be returned to the Commission by March 31. The mail ballot shall be conducted in a manner so that it shall be a secret ballot. Each candidate shall have the opportunity to include a statement explaining their candidacy in a format established by the Commission. (8-29-18)

03. Grower Commissioner. Grower Commissioner nominees must be nominated from the districts established in Section 22-1202, Idaho Code. Three (3) nominees will be submitted to the Governor for consideration. (8-29-18)

04. Shipper Commissioner. Shipper Commissioner nominees may be nominated from any district. Three (3) nominees will be submitted to the Governor for consideration. (8-29-18)

05. Processor Commissioner. Processor Commissioner nominees may be nominated from any district. Three (3) nominees will be submitted to the Governor for consideration. (8-29-18)

06. Nominee Voting. Should there only be three (3) nominees for a position, voting shall not be necessary. Should there be more than three (3) nominees, and if prior to appointment by the governor a candidate withdraws or becomes disqualified for appointment, the Commission shall submit replacement nominees to the Governor in the order the votes were tallied. (8-29-18)

07. Vacancy. In the event of a vacancy on the Commission, a special nomination proceeding shall be held as near as possible with the timelines set forth above. (8-29-18)

012. AFTER ANY VOTE — NOMINEES PROVIDED RESULTS — DISPUTES.

01. Results. Upon completion of any nomination vote, the Commission shall tally the results of the vote and provide the results to the nominees. (8-29-18)

02. Disputes. If a nominee disputes the results of a vote, that nominee, within ten (10) days of the announced results, shall provide in writing a statement of why he believes the vote is disputed and request a recount. (8-29-18)

03. Finalization. Once the vote is tallied and distributed, all disputes are resolved, and all matters in a
vote are finalized, the individual ballots may be destroyed. (8-29-18)

013. QUALIFICATIONS.

01. Membership Qualifications. Commission members shall be citizens and residents of Idaho over the age of eighteen (18) years. (8-29-18)

02. Grower Qualifications. Grower members must meet the qualifications set forth in Section 010 and Subsection 011.03 of these rules, and not be delinquent in payment of their assessments. The qualifications of grower members of the commission as herein set forth must continue during their term of office. (8-29-18)

03. Shipper Qualifications. Shipper members must meet the qualifications set forth in Section 010 of these rules, and not be delinquent in payment of their assessments. The qualifications of shipper members of the commission as herein set forth must continue during their term of office. (8-29-18)

04. Processor Qualifications. Processor members must meet the qualifications set forth in Section 010 of these rules and shall not be delinquent in payment of their assessments above. The qualifications of processor members of the commission as herein set forth must continue during their term of office. (8-29-18)

05. Voting. Each grower, shipper, or processor may only vote on the one ballot for which they are eligible to cast a vote and may only vote one time for each position to be filled on behalf of himself, partner(s), corporation, association, and/or any other business unit. A grower, shipper, or processor is entitled to only one vote no matter how many farms, packing facilities, processing plants, entities, or any other type of business organization he has an ownership interest in. (8-29-18)

06. Term. A designation by a person as a grower, shipper or processor shall continue for the succeeding three years, unless there has been a sufficient change in circumstance, as determined by the commission, to warrant a change in designation. (8-29-18)

014. -- 999. (RESERVED)
IN THE

BILL NO. _____

BY

AN ACT

RELATING TO THE IDAHO POTATO COMMISSION; AMENDING SECTION 22-1202, IDAHO
CODE, TO PROVIDE THAT MEMBERS OF THE IDAHO POTATO COMMISSION SHALL
SERVE AT THE PLEASE OF THE GOVERNOR, TO REVISE PROVISIONS RELATING
TO DISTRICTS, TO REMOVE CERTAIN MEETING PROVISIONS, TO PROVIDE FOR
RULEMAKING, AND TO REVISE TERM OF OFFICE PROVISIONS; AMENDING SECTION
22-1204, IDAHO CODE, TO REVISE DEFINITIONS; AMENDING CHAPTER 12, TITLE
22, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 22-1204A, IDAHO CODE,
TO PROVIDE FOR THE DESIGNATION OF VOTING REPRESENTATIVES AND TO PROVIDE
THAT DESIGNATED REPRESENTATIVES MAY VOTE ON ONLY ONE BALLOT IN ANY ELEC-
TION; AND DECLARING AN EMERGENCY.

Be it enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 22-1202, Idaho Code, be, and the same is hereby
amended to read as follows:

22-1202. POTATO COMMISSION CREATED. There is hereby created and es-
established in the department of self-governing agencies the "Idaho potato
commission" to be composed of nine (9) practical potato persons, resident
citizens of the state of Idaho for a period of three (3) years prior to their
appointment, each of whom has had active experience in growing, or shipping,
or processing of potatoes produced in the state of Idaho. At least five (5)
members of said commission shall be growers who are actually now engaged in
the production of potatoes. Two (2) of the members shall be shippers who
are actually now engaged in the shipping of potatoes, and two (2) of the
members shall be processors who are actually now engaged in the processing
of potatoes. The qualifications for members of said commission as above
required shall continue throughout their respective terms of office, and
members shall serve at the pleasure of the governor. Three (3) growers shall
be nominated for each grower vacancy that occurs, from which the governor
shall appoint one (1). Two (2) grower commissioners shall be appointed from
the district known as District No. 1, consisting of the counties of Oneida,
Franklin, Bear Lake, Caribou, Bannock, Power, Bingham, Bonneville, Teton,
Madison, Jefferson, Fremont, Clark, and Butte, Custer, and Lemhi; one (1)
grower commissioner shall be appointed from the district known as District
No. 2A, consisting of the counties of Twin Falls, Jerome, Lincoln, Cassia,
Elmore, Boise, Valley, and Gooding; one (1) grower commissioner shall be
appointed from the district known as District No. 2B, consisting of the
counties of Cassia, Minidoka, Blaine, Custer, and Lemhi; and one (1) grower
commissioner shall be appointed from the district known as District No. 3,
consisting of the counties of Owyhee, Ada, Canyon, Gem, Payette, Washing-
ton, Adams, Idaho, Lewis, Nez Perce, Clearwater, Latah, Benewah, Shoshone,
Kootenai, Bonner, and Boundary. Three (3) shippers shall be nominated for
each shipper vacancy that occurs, from which the governor shall appoint one
(1). Shipper commissioners do not necessarily need to be nominated from geographical areas. Three (3) processors shall be nominated for each processor vacancy that occurs, from which the governor shall appoint one (1). Processor commissioners do not necessarily need to be nominated from geographical areas. Nominations must be made thirty (30) days prior to appointment. All nominations must give equal consideration to all who are eligible for appointment as defined in this act. The Idaho potato commission shall hold separate meetings of the growers, shippers, or processors, as the nominations to be made shall require, in the various districts, to determine who shall be nominated for appointment. Notice of said meetings shall be given by publication in one (1) newspaper published in each county of the district or districts in which said nominations are to be made, and the notice shall be published in two (2) issues of each newspaper, the first to be approximately thirty (30) days and the second approximately ten (10) days before said meeting. The notice shall state the purpose, time and place of said meeting. All meetings held for the selection of nominees shall be held prior to March 31 of the year the appointment or appointments are to be made. The commission shall adopt rules for nominating commissioners to serve on the commission.

The term of office shall be three (3) years and no commissioner shall serve more than two (2) consecutive terms. The commissioners shall elect a chairman for a term of one (1) year.

Vacancies shall be filled as terms expire. Each of such commissioners shall hold office until his successor has been appointed and qualified. The term of office shall commence on September 15 of the year of appointment and expire on August 31 of the last year of the term of office.

A majority of the members of said commission shall constitute a quorum for the transaction of all business and the carrying out of the duties of said commission. Before entering on the discharge of their duties as members of said commission, each member shall take and subscribe to the oath of office prescribed for state officers.

Each member of the commission shall be compensated as provided by section 59-509 (3), Idaho Code, provided however, that compensation paid to members of the commission from and after April 1, 1992, shall not be considered salary as defined in section 59-1302 (31), Idaho Code.

SECTION 2. That Section 22-1204, Idaho Code, be, and the same is hereby amended to read as follows:

22-1204. DEFINITIONS. As used in this act:
1. The term "commission" means the Idaho potato commission.
2. The term "person" means individual, partnership, corporation, association, grower and/or any other business unit.
3. The term "potatoes" means and includes only potatoes sold or intended for human consumption and grown in the state of Idaho.
4. "Shipment" of potatoes shall be deemed to take place when the potatoes are loaded within the state of Idaho, in a car, bulk, truck or other conveyance in which the potatoes are to be transported for sale or otherwise.
5. The term "dealer" means and includes any person engaged in the business of buying, receiving, processing, or selling potatoes for profit or re-
6. The term "shipper" means and includes one who is properly licensed under federal and state laws and actively engaged in the packing and shipping of potatoes in the primary channel of trade in interstate commerce in the state of Idaho, and who ships more than he produces.

7. The term "grower" means one who is actively engaged in the production of farm products, primarily potatoes, and who is not engaged in the shipping or processing of potatoes:

(a) Is actively engaged in the production of potatoes in the state of Idaho and derives a substantial portion of his income therefrom;
(b) Is not primarily engaged in the shipping or processing of potatoes;
(c) Grows potatoes on five (5) or more acres; and
(d) Has been actively engaged in growing potatoes in the state of Idaho for a period of at least three (3) years prior to nomination and has paid assessments to the commission on potatoes in each of the preceding three (3) calendar years.

8. Potatoes shall be deemed to be delivered into the primary channel of trade when any such potatoes are sold or delivered for shipment, or delivered for canning and/or processing into by-products.

9. The term "hundredweight" means each one hundred (100) pound unit or combination of packages making a one hundred (100) pound unit of any shipment of potatoes based on invoice and/or bill of lading records.

10. The term "processor" means a person who is actively engaged in the processing of potatoes in Idaho for human consumption and transacting business in the state of Idaho.

11. The term "processing" means changing the form of potatoes from the raw or natural state into a product for human consumption.

12. The term "handler" means and includes any person processing potatoes or handling them in the primary channel of trade.

13. The term "tax" means an assessment levied on potatoes covered by this act for the sole purpose of financing, on behalf of the potato industry in Idaho, the commission's activities in carrying out the purposes of this act.

SECTION 3. That Chapter 12, Title 22, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 22-1204A, Idaho Code, and to read as follows:

22-1204A. DESIGNATION OF VOTING REPRESENTATIVES -- VOTING. (1) Each grower entity shall designate annually its voting representative to the commission for commissioner nominations. Designated representatives may vote on only one (1) ballot in any election.

(2) Each shipper entity shall designate annually its voting representative to the commission for commissioner nominations. Designated representatives may vote on only one (1) ballot in any election.

(3) Each processor entity shall designate annually its voting representative to the commission for commissioner nominations. Designated representatives may vote on only one (1) ballot in any election.

SECTION 4. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after its passage and approval.
EXISTING IPC STATUTE

22-1202. POTATO COMMISSION CREATED. There is hereby created and established in the department of self-governing agencies the "Idaho potato commission" to be composed of nine (9) practical potato persons, resident citizens of the state of Idaho for a period of three (3) years prior to their appointment each of whom has had active experience in growing, or shipping, or processing of potatoes produced in the state of Idaho. At least five (5) members of said commission shall be growers who are actually now engaged in the production of potatoes. Two (2) of the members shall be shippers who are actually now engaged in the shipping of potatoes, and two (2) of the members shall be processors who are actually now engaged in the processing of potatoes. The qualifications for members of said commission as above required shall continue throughout their respective terms of office.

<table>
<thead>
<tr>
<th>Current definitions under statute 22-1204</th>
<th>IPC Proposal Revised definitions to 22-1204 - RS26448</th>
<th>Mickelson proposal Revised definitions to 22-1204</th>
</tr>
</thead>
<tbody>
<tr>
<td>The term &quot;grower&quot; means one who is actively engaged in the production of farm products, primarily potatoes, and who is not engaged in the shipping or processing of potatoes.</td>
<td>The term &quot;grower&quot; means one who (a) is actively engaged in the production of potatoes in the state of Idaho and derives a substantial portion of his income therefrom; (b) is not primarily engaged in the shipping or processing of potatoes; (c) Grows potatoes on five (5) or more acres; and (d) Has been actively engaged in growing potatoes in the state of Idaho for a period of at least three (3) years prior to nomination and has paid assessments to the commission on potatoes in each of the preceding three (3) calendar years.</td>
<td>The term &quot;grower&quot; means an individual who actively owns and operates a potato producing farm of more than 5 acres for human consumption and paid IPC tax on those potatoes or their designee.</td>
</tr>
<tr>
<td>The term &quot;shipper&quot; means and includes one who is properly licensed under federal and state laws and actively engaged in the packing and shipping of potatoes in the primary channel of trade in interstate commerce, and who ships more than he produces.</td>
<td>The term &quot;shipper&quot; means and includes one who is properly licensed under federal and state laws and actively engaged in the packing and shipping of potatoes in the primary channel of trade in interstate commerce in the State of Idaho and who ships more than he produces.</td>
<td>The term &quot;shipper&quot; means and includes one who is properly licensed under federal and state laws and actively engaged in the packing and shipping of potatoes in the primary channel of trade in interstate commerce and resides in the State of Idaho.</td>
</tr>
<tr>
<td>The term &quot;processor&quot; means a person who is actively engaged in the processing of potatoes for human consumption.</td>
<td>The term &quot;processor&quot; means a person who is actively engaged in the processing of potatoes in Idaho for human consumption and transacting business in the State of Idaho.</td>
<td>The term &quot;processor&quot; means a person who is actively engaged in the processing of potatoes for human consumption and who resides in the State of Idaho.</td>
</tr>
</tbody>
</table>
IDAHO POTATO COMMISSION RULEMAKING HEARING
July 24, 2018

Idaho Potato Commission
661 South Rivershore Lane, Suite 230
Eagle, Idaho 83616

TRANSCRIPTION BY:
Tamara A. Weber, CSR
P.O. Box 387
Caldwell, Idaho 83606

Proceedings recorded by electronic sound recording.
Transcript produced by transcription service.
APPEARANCES:

Michael Kane, Hearing Officer
Frank Muir
Patrick Kole
Ritchy Toevs
Travis Blacker
Dan Moss
Mark Coombs
Laura Martin
Linda Whittig
Joanna Hiller
Dan Nakamura
Jamie Bowen
James Hoff
Randy Hardy
Eric Jemmett
Mary Hasenoehr
Peggy Arnzen
Lynn Wilcox
Nick Blanksma
Jewellean Hull
Doug Gross
Shawn Boyle
Rep. Megan Blanksma
Rep. Thomas Dayley
Seth Pemsl
Ross Johnson
Karin Searle
Andrew Mickelsen
Stephanie Mickelsen
IDAHO POTATO COMMISSION RULEMAKING HEARING
July 31, 2018

Burley Inn & Convention Center
800 North Overland Avenue
Burley, Idaho

TRANSCRIPTION BY:
Tamara A. Weber, CSR
P.O. Box 387
Caldwell, Idaho 83606

Proceedings recorded by electronic sound recording.
Transcript produced by transcription service.
APPEARANCES:

Michael Kane, Hearing Officer
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Gracie Bingham
Todd Gerratt
Andrew Mickelsen
Rep. Scott Bedke
Rep. Megan Blanksma
Rob Roche
Craig Searle
Todd Cornelison
Mike Larsen
Comm. Randy Hardy
Brian Hansen
Dan Moss
Dean Gibson
Jerry Callen
Zak Miller
Mark Darrington
Randy Bauscher
IDAHO POTATO COMMISSION RULEMAKING HEARING
August 1, 2018

Shoshone Bannock Hotel
700 Bannock Trail
Fort Hall, Idaho

TRANSCRIPTION BY:
Tamara A. Weber, CSR
P.O. Box 387
Caldwell, Idaho 83606

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APPEARANCES:

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James Hoff
Shawn Boyle
Travis Blacker
Dan Nakamura
Marc Gibbs
Rick Shawrer
Britt Raybould
Randy Hardy
Rod Furniss
Andrew Mickelsen
Boyd Foster
Carl Taylor
David Robison
Todd Cornelison
Kim Wahlen
Bryan Mickelsen
Kevin Loveland
Tanner Wahlen
(Illegible) Mickelsen
# Rulemaking hearing
## July 24, 2018

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Patrick Kole</td>
<td>IPC</td>
</tr>
<tr>
<td>2. Ritchy Toevs</td>
<td>IPC Grower comm</td>
</tr>
<tr>
<td>3. Travis Blacker</td>
<td>IPC</td>
</tr>
<tr>
<td>4. Dan Moss</td>
<td>Grower / Potatoes USA</td>
</tr>
<tr>
<td>5. Mark Cohen</td>
<td>Grower</td>
</tr>
<tr>
<td>6. Laura Martin</td>
<td>Fookstel Design</td>
</tr>
<tr>
<td>7. Joannatiller</td>
<td>IPC</td>
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<tr>
<td>8. Dan Nakamura</td>
<td>IOAHOF Foods / IPC</td>
</tr>
<tr>
<td>9. Jamie Bowen</td>
<td>IPC</td>
</tr>
<tr>
<td>10. James Huff</td>
<td>IPC Comm / Grower</td>
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<tr>
<td>11. Randy Hardy</td>
<td>IPC Commissioner</td>
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<tr>
<td>12. Eric Semmes</td>
<td>Grower NPC</td>
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<tr>
<td>13. Mary Henderson</td>
<td>IPC Comm</td>
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<tr>
<td>14. Peggy Ammeren</td>
<td>IPC Comm / Shipper</td>
</tr>
<tr>
<td>15. Lynn Wilcox</td>
<td>IPC Comm / Shipper</td>
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<tr>
<td>16. Nick Blanksma</td>
<td>IPC Commissioner / Grower</td>
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<tr>
<td>Name</td>
<td>Position</td>
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<tr>
<td>Jewella Hill</td>
<td>IPC</td>
</tr>
<tr>
<td>Shawn Boyle</td>
<td>Idaho Grower Shippers Association</td>
</tr>
<tr>
<td>Rep. Megan Blankenski</td>
<td>Dist. 23 B</td>
</tr>
<tr>
<td>Rep. Thomas Dayley</td>
<td>Dist. 21 B</td>
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<tr>
<td>Seth Remsler</td>
<td>IPC</td>
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<tr>
<td>Ross Johnson</td>
<td>IPC</td>
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<tr>
<td>Martin Seavey</td>
<td>Idaho Grower Shippers Association</td>
</tr>
<tr>
<td>Andrew Mickelson</td>
<td>Miculson Farms</td>
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<tr>
<td>Stephanie Mickelson</td>
<td>Miculson Farms</td>
</tr>
<tr>
<td>Name, Company</td>
<td>Note whether you are a grower, shipper, or processor</td>
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<tr>
<td>Tree Serrett</td>
<td>Grower</td>
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<tr>
<td>Ida Gold Farms</td>
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<tr>
<td>Andrew Mickelsen</td>
<td>All</td>
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<tr>
<td>Mickelson Farms</td>
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<tr>
<td>Rep</td>
<td>Idahos</td>
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<tr>
<td>Scott Bedke</td>
<td>House</td>
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<tr>
<td>Name, Company</td>
<td>Note whether you are a grower, shipper, or processor</td>
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<tr>
<td>Megan Blanksma Distillers</td>
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<td>Rob Rochefort</td>
<td>Processor</td>
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<td>Craig Seadle</td>
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<td>Todd L. Cernelison</td>
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<td>Mike Larsen</td>
<td>Grower</td>
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<td>Randi Hardy</td>
<td>IPC Commissioner</td>
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<td>Brian Hansen</td>
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<td>Dan Moss</td>
<td>Grower</td>
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<tr>
<td>Paul Gibson</td>
<td>Grower, shipper</td>
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<tr>
<td>Triple C Farms, Jerry Cullen Jr.</td>
<td>Grower</td>
</tr>
<tr>
<td>Zak Miller, Idaho Farm Bureau</td>
<td>IFB</td>
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<tr>
<td>Name, Company</td>
<td>Note whether you are a grower, shipper, or processor</td>
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<tr>
<td>Mark Darrington</td>
<td>grower</td>
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<tr>
<td>Randy Bauscher</td>
<td>grower</td>
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<tr>
<td>James Hoff</td>
<td>grower</td>
</tr>
<tr>
<td>Hoff Bros Inc.</td>
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<tr>
<td>Shawn Boyle</td>
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<td>Idaho Growers Shippers</td>
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<tr>
<td>Travis Blacker</td>
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<tr>
<td>Idaho Pot. 42 Commission</td>
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<tr>
<td>Dan Nakamura</td>
<td>Processor</td>
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<tr>
<td>Idaho Fruits/IFC</td>
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<tr>
<td>Marc Giess</td>
<td>grower</td>
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<tr>
<td>Gu's Farms / Idaho Grapes</td>
<td></td>
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<tr>
<td>Rick Shaver</td>
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<tr>
<td>Britt Rayburn</td>
<td>Unknown</td>
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<td>Rayburn &amp; Brodow Farms</td>
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<tr>
<td>Randy Handy</td>
<td>IPC Commissioner</td>
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<tr>
<td>Rod Furniss</td>
<td>state rep.</td>
</tr>
<tr>
<td>Andrew Mickelson</td>
<td>all</td>
</tr>
<tr>
<td>Mickelson Farms</td>
<td></td>
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<tr>
<td>Boyd Foster</td>
<td>grower</td>
</tr>
<tr>
<td>Tri Vista</td>
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<tr>
<td>Carl Taylor Hunter/Gatherer</td>
<td>grower</td>
</tr>
<tr>
<td>David Phares</td>
<td>grower</td>
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<td>Name, Company</td>
<td>Note whether you are a grower, shipper, or processor</td>
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</tr>
<tr>
<td>Todd Cornelison</td>
<td>SHIPPER</td>
</tr>
<tr>
<td>Name, Company</td>
<td>Note whether you are a grower, shipper, or processor</td>
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<tr>
<td>Weinke</td>
<td>Grower</td>
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<tr>
<td>Boeing Huehner</td>
<td>Grower/shipper</td>
</tr>
<tr>
<td>Name, Company</td>
<td>Note whether you are a grower, shipper, or processor</td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Kevin Loveland</td>
<td>Grower, Shipper</td>
</tr>
<tr>
<td>Tanner Wahlen</td>
<td>Grower, Shipper</td>
</tr>
<tr>
<td>Brent Mitchell</td>
<td>Processor</td>
</tr>
</tbody>
</table>
July 3, 2018

The Honorable C. L. "Butch" Otter
Governor, State of Idaho
P.O. Box 83720
Boise, Idaho 83720

Dear Governor Otter:

Pursuant to Idaho Code §22-1202, nomination meetings were conducted on March 19th at the Idaho Potato Commission Office in Idaho Falls, ID located at 3670 S. 25th E. Suite 3, Idaho Falls, ID 83404 at 10:30, 11:00, and 11:30 a.m. for one grower member from District No. 1, one shipper, and one processor of the Idaho Potato Commission.

For one grower member in District No. 1 the following were nominated:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brett Jensen</td>
<td>2000 W. 113 N. Idaho Falls, 83402, Idaho Falls, ID 83402</td>
<td>208-313-4308</td>
<td><a href="mailto:brettjensen@gmail.com">brettjensen@gmail.com</a></td>
</tr>
<tr>
<td>Stephanie Mickelsen</td>
<td>9088 N. River Road, Idaho Falls, ID 83402</td>
<td>208-709-1295</td>
<td><a href="mailto:sjwmick@gmail.com">sjwmick@gmail.com</a></td>
</tr>
<tr>
<td>Dave Robison</td>
<td>2175 E. 400 N. Roberts, ID 83444</td>
<td>208-313-7674</td>
<td><a href="mailto:Drobison64@aol.com">Drobison64@aol.com</a></td>
</tr>
</tbody>
</table>

For one shipper the following were nominated:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Todd Cornelson</td>
<td>6085 E. Sagewood, Idaho Falls, ID 83406</td>
<td>208-351-6108</td>
<td><a href="mailto:toddlc@mac.com">toddlc@mac.com</a></td>
</tr>
<tr>
<td>Lance Poole</td>
<td>4152 E. 421 N. Rigby, ID 83442</td>
<td>208-243-1068</td>
<td>lance@sagle eyeproduce.com</td>
</tr>
<tr>
<td>Kevin Searle</td>
<td>1266 N 550 E. Shelly, ID 83274</td>
<td>208-681-3173</td>
<td><a href="mailto:Kevin.searl@gpord.org">Kevin.searl@gpord.org</a></td>
</tr>
</tbody>
</table>

For one processor member the following were nominated:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent Mickelsen</td>
<td>1031 W. Riverview Dr. Idaho Falls, ID 83401</td>
<td>208-403-1009</td>
<td><a href="mailto:Bmick@ppidaho.com">Bmick@ppidaho.com</a></td>
</tr>
<tr>
<td>Dan Nakamura</td>
<td>654 E. 49S Idaho Falls, ID 83401</td>
<td>208-409-8156</td>
<td><a href="mailto:dnakamura@idahoan.com">dnakamura@idahoan.com</a></td>
</tr>
<tr>
<td>John Shields</td>
<td>210 Carol Drive, Unit #3, Blackfoot, ID 83221</td>
<td>208-317-8163</td>
<td><a href="mailto:jshields@baf.com">jshields@baf.com</a></td>
</tr>
</tbody>
</table>

Commissioner, Dan Nakamura is completing his first term and up for re-nomination. Please advise us immediately when the appointments have been made. If we can furnish any other information, we will be glad to do so.

Sincerely,

Frank W. Muir
President/CEO
Idaho Potato Commission

PO Box 1670 • 661 S. Rivershore Lane, Suite 230 • Eagle, ID 83616
Ph. (208) 334-2350 • Fax (208) 334-2274 • www.idahopotato.com
Dear Idaho Potato Grower in District 1,

I write to you on behalf of the Idaho Potato Commission (IPC) regarding the upcoming nomination and election for a Grower Commissioner position on the IPC. Our records indicate that your home residence is located within District 1, which includes Oneida, Franklin, Bear Lake, Caribou, Bannock, Power, Bingham, Bonneville, Teton, Madison, Jefferson, Fremont, Clark, Butte, Custer, and Lemhi counties. If this is correct, please continue reading. If not, please let us know your correct address so we can update our records.

The current statutory law provides that nominations for IPC Commissioners are selected at meetings held prior to March 31 of the year in which nominations are to be made with a vote at that meeting by those present in person or by phone. This process was fine when the law was passed many years ago, but times have changed and participation at meetings for this important part of our industry has declined. To encourage greater participation and allow equal opportunity for all growers to participate, and after extensive public hearings, review of multiple laws from other states and federal agencies, together with a finding by the Governor’s Office that allowed IPC to move forward with a Temporary Rule, IPC promulgated an administrative rule setting up this new procedure for nominations and elections. The rule and proposed legislation are currently before the Idaho Legislature. IPC is working with the Legislature to move this forward during this session. Should the Legislature not approve the changes, the old process will be used by March 31 as previously done.

The first step in the new process is to allow all growers the opportunity to nominate someone to be a Commissioner. That is the first form included in this mailing. Please review the form carefully to be sure that the person you nominate meets the definition of a grower and that all the information on the nomination form is completely provided. Failure to do so will disqualify the nomination. If you have questions, don’t guess – call us. We will help you complete the form. The qualifications to be a Grower Commissioner are as follows:

- Must be citizens and residents of Idaho over the age of eighteen (18) years;
- Actively engaged in the production of potatoes in the state of Idaho and derives a substantial portion of his income therefrom;
- Is not primarily engaged in the shipping or processing of potatoes;
- Grows potatoes on five (5) or more acres; and
- Has been actively engaged in growing potatoes in the state of Idaho for a period of at least three (3) years prior to nomination and has paid assessments to the commission.

Also included is the “Grower Entity Voting Representative Form”. Each year, we will ask you to let us know who will be the person within your organization you would like to be your voting representative. Please remember, a Designated Representative may only vote on one (1) ballot in any election. You can return both forms to us by mail, email or fax.

Regardless if you choose to nominate a grower or not, we ask that everyone return the Grower Entity Voting Representative Form because this directs us to whom we need to send a ballot.

It is important that you know you must certify the information you are providing. IPC does this to ensure that this process is fair to every Grower and there is integrity in our nomination and election process. Again, if you have questions about any aspect of this process, please reach out to us.

IPC is doing all we can to give every grower the opportunity to have their voice heard in the selection of Commissioners of the IPC. We will monitor how this proceeds very carefully and make changes as needed to improve this as we move forward. We value your suggestions and ideas!

Sincerely,

[Signature]

Patrick Kole, VP, Legal and Government Affairs

«BALLOT_NUMBER»
Nomination Process for Idaho Potato Commissioners

The statutory language below defines who is considered a grower, shipper and processor for purposes of qualifying to be nominated and then appointed as a Commissioner of the Idaho Potato Commission. During the existence of the IPC, this statute has been interpreted by the IPC to hold separate meetings where equal consideration of eligibility for appointment to the Commission could be established at the meeting. Proxies have never been allowed. However, the Commission has allowed participation in the nomination meetings to take place by phone and allowed those who call in to vote by either facsimile or by texting their vote to a designated IPC employee. If there are over three nominees for a position, IPC allows up to three votes per ballot. Voting cannot be cumulative.

IPC has used its records to answer questions regarding voting and nomination eligibility. Interpretive language is also included below. This language appears on the ballot forms of the IPC. Only the relevant portions of the Idaho Code relating to nominations of IPC Commissioners are included here. Highlighting is used to provide guidance relative to IPC's administrative interpretation of law. The language differs between the Grower ballot and the Shipper and Processor ballot. Growers, unlike Shippers and Processors, are not licensed by the IPC. It is necessary therefor to provide clarity regarding voting eligibility as to a Grower.

22-1202. POTATO COMMISSION CREATED. There is hereby created and established in the department of self-governing agencies the "Idaho potato commission" to be composed of nine (9) practical potato persons, resident citizens of the state of Idaho for a period of three (3) years prior to their appointment each of whom has had active experience in growing, or shipping, or processing of potatoes produced in the state of Idaho. At least five (5) members of said commission shall be growers who are actually now engaged in the production of potatoes. Two (2) of the members shall be shippers who are actually now engaged in the shipping of potatoes, and two (2) of the members shall be processors who are actually now engaged in the processing of potatoes. The qualifications for members of said commission as above required shall continue throughout their respective terms of office.

Nominations must be made thirty (30) days prior to appointment. All nominations must give equal consideration to

IDAHO POTATO COMMISSION

661 S Rivershore Lane, Suite 230 | Eagle, Idaho 83616 | tel 208.334.2350 | fax 208.334.2274 | www.idahopotato.com
all who are eligible for appointment as defined in this act. The Idaho potato commission shall hold separate meetings of the growers, shippers, or processors, as the nominations to be made shall require, in the various districts, to determine who shall be nominated for appointment.

22-1204. DEFINITIONS. As used in this act:
2. The term "person" means individual, partnership, corporation, association, grower and/or any other business unit.
6. The term "shipper" means and includes one who is properly licensed under federal and state laws and actively engaged in the packing and shipping of potatoes in the primary channel of trade in interstate commerce, and who ships more than he produces.
4. "Shipment" of potatoes shall be deemed to take place when the potatoes are loaded within the state of Idaho, in a car, bulk, truck or other conveyance in which the potatoes are to be transported for sale or otherwise.

On the Shipper Nominating Ballot, the following language is used:

The Idaho Potato Commission law provides: "Three shippers shall be nominated for each vacancy that occurs from which the Governor shall appoint one."

7. The term "grower" means one who is actively engaged in the production of farm products, primarily potatoes, and who is not engaged in the shipping or processing of potatoes.

On the Grower Nominating Ballot, the following language is used:

Only one person per farm corporation, partnership, or farm family may vote. Voter must be a potato grower, resident of Idaho area designated for this nomination, over 18 and within the Idaho Potato Commission law that defines a grower (singular) to be "...one who is actively engaged in the production of farm products, primarily potatoes, and who is not engaged in the shipping or processing of potatoes."

10. The term "processor" means a person who is actively engaged in the processing of potatoes for human consumption.

11. The term "processing" means changing the form of potatoes from the raw or natural state into a product for human consumption.

On the Processor Nominating Ballot, the following language is used:
The Idaho Potato Commission law provides: "Three processors shall be nominated for each processor vacancy that occurs from which the Governor shall appoint one. Processor commissioners do not necessarily need to be nominated from geographical areas."

22-1211A. REFERENDUM OF CONTINUANCE OF ADDITIONAL TAX. As soon as possible after July 1, 1972, the commissioner of agriculture shall conduct a referendum among all eligible growers to determine whether or not the additional tax of one cent (1¢) shall be continued. An eligible grower for the purpose of the referendum shall be any grower engaged in the growing of five (5) or more acres of potatoes.

22-1205. ADMINISTRATION AND ENFORCEMENT OF ACT. The administration of this act shall be vested in the Idaho potato commission which shall have power to prescribe and enforce suitable and reasonable rules for the enforcement of the provisions thereof.
IDAHO POTATO COMMISSION

GROWER NOMINATING BALLOT

NOTE: The Idaho Potato Commission law defines a grower to be "one who is actively engaged in the production of farm products, primarily potatoes, and who is not engaged in the shipping or processing of potatoes, and further has been a resident citizen of the State of Idaho for a period of three years prior to his possible appointment.

WRITE IN THREE GROWER NAMES

NOTE: The Idaho Potato Commission law provides: "Three growers shall be nominated, from which the Governor shall appoint one."

NAME __________________ ADDRESS __________________

NAME __________________ ADDRESS __________________

NAME __________________ ADDRESS __________________

I hereby affirm* that to the best of my knowledge I qualify as a grower (singular) under the Idaho potato Commission law; and to the best of my knowledge my nominees qualify as growers under the Idaho Potato Commission law.

Name: __________________
Address: __________________
Date: __________________

*NOTE: Only one person per farm corporation, partnership, or farm family may vote. Voter must be a potato grower, resident of Idaho area designated for this nomination, over 18 and within the Idaho Potato Commission law that defines a grower (singular) to be "...one who is actively engaged in the production of farm products, primarily potatoes, and who is not engaged in the shipping or processing of potatoes."
IDAH0 POTATO COMMISSION

PROCESSOR NOMINATING BALLOT

NOTE: The Idaho Potato Commission law defines a processor to be "...a person who is actively engaged in the processing of potatoes for human consumption."

WRITE IN THREE PROCESSORS' NAMES

NOTE: The Idaho Potato Commission law provides: "Three processors shall be nominated for each processor vacancy that occurs from which the Governor shall appoint one. Processor commissioners do not necessarily need to be nominated from geographical areas."

NAME_________________________ ADDRESS_________________________

NAME_________________________ ADDRESS_________________________

NAME_________________________ ADDRESS_________________________

I hereby affirm to the best of my knowledge my nominees and I qualify as processors under the Idaho Potato Commission law.

NAME:_____________________________________

ADDRESS:_________________________________

DATE:____________________________________
IDaho potato comission

Shipper nominating ballot

Note: The Idaho Potato Commission law defines a shipper to be "...one who is properly licensed under federal and state laws and actively engaged in the packing and shipping of potatoes in the primary channel of trade in interstate commerce and who ships more than he produces."

Write in three shipper names

Note: The Idaho Potato Commission law provides: "Three shippers shall be nominated for each vacancy that occurs from which the Governor shall appoint one.

Name_________________Address_________________

Name_________________Address_________________

Name_________________Address_________________

I hereby affirm to the best of my knowledge my nominees and I qualify as shippers under the Idaho Potato Commission law.

Name:_________________

Address:_________________

Date:_________________
VOTING PROXY

(For Idaho Potato Commission District No 1 Grower Nomination Meeting)

The undersigned, being over the age of 18, is actively engaged in the production of farm products, primarily potatoes, and is not engaged in the shipping or processing of potatoes and in all respects is a Grower located in District No. 1 as those term are defined in Idaho Code §22-1201 et seq. The undersigned represents and warrants its eligibility and asserts the right and privilege to vote on all issues that a Grower may vote upon related to the Idaho Potato Commission. In furtherance of that right and privilege to vote, the undersigned does hereby constitute and appoint [REDACTED] to be my proxy agent, with full power of substitution, to vote all of my rights with respect to all matters submitted during the March 19, 2018 Idaho Potato Commission Grower Nomination Meeting to be held at the Idaho Potato Commission offices or at any adjournments thereof as if the undersigned was personally present. I further hereby ratify and confirm all acts that my proxy shall do or cause to be done by virtue of this proxy. I hereby revoke all proxies previously given by me with respect to my voting rights.

IN WITNESS WHEREOF, I have executed this Proxy effective as of March 17, 2018.

Signed

Stephanie Mcklese

Title

Brett Jensen

Entity

Dave Robison
ABSENTEE BALLOT
(For Idaho Potato Commission District No 1 Grower Nomination Meeting)

The undersigned, being over the age of 18, is actively engaged in the production of farm products, primarily potatoes, and is not engaged in the shipping or processing of potatoes and in all respects is a Grower located in District No. 1 as those term are defined in Idaho Code §22-1201 et seq. The undersigned represents and warrants their eligibility and asserts the right and privilege to vote on all issues that a Grower may vote upon related to the Idaho Potato Commission. In furtherance of that right and privilege to vote, the undersigned does hereby nominate and vote for the following three persons to be submitted to the Governor to fill the vacancy for the Grower representative from District No. 1 to serve on the Idaho Potato Commission:

Stephanie Mickelsen

Dave Robison

Brett Jensen

I acknowledge compliance with the following language listed in the Nomination Process for Idaho Potato Commissioners: “Only one person per farm corporation, partnership, or farm family may vote. Voter must be a potato grower, resident of Idaho area designated for this nomination, over 18 and within the Idaho Potato Commission law that defines a grower (singular) to be “...one who is actively engaged in the production of farm product, primarily potatoes, and who is not engaged in the shipping or processing of potatoes.”

IN WITNESS WHEREOF, I have executed this Ballot effective as of March 19, 2018.
April 2, 2018

Patrick J. Kole
VP Legal & Government Affairs
Idaho Potato Commission
661 S. Rivershore Ln., Ste. 230
Eagle, ID 83616

Re: Idaho Potato Commission Commissioner Positions – Our File No. 18-61025

Dear Mr. Kole:

The Idaho Potato Commission asked this Office to answer four questions that arose out of its recent meetings conducted for purposes of nominating three slates of practical potato persons (one slate for a grower, one for a shipper, and one for a processor) from whom the Governor would appoint a grower, a shipper, and a processor commissioner. Those questions are:

(1) Can a person, having declared [himself or herself] to be a grower and accepting the nomination to be a grower commissioner, then participate as a shipper and processor in nomination meetings held immediately thereafter?

(2) [a] Under these circumstances is the nomination invalid? [b] If this is the case, there would be fewer than three names to submit to the Governor, so would a new nomination meeting need to be held?

(3) Is the IPC’s refusal to allow Proxy and Absentee ballots in nomination meetings within its discretion under IPC’s statute and Idaho law?

(4) Was the failure to anticipate the number of people who would call in to the nomination meeting and then who could not vote such a factor as to require a new nomination meeting?
BACKGROUND

These questions arise out of the following recitation of events provided by the Idaho Potato Commission. This Office has not conducted any independent investigation of the facts provided by the Potato Commission.

On Monday, March 19, 2018, the Idaho Potato Commission held three meetings, one each for nominating a slate of growers, a slate of shippers, and a slate of processors from whom the Governor will appoint a grower, a shipper, and a processor commissioner. Eligible growers, shippers, and processors could participate by appearing at the meetings in person or by telephone.

The first meeting was for the purpose of nominating three persons for a grower position on the Commission. There were four nominees for the grower position, each of whom affirmed that they met the statutory qualifications to be a grower: Stephanie Mickelsen, Dave Robison, Brett Jensen, and James Hoff. After nominations closed, Andrew Mickelsen and Stephanie Mickelsen requested multiple ballots so that they could vote for several different businesses that they owned. The Mickelsens submitted multiple ballots with different business names and no natural person or address listed. The IPC did not count these ballots because they were incomplete; neither did the IPC count proxy or absentee ballots. Based upon the ballots counted, the three nominees for the position of grower commissioner to be submitted to the Governor were Brett Jensen, Dave Robison, and Stephanie Mickelsen. Three of the counted ballots came from seed potato growers, i.e., growers producing potatoes intended for planting, not for human consumption. The Commission learned after the meeting that the telephone conference line that it was using had reached capacity during the meeting and that some growers who had wanted to participate could not.

Next, the shipper nominating meeting was held. There were only three nominees, one of whom, Lance Poole, was nominated by Stephanie Mickelsen. Because three is the number of nominees that must be sent to the Governor, no vote was taken. Finally, the processor nominating meeting was held. Again, there were only three nominees, one of whom was nominated by Stephanie Mickelsen. Again, no vote was taken because three is the number of nominees that must be sent to the Governor.

Question 1. Can a person, having declared [himself or herself] to be a grower and accepting the nomination to be a grower commissioner, then participate as a shipper and processor in nomination meetings held immediately thereafter?

The Potato Commission Act defines grower, shipper, and processor: “The term ‘grower’ means one who is actively engaged in the production of farm products, primarily potatoes, and who is not engaged in the shipping or processing of potatoes.” Idaho Code § 22-1204, subsection 7 (emphasis added). “Growers” are contrasted with “shippers,” who are “properly licensed under federal and state laws,” “pack[] and ship[] potatoes … in interstate commerce”, and “ship[] more than they grow,” and with “processors,” who “process[] potatoes for human consumption.” Id., subsections 6 and 10. Thus, if there are vertically integrated operations that grow and also ship and/or process potatoes for human consumption, the Potato Commission Act has carved them out
of the definition of "grower" and has reserved the term "grower" for one who does not also have shipping operations (other than for potatoes that the grower has grown) or processing operations. I would revise the first question to ask: If a person who is a shipper or a processor is nominated for a grower position or participates in nominating or voting for a grower position, was that person ineligible to be nominated to a grower position and ineligible to nominate growers and to vote for growers? Based upon the definitions quoted above, it appears the answer is "Yes" because growing potatoes does not disqualify one from also being a shipper or a processor, but being a shipper or processor does disqualify one from being a grower.

**Question 2:** [a] Under these circumstances is the nomination invalid? [b] If this is the case, there would be fewer than three names to submit to the Governor, so would a new nomination meeting need to be held?

The grower nominations were invalid because a shipper and/or a processor was nominated and participated in the process. A new nominating meeting should be called for the grower position. This would also allow the Potato Commission to cure the incorrect processes of (a) allowing seed potato growers to vote and (b) shutting off some growers from voting when the conference line reached capacity. Assuming that there were no other reasons to disqualify the shipper or processor nominations, the nominations for those positions do not need to be redone.

**Question 3:** Is the IPC’s refusal to allow Proxy and Absentee ballots in nomination meetings within its discretion under IPC’s statute and Idaho law?

The Potato Commission Act does not address this question as directly as the previous two questions. The relevant statutory language is:

> All nominations must give equal consideration to all who are eligible for appointment as defined in this act. The Idaho potato commission shall hold separate meetings of the growers, shippers, or processors, ... to determine who shall be nominated for appointment. Notice of said meetings ... shall state the purpose, time and place of said meeting.

Idaho Code § 22-1202. One can glean several things from these sentences. The first sentence requires "equal consideration" for all who are eligible under the Act. That means that the most modest grower, whose potato farm is small and unincorporated, is given "equal consideration" with the largest, who may operate several farms through many different corporations or partnerships or other business organizations. A grower is "one ... actively engaged in the production of farm products, primarily potatoes," Idaho Code § 22-1204, subsection 7, and "one" does not become "many" by creating multiple farming operations or ownership vehicles. A grower

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1 The Potato Commission Act does not consider all potatoes grown in Idaho to be "potatoes" for purposes of the Act. "The term 'potatoes' means and includes only potatoes sold or intended for human consumption and grown in the state of Idaho." Idaho Code § 22-1204, subsection 3 (emphasis added). Thus, the Act does not apply to growers of seed potatoes, which are intended to be planted, not eaten, and growers of seed potatoes are not "growers" as defined by the Act.
gets only one vote, no matter how many farms he or she may operate or own.

Second, a meeting “to determine who shall be nominated for appointment” means that the process for nominating a slate to be sent to the Governor takes place at the meeting. The statute has no procedure for absentee or proxy ballots for someone who does not attend the meeting, either in person or by telephone. I would not characterize the issue as whether the Potato Commission has discretion not to allow absentee or proxy ballots; I would characterize the question as does the statute allow those not participating in the meeting to vote and would answer that it does not.

**Question 4: Was the failure to anticipate the number of people who would call in to the nomination meeting and then who could not vote such a factor as to require a new nomination meeting?**

The answer to this question is yes because it is another aspect of giving “equal consideration to all who are eligible for appointment.” Those who were blocked from participating in the meeting were not given equal consideration. If a meeting is held at which those eligible to participate are prohibited from participating through no fault of their own (i.e. absenteeism) but instead trying to join and being blocked or locked out of the meeting, then the meeting should be rescheduled to allow all eligible participants who want to attend to be permitted to attend.

I hope you find this helpful.

Sincerely,

[Signature]

BRIAN KANE
Assistant Chief Deputy

BK/tjn
On July 28 an email was sent to members of the Idaho Potato Industry that was not accurate. The email was from Stephanie Mickelsen. Here is what was said and what is true:

- After the disaster of a nominating meeting this spring, the IPC was instructed to work with the stakeholders and create new rules and re-write the code to reflect a new and updated IPC. Pat Kole decided to create some new rules with no input from potato growers. We were told by a current commissioner that they hadn’t even seen the re-write until the very morning of the first public hearing.

Facts: As a result of the actions of Mark, Stephanie and Andrew Mickelsen, the Idaho Potato Commissioners directed the staff to take actions to prevent a repeat of the “disaster” the Mickelsens caused at the nomination meeting. This directive was made at a public meeting of the IPC after hours of discussion. In crafting draft rules, Mr. Kole reviewed the laws of potato commissions including Washington, Oregon, Michigan and Maine, other commodity commissions in Idaho including the Wheat and Barley Commissions, and also consulted, as required by state law, with the Idaho Governor’s office, the Division of Financial Management and the Office of Administrative Rules. Following that process, an entire morning was spent by the Commissioners in a public meeting where growers reviewed and commented on the drafts. Based upon that input, changes were made based on the comments made. At the next two Commission public meetings there were further discussions about and changes made to these proposals.

The draft rules are currently just that—a draft. The purpose of having informal hearings is to solicit input from industry members and the draft gives us a framework to build upon. Because the IPC is only proposing temporary rules, the IPC is not required by law to hold public hearings. However, in the best interest of the industry, the IPC is gathering input from stakeholders. The IPC submitted a public Notice of Intent to Promulgate Rules, which was published in the administrative bulletin on July 4. The bulletin listed the dates of upcoming hearings and we posted our draft legislation to the website for public view. We sent out a Pulse on July 6 notifying the industry of that bulletin and directing them to visit the website to view drafts of our legislation and rules.

At the hearing on July 24, there was one very small change made in the language that related to a Processor. That change was this: changing the words “licensed to do business in” to “transacting business in”. This particular change has nothing to do with growers at all. Further, it’s important to understand that the purpose of having these informal hearings is to fine tune what’s being proposed and to make changes. Nothing is final at this stage.

- The IPC is proposing rules that will limit voting on growers that have ownership in shipping and processing facilities. The IPC is also trying to make it one vote for any common ownership entity. The problem with this whole proposal is that first off, how in the world will they ever police that? How will they find who owns what business? That information isn’t even required by the Idaho Secretary of State’s office. They need to address the bigger problem of how do you allow multiple owners of a business the right to vote? Or do you vote by production? The real problem is that currently a farm with 5 acres has one vote and a farm with multiple owners that might have 10,000 acres is only allowed one vote. They won’t even allow different owners of a single entity to vote under their current proposal.

Facts: The IPC has operated under the principle of “One person, one vote” since it started nominations for being a Commissioner. This is true for elections to Congress, Statewide
positions such as Governor, Secretary of State, the Idaho Legislature, County Commissioners, City Councils, School Boards, and more. This comment suggests that the bigger a grower is, the more votes a grower should get. This would be harmful to small growers and the IPC’s duty is to represent the entire industry, regardless of size. The practical impact of what the Mickelsens are proposing is a property qualification for voting or holding office as an IPC Commissioner. This is prohibited under Art. 1 Section 20 of the Idaho Constitution.

- The IPC wants to make some funny rule that if you vote as a grower then you would be unable to vote as a shipper/processor for a period of 3 years. They are totally ignoring or completely misunderstanding legal entities and how they must have a legal representative to vote for them as they aren’t a sole proprietorships. Maybe we growers should vote on the processor and shipper representatives on the IPC???

Facts: Since nominations for IPC Commissioners began, the law required that Commissioners be a grower, shipper or processor. You couldn’t be part grower, part shipper or part processor. Times have changed and the law has not kept up with the emergence of growers who have ownership in packing sheds or processing plants. What the IPC is proposing is simply this: what a person predominantly is will determine what they are. Once they make that declaration, then that is who they will represent for the next three years, which is the length of term for being a Commissioner. This would prevent someone from running for the Commission as a grower one year, a shipper the next year and a processor the following year.

- Pat Kole is also proposing that we add language to Idaho Code that says all commissioners shall serve at the pleasure of the governor. Well depending upon who is in the governor’s office at a particular time that is a REALLY bad idea. If the state is paying the IPC tax then I think that would be a reasonable proposal, however, since the growers are paying the tax they should have the total and complete say about who is representing them on the commission.

Facts: The IPC is a state agency. The IPC is required to follow a process that requires approval from the Governor to submit legislation for the Legislature to consider. When this proposal was submitted, the IPC asked if including this language "serves at the pleasure of the Governor" was required. The answer was "Yes". It’s also important to know this: this language is already in the statutes of the Wheat and Barley Commission.

- The commission needs to take the time to re-write the entire code section. If you listen to Pat Kole he will tell you all the reasons why we can’t do that. The Idaho code on the IPC hasn’t been re-written in a good 50 years. WE need to work together to update our commission to reflect the current state of the industry and the current needs of the growers it serves.

Facts: This is an election year. The Governor has stated that he wants to give whoever is elected as Idaho’s next Governor a clean slate to set their own agenda. As such, only mission-critical legislation can be proposed by state agencies. After reviewing IPC’s proposals and learning of the above-referenced "disaster" at the nomination meeting, the Governor’s office and the Division of Financial Management gave the IPC permission to propose changes to the nomination process. It is neither a quick nor simple process to propose legislation, particularly this year.
• We need to have a referendum code section that allows the growers the ability to call for referendums if we believe a change needs to take place. Although code refers to a referendum it doesn't really spell out how that can actually occur.

**Facts:** IPC is unique in that it is an industry commission with 2 shipper commissioners and 2 processor commissioners in addition to the 5 grower commissioners. Clearly, grower commissioners have the majority voice at all times. Having the input, insight and industry-wide perspective of the entire industry has served everyone well. There’s a reason why Idaho® Potatoes is the produce industry’s most recognized brand.

• IACI (Idaho Association of Commerce and Industry) lobbying group is fighting very hard against having certain individuals appointed to the IPC. IACI shouldn’t be involved in the activities of the nominations or the appointment of IPC commissioners.

**Facts:** IACI has a Potato Committee that includes frozen and dehydrated potato companies. These companies pay assessments to the IPC. IACI, IGSA and PGI have all been involved in the nomination and appointment process for years.

Stephanie asked that you come to the meetings in Burley and at Fort Hall on Tuesday and Wednesday. We strongly welcome your presence and participation and we urge you to come learn what is true.
SUPREME COURT OF THE UNITED STATES

SYLLABUS

NORTH CAROLINA STATE BOARD OF DENTAL EXAMINERS v. FEDERAL TRADE COMMISSION

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT


North Carolina’s Dental Practice Act (Act) provides that the North Carolina State Board of Dental Examiners (Board) is “the agency of the State for the regulation of the practice of dentistry.” The Board’s principal duty is to create, administer, and enforce a licensing system for dentists; and six of its eight members must be licensed, practicing dentists.

The Act does not specify that teeth whitening is “the practice of dentistry.” Nonetheless, after dentists complained to the Board that nondentists were charging lower prices for such services than dentists did, the Board issued at least 47 official cease-and-desist letters to nondentist teeth whitening service providers and product manufacturers, often warning that the unlicensed practice of dentistry is a crime. This and other related Board actions led nondentists to cease offering teeth whitening services in North Carolina.

The Federal Trade Commission (FTC) filed an administrative complaint, alleging that the Board’s concerted action to exclude nondentists from the market for teeth whitening services in North Carolina constituted an anticompetitive and unfair method of competition under the Federal Trade Commission Act. An Administrative Law Judge (ALJ) denied the Board’s motion to dismiss on the ground of state-action immunity. The FTC sustained that ruling, reasoning that even if the Board had acted pursuant to a clearly articulated state policy to displace competition, the Board must be actively supervised by the State to claim immunity, which it was not. After a hearing on the merits, the ALJ determined that the Board had unreasonably restrained trade in violation of antitrust law. The FTC again sustained the ALJ, and the Fourth Circuit affirmed the FTC in
all respects.

_Held:_ Because a controlling number of the Board’s decisionmakers are active market participants in the occupation the Board regulates, the Board can invoke state-action antitrust immunity only if it was subject to active supervision by the State, and here that requirement is not met. Pp. 5–18.

(a) Federal antitrust law is a central safeguard for the Nation’s free market structures. However, requiring States to conform to the mandates of the Sherman Act at the expense of other values a State may deem fundamental would impose an impermissible burden on the States’ power to regulate. Therefore, beginning with _Parker v. Brown_, 317 U. S. 341, this Court interpreted the antitrust laws to confer immunity on the anticompetitive conduct of States acting in their sovereign capacity. Pp. 5–6.

(b) The Board’s actions are not cloaked with _Parker_ immunity. A nonsovereign actor controlled by active market participants—such as the Board—enjoys _Parker_ immunity only if “‘the challenged restraint . . . [is] clearly articulated and affirmatively expressed as state policy,’ and . . . ‘the policy . . . [is] actively supervised by the State.’” _FTC v. Phoebe Putney Health System, Inc.,_ 568 U. S. ___ (quoting _California Retail Liquor Dealers Assn. v. Midcal Aluminum, Inc.,_ 445 U. S. 97, 105). Here, the Board did not receive active supervision of its anticompetitive conduct. Pp. 6–17.

(1) An entity may not invoke _Parker_ immunity unless its actions are an exercise of the State’s sovereign power. See _Columbia v. Omni Outdoor Advertising, Inc.,_ 499 U. S. 365, 374. Thus, where a State delegates control over a market to a nonsovereign actor the Sherman Act confers immunity only if the State accepts political accountability for the anticompetitive conduct it permits and controls. Limits on state-action immunity are most essential when a State seeks to delegate its regulatory power to active market participants, for dual allegiances are not always apparent to an actor and prohibitions against anticompetitive self-regulation by active market participants are an axiom of federal antitrust policy. Accordingly, _Parker_ immunity requires that the anticompetitive conduct of nonsovereign actors, especially those authorized by the State to regulate their own profession, result from procedures that suffice to make it the State’s own. _Midcal’s_ two-part test provides a proper analytical framework to resolve the ultimate question whether an anticompetitive policy is indeed the policy of a State. The first requirement—clear articulation—rarely will achieve that goal by itself, for entities purporting to act under state authority might divorce from the State’s considered definition of the public good and engage in private self-dealing. The second _Midcal_ requirement—active supervision—seeks to avoid this
Syllabus

harm by requiring the State to review and approve interstitial policies made by the entity claiming immunity. Pp. 6–10.

(2) There are instances in which an actor can be excused from Midcal’s active supervision requirement. Municipalities, which are electorally accountable, have general regulatory powers, and have no private price-fixing agenda, are subject exclusively to the clear articulation requirement. See Hallie v. Eau Claire, 471 U. S. 34, 35. That Hallie excused municipalities from Midcal’s supervision rule for these reasons, however, all but confirms the rule’s applicability to actors controlled by active market participants. Further, in light of FBI’s holding that an otherwise immune entity will not lose immunity based on ad hoc and ex post questioning of its motives for making particular decisions, 499 U. S., at 374, it is all the more necessary to ensure that the conditions for granting immunity are met in the first place, see FTC v. Ticor Title Ins. Co., 504 U. S. 621, 633, and Phoebe Putney, supra, at ___ . The clear lesson of precedent is that Midcal’s active supervision test is an essential prerequisite of Parker immunity for any nonsovereign entity—public or private—controlled by active market participants. Pp. 10–12.

(3) The Board’s argument that entities designated by the States as agencies are exempt from Midcal’s second requirement cannot be reconciled with the Court’s repeated conclusion that the need for supervision turns not on the formal designation given by States to regulators but on the risk that active market participants will pursue private interests in restraining trade. State agencies controlled by active market participants pose the very risk of self-dealing Midcal’s supervision requirement was created to address. See Goldfarb v. Virginia State Bar, 421 U. S. 773, 791. This conclusion does not question the good faith of state officers but rather is an assessment of the structural risk of market participants confusing their own interests with the State’s policy goals. While Hallie stated “it is likely that active state supervision would also not be required” for agencies, 471 U. S., at 46, n. 10, the entity there was more like prototypical state agencies, not specialized boards dominated by active market participants. The latter are similar to private trade associations vested by States with regulatory authority, which must satisfy Midcal’s active supervision standard. 445 U. S., at 105–106. The similarities between agencies controlled by active market participants and such associations are not eliminated simply because the former are given a formal designation by the State, vested with a measure of government power, and required to follow some procedural rules. See Hallie, supra, at 39. When a State empowers a group of active market participants to decide who can participate in its market, and on what terms, the need for supervision is manifest. Thus,
the Court holds today that a state board on which a controlling number of decisionmakers are active market participants in the occupation the board regulates must satisfy Midcal’s active supervision requirement in order to invoke state-action antitrust immunity. Pp. 12–14.

(4) The State argues that allowing this FTC order to stand will discourage dedicated citizens from serving on state agencies that regulate their own occupation. But this holding is not inconsistent with the idea that those who pursue a calling must embrace ethical standards that derive from a duty separate from the dictates of the State. Further, this case does not offer occasion to address the question whether agency officials, including board members, may, under some circumstances, enjoy immunity from damages liability. Of course, States may provide for the defense and indemnification of agency members in the event of litigation, and they can also ensure Parker immunity is available by adopting clear policies to displace competition and providing active supervision. Arguments against the wisdom of applying the antitrust laws to professional regulation absent compliance with the prerequisites for invoking Parker immunity must be rejected, see Patrick v. Burget, 486 U. S. 94, 105–106, particularly in light of the risks licensing boards dominated by market participants may pose to the free market. Pp. 14–16.

(5) The Board does not contend in this Court that its anticompetitive conduct was actively supervised by the State or that it should receive Parker immunity on that basis. The Act delegates control over the practice of dentistry to the Board, but says nothing about teeth whitening. In acting to expel the dentists’ competitors from the market, the Board relied on cease-and-desist letters threatening criminal liability, instead of other powers at its disposal that would have invoked oversight by a politically accountable official. Whether or not the Board exceeded its powers under North Carolina law, there is no evidence of any decision by the State to initiate or concur with the Board’s actions against the nondentists. P. 17.

(c) Here, where there are no specific supervisory systems to be reviewed, it suffices to note that the inquiry regarding active supervision is flexible and context-dependent. The question is whether the State’s review mechanisms provide “realistic assurance” that a non-sovereign actor’s anticompetitive conduct “promotes state policy, rather than merely the party’s individual interests.” Patrick, 486 U. S., 100–101. The Court has identified only a few constant requirements of active supervision: The supervisor must review the substance of the anticompetitive decision, see id., at 102–103; the supervisor must have the power to veto or modify particular decisions to ensure they accord with state policy, see ibid.; and the “mere potential for state
Syllabus

supervision is not an adequate substitute for a decision by the State," *Ticor, supra*, at 638. Further, the state supervisor may not itself be an active market participant. In general, however, the adequacy of supervision otherwise will depend on all the circumstances of a case. Pp. 17–18.

717 F. 3d 359, affirmed.

KENNEDY, J., delivered the opinion of the Court, in which ROBERTS, C. J., and GINSBURG, BREYER, SOTOMAYOR, and KAGAN, JJ., joined. ALITO, J., filed a dissenting opinion, in which SCALIA and THOMAS, JJ., joined.
AGENDA  
SENATE AGRICULTURAL AFFAIRS COMMITTEE  
8:00 A.M.  
Room WW53  
Thursday, January 31, 2019  

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minutes:</td>
<td>Approve minutes of January 15, 2019</td>
<td>Senator Nelson</td>
</tr>
<tr>
<td>Minutes:</td>
<td>Approve minutes of January 17, 2019</td>
<td>Senator Harris</td>
</tr>
<tr>
<td>S 1024</td>
<td>Relating to Burning Crop Residue</td>
<td>Tiffany Floyd, Air Quality Division Administrator, Idaho DEQ, Mary Anderson, Air Quality Manager, Idaho DEQ</td>
</tr>
</tbody>
</table>

Presentation: Statewide Budget and Budgeting Process  
Paul Headlee, Division Manager, Budget & Policy Analysis Division, Rob Sepich, Senior Budget & Policy Analyst, Budget & Policy Analysis Division  

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.  

COMMITTEE MEMBERS  
Chairman Guthrie  
Vice Chairman Den Hartog  
Sen Patrick  
Sen Harris  
Sen Mortimer  

COMMITTEE SECRETARY  
Jacob Garner  
Phone: 332-1330  
email: sagri@senate.idaho.gov
**MINUTES**

**SENATE AGRICULTURAL AFFAIRS COMMITTEE**

**DATE:** Thursday, January 31, 2019  
**TIME:** 8:00 A.M.  
**PLACE:** Room WW53  
**MEMBERS PRESENT:** Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson  
**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 Guthrie called the meeting of the Senate Agricultural Affairs Committee (Committee) to order at 8:00 a.m.

**MINUTES APPROVAL:** Senator Nelson moved to approve the minutes of January 15, 2019. Senator Mortimer seconded the motion. The motion carried by **voice vote.**

**MINUTES APPROVAL:** Senator Harris moved to approve the minutes of January 17, 2019. Vice President Harris seconded the motion. The motion carried by **voice vote.**

**S 1024** Tiffany Floyd, Air Quality Division Administrator, Idaho Department of Environmental Quality (DEQ), explained that this is a proposed amendment to the language in Idaho Code § 39-114. It relates to when the burn fee and the crop residue burning program is paid. In 2008, the Idaho Legislature enacted Idaho Code § 39-114, which requires DEQ to manage the burning of crop residue. It specifically states that anyone planning to burn crop residue must pay a fee in the amount of $2 per acre to the DEQ prior to burning. This citation requires growers to estimate acreage they expect to burn and pay the fee without knowing air quality or weather conditions that could affect their burning. This has resulted in growers overpaying for actual hours burned and has also caused difficulties for the DEQ in managing payments or credits to the grower fee accounts. The DEQ determined that a payment based on actual hours burned would eliminate these situations, so they are proposing to change the timing of when fees are paid to an annual invoice for the actual acres burned. This legislation will have no fiscal impact to the State of Idaho.

**MOTION:** Senator Mortimer moved to send **S 1024** to the floor with a **do pass** recommendation. Senator Harris seconded the motion. The motion carried by **voice vote.**

**PRESENTATION:** Statewide Budget and Budgeting Process. Rob Sepich, Senior Budget and Policy Analyst, Legislative Services Office (LSO), briefly explained the organization and structure of the Budget and Policy Analysis Division (Division) along with its main duties and functions. Mr. Sepich briefly explained the Idaho Decision Unit Budget Model, along with each of its six benchmarks, which helps the Division to more effectively analyze the various state government agencies. Mr. Sepich continued to explain the budget of the Idaho State Department of Agriculture (ISDA), along with its operating budget, fund categories, and other expenditures associated with the ISDA. Mr. Sepich also explained ISDA's fiscal year (FY) 2020 request budget, along with the ISDA's free fund balances, which covered items from general fund balances to federal grant funds. Mr. Sepich provided a historical summary of the Idaho Soil and Water Conservation Commission (SWCC) budget, as well as a division description of the SWCC. Mr. Sepich briefly explained the
SWCC FY 2020 budget request, which also covered both FY 2019 original and total appropriations and estimated expenditures.

**DISCUSSION:**

**Vice Chairman Den Hartog** asked Mr. Sepich how to determine the number of current full-time positions that are vacant within the ISDA. **Mr. Sepich** answered that the number of vacancies changes on any given day due to turnover, and they can report the number of positions vacant when the ISDA submits its budget report.

**Senator Patrick** stated that he noticed the budget items for the ISDA's Invasive Species Program had decreased, despite the fact that the problems associated with invasive species have not gone away, and asked Mr. Sepich if he could explain that detail. **Mr. Sepich** answered that the Division likes to assume all funds appropriated will be expended, and that there will be some reversions which will change the total budget for that year.

**Senator Nelson** asked Mr. Sepich about the federal grant funds and why they were negative. **Mr. Sepich** answered that because the federal government has a different fiscal year, there can be some issues as to when those funds arrive with state agencies.

**Senator Mortimer** asked why there was no itemization of replacement items in the ISDA budget and asked for more detail. **Mr. Sepich** answered that some replacements within the ISDA include computers, networking equipment, fleet vehicles and accessories, and a 10-wheel truck.

**Vice Chairman Den Hartog** asked what types of federal funds would go towards paying for the internal accounting that is done among the various state agencies. **Mr. Sepich** answered that there are many federal grants which will allow for administrative costs.

**Senator Harris** asked Mr. Sepich if there are strings attached to those federal grants. **Mr. Sepich** answered that there can be strings attached but that it will depend entirely on what type of federal grant it is.

**Senator Nelson** asked Mr. Sepich if he could explain base adjustments. **Mr. Sepich** answered that base adjustments are ones in which the Division would either increase or decrease the various agency budgets as needed.

**Senator Nelson** asked what the rationale was for splitting the line item between the General Fund and the Dedicated Fund as they relate to the ISDA budget. **Mr. Sepich** answered that in terms of the statutory makeup of the ISDA, about two-thirds of it is on the General Fund, with one-third being on fees collected.

**Chairman Guthrie** asked Mr. Sepich if he could speak to the full-time positions within the ISDA and how the Division analyzes that issue. **Mr. Sepich** answered that the Division budgets assuming the ISDA will be able to fill all of the full-time positions.

**ADJOURNED:** There being no further business, **Chairman Guthrie** adjourned the meeting at 8:57 a.m.

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Senator Guthrie  
Chair

Jacob Garner  
Secretary
# AGENDA
**SENATE AGRICULTURAL AFFAIRS COMMITTEE**
8:00 A.M.
Room WW53
**Tuesday, February 05, 2019**

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>Presentation:</td>
<td>Budget Briefing on Ag Extension Service</td>
<td>Janet Jessup, Budget Analyst, Budget and Policy Analysis Division, LSO</td>
</tr>
<tr>
<td></td>
<td>Invasive Species Program</td>
<td>Celia Gould, Director, ISDA, Lloyd Knight, Administrator, Plant Industries Division, ISDA, Nic Zurfluh, Section Manager, Invasive Species, ISDA</td>
</tr>
<tr>
<td></td>
<td>Performance Evaluation Measures</td>
<td>Rakesh Mohan, Director, Office of Performance Evaluation, Idaho Legislature</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

**COMMITTEE MEMBERS**
- Chairman Guthrie
- Vice Chairman Den Hartog
- Sen Patrick
- Sen Harris
- Sen Mortimer

**COMMITTEE SECRETARY**
- Jacob Garner
  - Room: WW31
  - Phone: 332-1330
  - email: sagri@senate.idaho.gov
MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 05, 2019
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson
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 Guthrie called the meeting of the Senate Agricultural Affairs Committee (Committee) to order at 8:00 a.m.

PRESENTATION: Budget Briefing on Ag Extension Service. Janet Jessup, Budget Analyst, Budget and Policy Analysis Division, Legislative Services Office (LSO), began her presentation going over the Agricultural Research and Extension Service (ARES), along with its operating budget. Ms. Jessup briefly explained that appropriated funding provides base support for agricultural research and extension programming, and also provides leverage for additional grant and contract funding for ongoing program needs. Ms. Jessup also explained the ARES agency profile, detailing its four Extension Districts, 42 County Extension Offices, nine ARES centers, and 10 buildings on the University of Idaho Campus. Ms. Jessup briefly talked about the ARES comparative summary, explaining the agency request, full-time positions, both the general and total appropriations for fiscal year (FY) 2019, as well as the Governor’s request budget. Ms. Jessup further explained the capital outlay of ARES, with its accompanying costs and maintenance of tools, equipment, and other items. Ms. Jessup also explained the various line items from FY 2019 and FY 2020, along with the benefit costs, inflationary adjustments, replacement items, 4-H Science, Technology, Engineering, and Math (STEM) Education, and occupancy costs.

DISCUSSION: Chairman Guthrie asked Ms. Jessup to explain the disparity between the agency request and the Governor's recommendation on the Rock Creek Cattle Research line item. Ms. Jessup explained the difference between the agency request and Governor’s recommendation is that the Governor's recommendation did not include the request for capital outlay and cut back a portion of the requests for operating expenditures from $90,000 to $45,000.

Senator Jordan asked Ms. Jessup why the actual capital outlay for FY 2018 was $1,000,000 more than the total amount appropriated for that year. Ms. Jessup answered that she did not have that information, but would provide it to the Committee via email.

Senator Jordan asked Ms. Jessup how the ongoing $500,000 per year relates as a percentage of the long-term plan for capital needs. Ms. Jessup answered that a long-term capital outlay plan or needs assessment has not been requested, but that she would follow up to see if that information is available.

Senator Patrick asked Ms. Jessup to explain the 1991 Case 7140 Tractor, which appeared to be purchased in 2002 for $159,000, and how it relates to FY 2020. Ms. Jessup answered that $159,000 is actually needed to replace that Case Tractor.
Chairman Guthrie asked Ms. Jessup if there is any salvage value to the older equipment. Ms. Jessup answered that there is trade-in value to some of the items, and that it is reflected in some of the documents that the ARES is provided.

PRESENTATION: Invasive Species Program, Idaho State Department of Agriculture (ISDA). Celia Gould, Director, ISDA, explained that last year the ISDA capped off its tenth year of watercraft inspections for the State of Idaho. In that time the ISDA has conducted more than 600,000 watercraft inspections across the state. In 2018 alone, the Invasive Species Program (ISP) inspected 110,000 watercrafts, which was a 75 percent increase from just three years prior. Director Gould also explained that the ISDA and ISP have had excellent partnerships over the years, from local conservation districts to county superintendents and local law enforcement. Director Gould stated that private citizens are essential at being the first line of defense against invasive species, and in particular, the quagga zebra mussel.

Nicolas Zurfluh, Section Manager, ISP, ISDA, explained the organization of the ISP, with its four staff members in Boise and seven staff members across the State of Idaho. Mr. Zurfluh stated that prior to 2018, the ISP operated on a $1.4 million annual budget, which was funded through the ISP Sticker. The sticker is required on all watercraft used on public waters and are sold through the Idaho State Parks and Recreation. Mr. Zurfluh also explained the 2018 ISP funding, stating that there is $3.1 million from the General Fund, $1 million from a one-time federal fund, and a $1.4 million one-time spending authority from the Invasive Species Fund. Mr. Zurfluh explained the Water Resource Development Act, which provides funding for the Pacific Northwest Columbia River Basin states for prevention efforts. The ISP also engages in regional cooperation and coordination efforts with organizations such as the Pacific Northwest Economic Region (PNWER) and the Columbia River Basin (CRB). Mr. Zurfluh also explained that most of their work goes into prevention efforts where they place strategic inspection stations to inspect watercraft as they come into Idaho.

DISCUSSION: Senator Patrick asked Mr. Zurfluh how ISP is able to inspect watercraft that are shrink wrapped. Mr. Zurfluh answered that they are not able to remove the shrink wrap from watercraft, but they can inspect parts of the watercraft which aren’t covered.

Chairman Guthrie asked Mr. Zurfluh if the majority of the inspections done are done at the port of entries. Mr. Zurfluh answered in the affirmative.

Senator Lent asked Mr. Zurfluh if the ISDA has created a risk analysis based on the probability that mussels could reach Idaho’s waters some time in the future. Mr. Zurfluh answered that the ISDA has created a risk assessment wherein the probability of mussels infesting Idaho’s waters could very easily happen.

Senator Lent asked what the weakest link was in the current process of preventing mussels from infesting Idaho’s waters. Mr. Zurfluh answered that the ISDA needs more information as to what is going on in the states around Idaho, and the prevention efforts in those areas.

Senator Lent asked Mr. Zurfluh how he would address the question and concern of internal ballasts. Mr. Zurfluh answered that the ISDA does a standing water inspection and decontamination by hot washing the watercrafts.

Senator Lent expressed his concern that hot washing watercrafts has no effect on internal ballasts and that there is no answer for how to solve that issue. Mr. Zurfluh answered that the ISDA performs a standing water inspection. Senator Lent once again expressed his concern that there is no way to do a standing water test on a ballast tank.
Senator Bayer asked if there are any fees for performing water inspections. Mr. Zurfluh answered that the inspections are cost-free to watercraft owners.

Senator Mortimer asked if the ISDA can, and is currently, inspecting every single one of the watercrafts that have internal ballasts. Mr. Zurfluh answered that the ISDA asks the owners to turn on their pumps in order to discharge the water from the ballasts so that they can test the water for contamination. Mr. Zurfluh also stated that the mussels can be killed with hot water once they are attached to the watercrafts.

PRESENTATION: Performance Evaluation Measures. Rakesh Mohan, Director, Office of Performance Evaluation (OPE), Idaho Legislature, stated that good government is not possible without an effective accountability system. Citizens need performance reporting to hold their government accountable. Mr. Mohan explained that report cards, results, and benchmarks are all part of performance reporting. Performance information can be used by lawmakers in making policy and budget decisions, by program officials to monitor government programs in a systematic way, and evaluators to assess efficiency and effectiveness of government policies and programs.

ADJOURNED: There being no further business, Chairman Guthrie adjourned the meeting at 9:34 a.m.
Agricultural Research & Extension Service

Historical Summary

<table>
<thead>
<tr>
<th>OPERATING BUDGET</th>
<th>FY 2018 Total App</th>
<th>FY 2018 Actual</th>
<th>FY 2019 Approp</th>
<th>FY 2020 Request</th>
<th>FY 2020 Gov Rec</th>
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<tr>
<td><strong>BY FUND CATEGORY</strong></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>General</td>
<td>31,263,300</td>
<td>31,263,300</td>
<td>31,307,100</td>
<td>32,959,600</td>
<td>32,169,500</td>
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<td>Dedicated</td>
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<td>0</td>
<td>24,000</td>
<td>24,000</td>
<td>24,000</td>
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<td><strong>Total:</strong></td>
<td>31,287,300</td>
<td>31,263,300</td>
<td>31,331,100</td>
<td>32,983,600</td>
<td>32,193,500</td>
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<tr>
<td><strong>Percent Change:</strong></td>
<td>(0.1%)</td>
<td>0.2%</td>
<td>5.3%</td>
<td>2.8%</td>
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<td><strong>BY OBJECT OF EXPENDITURE</strong></td>
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<tr>
<td>Personnel Costs</td>
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<td>25,647,700</td>
<td>26,914,600</td>
<td>27,865,000</td>
<td>27,617,900</td>
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<tr>
<td>Operating Expenditures</td>
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<td>3,614,600</td>
<td>3,638,600</td>
<td>4,132,700</td>
<td>3,785,600</td>
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<td>Capital Outlay</td>
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<td>2,001,000</td>
<td>777,900</td>
<td>985,900</td>
<td>790,000</td>
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<tr>
<td><strong>Total:</strong></td>
<td>31,287,300</td>
<td>31,263,300</td>
<td>31,331,100</td>
<td>32,983,600</td>
<td>32,193,500</td>
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<tr>
<td>Full-Time Positions (FTP)</td>
<td>301.44</td>
<td>301.44</td>
<td>320.34</td>
<td>348.68</td>
<td>343.11</td>
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Division Description

The University of Idaho's College of Agricultural and Life Sciences has a land grant mandated, three-pronged mission: education, research, and extension. The education component is funded through the UI's portion of the College and Universities' general education appropriation. The research and extension components are funded via this appropriation to the Agricultural Research and Extension Service (ARES).

The research and extension centers across the state are located in: Aberdeen, Boise, Caldwell, Dubois, Idaho Falls, Kimberly, Moscow, Parma, Salmon, Teton, and Twin Falls.

The Cooperative Extension Service has offices in 42 of Idaho's 44 counties, and operates under the leadership of faculty and staff who are specially trained to work with agriculture, 4-H programs, families, youth, and communities. The educational programs of the College of Agricultural and Life Sciences faculty members are supported cooperatively by county, state, and federal funding.

Appropriated funding provides base support for agricultural research and extension programming, and also provides leverage for additional grant and contract funding for ongoing program needs. Appropriated funding is also redirected for new programs as old programs are modified or eliminated.
Agricultural Research & Extension Service
Agency Profile

4 Extension Districts
42 County Extension Offices
9 Research & Extension Centers
10 Major Buildings on the UI Campus
8 Key USDA-ARS Collaborations

Total Acreage
Sandpoint 78 acres  Hagerman  4 acres
Moscow  1,249 acres  Kimberly  178 acres
Parma  200 acres  Aberdeen  464 acres
Caldwell  280 acres  Tetonia  585 acres
Caine Ctr.  40 acres  Salmon  1,044 acres

Total 4,122 acres

University of Idaho,
MOSCOW
Cereal Grains, Peas, Oilseeds (Canola/Rapeseed),
Potatoes, Animal Vet Science, Beef, Dairy, Sheep
Production, Water Quality, Bioremediation

Nancy M. Cummings Ranch,
SALMON
Cow-Calf, Forages

UI Extension,
Southern District
Caldwell & Caine Center
Beef Production, Range Economics, Animal & Vet Science

PARMA
Potatoes, Cereal Grains, Hops, Mint, Onions, Corn, Apples,
Small Fruits, Forages

UI Extension,
Central District
Twin Falls
Sugar Beets, Irrigation Mgmt, Ag Econ,
Animal Vet Science

DUBOIS
Sheep & Range Research

Gray boxes denote USDA-ARS Cooperative Programs

HAGERMAN
Fish Production, Nutrition, Genetics

KIMBERLY
Potatoes, Sugar Beets, Dry Beans, Water Quality & Mgmt,
Potato Storage

ABERDEEN
Potatoes, Cereal Grains, Irrigation Technology

UI Extension,
Eastern District
Idaho Falls
Potato Disease & Seed Quality, Ag Econ

TETONIA
Potatoes, Seed Potatoes, Cereal Grains

BOISE
Watershed Mgmt & Modeling
Agricultural Research & Extension Service Agency Profile

University of Idaho College of Agricultural and Life Sciences
FY 2019 Estimated Operating Revenue, All Sources is: $76,418,671
(of which 48% is from the General Fund)

<table>
<thead>
<tr>
<th>Where Budgeted</th>
<th>Fund Source</th>
<th>Amount by Source</th>
<th>% of Total</th>
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<tbody>
<tr>
<td>Appropriated in College &amp;</td>
<td>General Fund</td>
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<td>4.5%</td>
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<tr>
<td>Universities</td>
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<td></td>
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<td>Appropriated in Special Programs</td>
<td>General Fund</td>
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<tr>
<td>W-I Veterinary Education</td>
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<tr>
<td>Not Appropriated</td>
<td>Grants &amp; Contracts</td>
<td>$17,787,221</td>
<td>23.3%</td>
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<tr>
<td>Off-budget</td>
<td>County Expenditures</td>
<td>$4,916,240</td>
<td>6.4%</td>
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<tr>
<td>Off-budget</td>
<td>Gifts &amp; Miscellaneous</td>
<td>$2,342,026</td>
<td>3.1%</td>
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<tr>
<td>Off-budget</td>
<td>Local Service Funds</td>
<td>$8,805,825</td>
<td>11.5%</td>
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<tr>
<td>Off-budget</td>
<td>Federal Formula Funds</td>
<td>$5,634,731</td>
<td>7.4%</td>
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<tr>
<td>Subtotal</td>
<td></td>
<td>$39,486,042</td>
<td>51.7%</td>
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Appropriated to Agricultural Research & Extension Service (ARES)

| Research                        | General Fund              | $19,028,233      | 24.9%      |
| Extension                       | General Fund              | $12,278,867      | 16.1%      |
| Equine Education                | Equine Education Fund     | $24,000          | 0.0%       |
| Subtotal                        |                           | $31,355,100      | 41.0%      |
| Total                           |                           | $76,418,671      | 100.0%     |

Of the $31,331,100 funding appropriated in FY 2019, the following amounts were allocated to the centers below. These centers may also receive non-appropriated moneys that are not listed.

**Northern District**

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<thead>
<tr>
<th>Center</th>
<th>FTP</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Palouse (Moscow) R&amp;E*</td>
<td>9.70</td>
<td>$624,073</td>
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<tr>
<td>Cœur d'Alene</td>
<td>1.00</td>
<td>$53,894</td>
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<tr>
<td>Sandpoint Organic Orchard</td>
<td>0.50</td>
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<td>9 Co. Offices w/ Educators</td>
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<td><strong>Total</strong></td>
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**Southern District**

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**Grand Total**

| % of FTP Off Campus | 65% |
| % of Appropriated to ARES Off Campus | 49% |

*Research & Extension Center (R&E)
## Agricultural Research & Extension Service
### Comparative Summary

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<tr>
<th>Decision Unit</th>
<th>Agency Request</th>
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<th>Governor's Rec</th>
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# Agricultural Research & Extension Service

## FY 2020 Govs Rec

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<td>FY 2019 Total Appropriation</td>
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<tr>
<td>FY 2019 Estimated Expenditures</td>
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<td>31,307,100</td>
<td>24,000</td>
<td>0</td>
<td>31,331,100</td>
</tr>
<tr>
<td>Removal of Onetime Expenditures</td>
<td>0.00</td>
<td>(127,900)</td>
<td>0</td>
<td>0</td>
<td>(127,900)</td>
</tr>
<tr>
<td>FY 2020 Base</td>
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<td>24,000</td>
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<tr>
<td>Benefit Costs</td>
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<td>(195,100)</td>
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<tr>
<td>1. 4-H STEM Education</td>
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<td>0</td>
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<td>189,200</td>
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<td>2.8%</td>
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</table>
Agricultural Research & Extension Service

Budget by Decision Unit | FTP | General | Dedicated | Federal | Total
---|-----|---------|-----------|---------|--------
FY 2019 Original Appropriation | 320.34 | 31,307,100 | 24,000 | 0 | 31,331,100

Noncognizable Funds and Transfers
Allowable FTP adjustment to match the approved FY 2019 budget.
Agency Request | 20.20 | 0 | 0 | 0 | 0
Governor's Recommendation | 20.20 | 0 | 0 | 0 | 0

FY 2019 Estimated Expenditures
Agency Request | 340.54 | 31,307,100 | 24,000 | 0 | 31,331,100
Governor's Recommendation | 340.54 | 31,307,100 | 24,000 | 0 | 31,331,100

Removal of Onetime Expenditures
Removes onetime capital outlay from the General Fund in FY 2019 to replace irrigation pipe at Tetonia Farm at the Palouse Research, Extension, and Education Center.
Agency Request | 0.00 | (127,900) | 0 | 0 | (127,900)
Governor's Recommendation | 0.00 | (127,900) | 0 | 0 | (127,900)

FY 2020 Base
Agency Request | 340.54 | 31,179,200 | 24,000 | 0 | 31,203,200
Governor's Recommendation | 340.54 | 31,179,200 | 24,000 | 0 | 31,203,200

Benefit Costs
Employer-paid benefit changes include a 5.5% increase for PERSI regular retirement and adjustments to workers' compensation that vary by agency. Agencies were directed to budget $11,650 per eligible FTP for health insurance, which is the same amount in the current fiscal year.
Agency Request | 0.00 | 19,400 | 0 | 0 | 19,400
Governor's Recommendation | 0.00 | (195,100) | 0 | 0 | (195,100)

Inflationary Adjustments
The agency requests $80,900 ongoing from the General Fund for general inflation costs. The largest increases include the cost of specific supplies, employee travel, repair/maintenance, and professional services.
Agency Request | 0.00 | 80,900 | 0 | 0 | 80,900
Governor's Recommendation | 0.00 | 0 | 0 | 0 | 0

Replacement Items
The agency requests to replace a 1991 Case 7140 Tractor at the Nancy M. Cummings site ($159,500), a seeder at the Nancy M. Cummings site ($18,000), potato storage environmental controls in Kimberly ($50,400), land plane at Parma ($15,300), a Miller 12-disk at Parma ($31,300), and an IH 415 roller at Parma ($4,500) for a total of $279,000. The entirety of this request is onetime capital outlay from the General Fund.
Agency Request | 0.00 | 279,000 | 0 | 0 | 279,000
Governor's Recommendation | 0.00 | 140,000 | 0 | 0 | 140,000

Change in Employee Compensation
For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.
Agency Request | 0.00 | 253,900 | 0 | 0 | 253,900
Governor's Recommendation | 0.00 | 733,600 | 0 | 0 | 733,600

FY 2020 Idaho Legislative Budget Book | 1 - 53 | State Board of Education

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### Agricultural Research & Extension Service

<table>
<thead>
<tr>
<th>Budget by Decision Unit</th>
<th>FTP</th>
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<th>Dedicated</th>
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</tr>
<tr>
<td>Agency Request</td>
<td>340.54</td>
<td>31,812,400</td>
<td>24,000</td>
<td>0</td>
<td>31,836,400</td>
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<td>340.54</td>
<td>31,857,700</td>
<td>24,000</td>
<td>0</td>
<td>31,881,700</td>
</tr>
</tbody>
</table>

#### 1. 4-H STEM Education

Agricultural Research & Extension Service

The agency requests 5.00 FTP and $523,600 ongoing from the General Fund to increase engagement with youth and community 4-H leaders in the development of STEM knowledge and skills, postsecondary educational opportunities, and career awareness. This request includes $403,600 is ongoing for personnel costs (four area 4-H STEM educators and one administrative coordinator) and $120,000 is ongoing for operating expenditures (travel and educational resources). Currently, the University of Idaho Extension 4-H Youth Development offers K-12 non-formal education programming throughout the state and reaches 75,000 youth annually. STEM career opportunities within agriculture include those in natural and biological sciences, water quality, animal health, robotics, electronics, and coding.

| Agency Request | 5.00 | 523,600 | 0 | 0 | 523,600 |
| Governor's Recommendation | 0.00 | 0 | 0 | 0 | 0 |

**Not recommended by the Governor.**

#### 2. Rock Creek Cattle Research

Agricultural Research & Extension Service

The agency requests 2.00 FTP and $378,400 ongoing from the General Fund to staff the Rinker Rock Creek Ranch and expand research opportunities related to rangeland utilization. This request includes $231,500 ongoing for personnel costs, $90,000 ongoing for operating expenditures (travel, trucking, research operating), and $56,900 one-time for capital outlay (field computers, monitoring equipment, and transmitters). The University of Idaho is in the process of acquiring the Rinker Rock Creek Ranch south of Sun Valley, a property of more than 10,000 acres, to be a site for the study of cattle nutrition and growth on rangeland. Data collected would be compared to irrigated pasture available at other research sites, and include the effect of grazing on rangeland species/ecosystems. Moneys would support the maintenance of a cattle operation, including two full-time staff members (ranch manager and research support specialist), two graduate research assistants to act as field researchers, and two undergraduate interns to support summer research activities.

| Agency Request | 2.00 | 378,400 | 0 | 0 | 378,400 |

**The Governor recommends 2.00 FTP and $189,200 ongoing from the General Fund to maintain a grazing herd of cattle on the Rinker Rock Creek Ranch. This recommendation includes $143,800 ongoing for personnel costs and $45,400 ongoing for operating expenditures.**

| Governor's Recommendation | 2.00 | 189,200 | 0 | 0 | 189,200 |

#### 3. Occupancy Costs

The agency requests occupancy funding for the following completed projects: $13,800 for the Nancy M. Cummings Aberdeen Research Support Facility (occupied in November of 2018); $54,800 for the classroom and office facility at the Nancy M. Cummings Ranch (to be occupied October of 2019); and $176,600 for the Sandpoint research and extension complex (occupied in August of 2018).

| Agency Request | 1.14 | 245,200 | 0 | 0 | 245,200 |

**The Governor recommends 0.57 FTP and $122,600 ongoing from the General Fund for the Aberdeen Research Support Facility ($6,900), Nancy M. Cummings Ranch ($27,400), and the Sandpoint Research and Extension Complex ($88,300). The Governor recommends the State Board of Education revisit the process and funding of building occupancy costs.**

| Governor's Recommendation | 0.57 | 122,600 | 0 | 0 | 122,600 |

### FY 2020 Total

| Agency Request | 348.68 | 32,959,600 | 24,000 | 0 | 32,983,600 |
| Governor's Recommendation | 343.11 | 32,169,500 | 24,000 | 0 | 32,193,500 |

| Agency Request Change from Original App | 28.34 | 1,652,500 | 0 | 0 | 1,652,500 |
| % Change from Original App | 8.8% | 5.3% | 0.0% | 5.3% |
| Governor's Recommendation Change from Original App | 22.77 | 862,400 | 0 | 0 | 862,400 |
| % Change from Original App | 7.1% | 2.8% | 0.0% | 2.8% |

FY 2020 Idaho Legislative Budget Book 1 - 54 State Board of Education
### Agriculture Research & Extension Service (ARES), FY20 Replacement Items

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<th>Quantity Req</th>
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Governor recommendation included $140,000 onetime from the General Fund to be used as the agency deems appropriate.
Part I – Agency Profile

Agency Overview

The Idaho Legislature created the Idaho State Department of Agriculture (ISDA) in 1919 to assist and regulate the state’s fast-growing agricultural industry. The primary purposes for establishment were to protect Idaho’s crops and livestock from the introduction and spread of pests and transmittable diseases, to help provide the industry with a system for the orderly marketing of agricultural commodities, and to protect consumers from contaminated products or fraudulent marketing practices. These purposes still drive the department today.

The department derives its statutory authority from multiple sections of the Idaho Code. Section 22-101 creates the Department of Agriculture and the position of director. Section 22-102 provides that the director “shall organize the department into such divisions and other administrative sub-units as may be necessary in order to efficiently administer the department,” and section 22-103 lists specific directorial duties. Title 22 also contains the authority for the Plant Industries Division, the Agricultural Resources Division, and the department’s Marketing Bureau. The primary authority for the Animal Industries Division lies within Title 25 and Title 37, while the Agricultural Inspections Division, which includes the Bureaus of Weights and Measures and Bonded Warehouse, derives authority from Titles 69 and 71.

In addition to the five divisions which primarily make up the ISDA, four commodity commissions—the Idaho Honey Advertising Commission, Idaho Hop Commission, Idaho Mint Commission and Idaho Sheep and Goat Health Board—are also technically housed within the ISDA, although each entity maintains its autonomy. The department works closely with all other agriculture commodity commissions. The Idaho Food Quality Assurance Laboratory was assigned by the Idaho Legislature to the Department of Agriculture on July 1, 2005, and the department works cooperatively with the Idaho Food Quality Assurance Institute to administrator the day-to-day operations of the laboratory. In addition, the Bureau of Laboratories was established within the agency in 2015 to manage all six ISDA laboratories.

The Idaho State Department of Agriculture has a current budget of approximately $41 million. For FY2016, the state general fund accounts for 21 percent of the budget. The remainder of the department’s funding comes from various types of fees assessed directly to the segment of industry being regulated or receiving services. Federal sources also assist the department with the funding of certain programs. The department is currently staffed with approximately 315 full-time employees. The Bureau of Shipping Point Inspection and other units of the department also hire hundreds of seasonal employees each year.

Idaho agriculture has been the engine of our state’s economy, and the department embraces each new opportunity and stands ready to provide leadership.

Core Functions/Idaho Code

- **Animal Health**: Responsible for regulatory animal disease control and prevention programs through the inspection and investigation of livestock and livestock facilities, and the regulation of movement of animals in intrastate, interstate and international commerce.

- **Plant Health**: Responsible for the registration and inspection of commercial feed, fertilizer and soil and plant amendments: export certification; pest exclusion; control of grasshoppers and Mormon crickets; prevention and control of noxious weeds and invasive species.

- **Inspection Services**: Inspect commodities for quality and condition at the shipping point, using official grade standards developed by the United States Department of Agriculture (USDA) and ISDA for fresh fruits and vegetables. Also inspect and certify organic operations, all weighing devices and licensed warehouse.

- **Pesticide**: Responsible for the regulatory use and distribution of pesticides in Idaho by conducting inspections and investigations; monitoring ground and surface water for pesticides; registration of pesticides, conducting pesticide training and licensing of pesticide applicators, chemigators and dealers.
• **Market Development:** The mission of the Market Development program is to "promote Idaho’s food and agriculture industry by expanding opportunities in domestic and foreign markets fostering industry growth and profitability." Much of this is accomplished by providing direct assistance to farmers, ranchers, shippers and processors in establishing new customers for their products, increasing sales, and stimulating growth of Idaho’s economy.

### Revenue and Expenditures

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<th>FY 2018</th>
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</tr>
<tr>
<td>Agriculture Fees</td>
<td>$6,483,000</td>
<td>$6,795,800</td>
<td>$7,088,400</td>
<td></td>
</tr>
<tr>
<td>Redlift Intermode</td>
<td>$80,000</td>
<td>$33,200</td>
<td>$87,300</td>
<td></td>
</tr>
<tr>
<td>Federal Grant</td>
<td>$2,576,900</td>
<td>$3,147,900</td>
<td>$3,668,300</td>
<td></td>
</tr>
<tr>
<td>Rural Partnership</td>
<td>$0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seminars and Publications</td>
<td>$122,900</td>
<td>$124,100</td>
<td>$87,700</td>
<td></td>
</tr>
<tr>
<td>USDA Publications</td>
<td>$0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fresh Fruit and Vegetable Inspections</td>
<td>$9,085,900</td>
<td>$9,033,100</td>
<td>$8,076,100</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>FY2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Costs</td>
<td>$18,002,100</td>
<td>$19,207,400</td>
<td>$19,904,200</td>
<td></td>
</tr>
<tr>
<td>Operating Expenditures</td>
<td>$7,650,200</td>
<td>$8,083,300</td>
<td>$7,329,800</td>
<td></td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$908,500</td>
<td>$731,800</td>
<td>$945,900</td>
<td></td>
</tr>
<tr>
<td>Trustee/Benefit Payments</td>
<td>$3,519,300</td>
<td>$4,966,200</td>
<td>$4,424,100</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$30,080,100</td>
<td>$32,988,700</td>
<td>$32,604,000</td>
<td></td>
</tr>
</tbody>
</table>

### Profile of Cases Managed and/or Key Services Provided

<table>
<thead>
<tr>
<th>Cases Managed and/or Key Services Provided</th>
<th>FY2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investigate suspected diseases, conduct licensing, inspection, and certification for compliance with state or federal Animal Health laws</td>
<td>4,080</td>
<td>4,200</td>
<td>3,902</td>
<td></td>
</tr>
<tr>
<td>Perform disease tests on animals and animal tissues for regulatory diseases to meet import/export requirements and for zoonotic diseases</td>
<td>99,276</td>
<td>102,251</td>
<td>132,236</td>
<td></td>
</tr>
<tr>
<td>Inspect all dairy farms and plants for compliance with sanitation, quality, and wholesomeness standards</td>
<td>8,688</td>
<td>8,419</td>
<td>7,378</td>
<td></td>
</tr>
<tr>
<td>Perform tests on finished dairy products for quality. Presence of adulterants and to determine producer payment</td>
<td>8,215</td>
<td>8,267</td>
<td>8,663</td>
<td></td>
</tr>
</tbody>
</table>
### Cases Managed and/or Key Services Provided

<table>
<thead>
<tr>
<th>Service Description</th>
<th>FY2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inspect and approve all dairy and beef waste management systems for compliance with state and federal laws</td>
<td>2,687</td>
<td>2,302</td>
<td>2,757</td>
<td></td>
</tr>
<tr>
<td>Animal care investigations and inspections</td>
<td>66</td>
<td>46</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td><strong>Agriculture Inspections</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>License and inspect all warehouses, commodity dealers, and seed buyers</td>
<td>163</td>
<td>175</td>
<td>175</td>
<td></td>
</tr>
<tr>
<td>Certified and inspected organic producers, processors, and handlers</td>
<td>229</td>
<td>243</td>
<td>269</td>
<td></td>
</tr>
<tr>
<td>Inspect and test all known commercially-used weighing and measuring devices</td>
<td>27,845</td>
<td>25,507</td>
<td>28,717</td>
<td></td>
</tr>
<tr>
<td>Provide information to public concerning weights and measures issues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Briefing to Industry / 5 metrology lab tours / 3 media news contacts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Briefing to Industry / 4 Metrology Lab Tours / 2 Media News Contacts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Briefings to Industry / 4 Metrology Lab Tours / 2 Negotiated Rulemaking Meetings / 1 Media Contact</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintain Idaho metrology lab certification by planning for future federal requirements</td>
<td>2015 Accreditation</td>
<td>2016-2017 Two Year Accreditation</td>
<td>2017 Accreditation</td>
<td></td>
</tr>
<tr>
<td>Number of pounds of fruits and vegetables certified by the Shipping Point Inspection Program</td>
<td>12.1 Billion Pounds</td>
<td>11.5 Billion Pounds</td>
<td>10.6 Billion Pounds</td>
<td></td>
</tr>
<tr>
<td><strong>Agricultural Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review and registration of applications for pesticide registrations</td>
<td>11,376</td>
<td>11,545</td>
<td>12,049</td>
<td></td>
</tr>
<tr>
<td>Pesticide applicator licenses</td>
<td>7,925</td>
<td>8,011</td>
<td>8,131</td>
<td></td>
</tr>
<tr>
<td>Pesticide inspections and investigations</td>
<td>644</td>
<td>605</td>
<td>538</td>
<td></td>
</tr>
<tr>
<td>Chemigation Equipment Inspections</td>
<td>270</td>
<td>253</td>
<td>287</td>
<td></td>
</tr>
<tr>
<td>USDA Inspections</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Groundwater samples collected</td>
<td>1,534</td>
<td>1,372</td>
<td>1,442</td>
<td></td>
</tr>
<tr>
<td>Laboratory analysis of groundwater samples collected</td>
<td>34,825</td>
<td>31,145</td>
<td>32,736</td>
<td></td>
</tr>
<tr>
<td>Conduct statewide groundwater sampling follow-ups</td>
<td>168</td>
<td>144</td>
<td>172</td>
<td></td>
</tr>
<tr>
<td>Laboratory analysis of ground water follow-up samples collected</td>
<td>3,712</td>
<td>3,168</td>
<td>3,784</td>
<td></td>
</tr>
<tr>
<td>Worker protection training sessions</td>
<td>18</td>
<td>10</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>Worker protection inspections</td>
<td>194</td>
<td>187</td>
<td>106</td>
<td></td>
</tr>
<tr>
<td>Waste pesticides disposed (Pounds)</td>
<td>146,230</td>
<td>150,795</td>
<td>122,333</td>
<td></td>
</tr>
<tr>
<td>Pesticide containers recycled (Pounds)</td>
<td>235,000</td>
<td>267,638</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

1 The pesticide container recycling program was discontinued in 2017, due to private industry taking over the program.

### Plant Industries

<table>
<thead>
<tr>
<th>Service Description</th>
<th>FY2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review/registration of feed and fertilizer labels and products</td>
<td>24,741</td>
<td>28,618</td>
<td>26,037</td>
<td></td>
</tr>
<tr>
<td>Collect commercial feed samples</td>
<td>831</td>
<td>967</td>
<td>1,052</td>
<td></td>
</tr>
<tr>
<td>Issue Nurseryman/Florists licenses</td>
<td>1,811</td>
<td>1,853</td>
<td>1,831</td>
<td></td>
</tr>
<tr>
<td>Field Inspections – acres</td>
<td>55,846</td>
<td>68,250</td>
<td>67,961</td>
<td></td>
</tr>
<tr>
<td>Issue phytosanitary certificates</td>
<td>4,865</td>
<td>4,448</td>
<td>4,768</td>
<td></td>
</tr>
</tbody>
</table>
## Cases Managed and/or Key Services Provided

<table>
<thead>
<tr>
<th>Service Description</th>
<th>FY2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collect seed samples for compliance to Idaho pure seed law, noxious weed law, feed law, and referee testing</td>
<td>114</td>
<td>171</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>Perform purity, germination, and special testing of certified seeds for Idaho Crop Improvement Association and uncertified seeds for the seed industry</td>
<td>4,468</td>
<td>4,222</td>
<td>4,593</td>
<td></td>
</tr>
<tr>
<td>Issue seed dealer's licenses</td>
<td>623</td>
<td>645</td>
<td>667</td>
<td></td>
</tr>
<tr>
<td>Invasive species watercraft inspections</td>
<td>55,394</td>
<td>64,157</td>
<td>91,484</td>
<td></td>
</tr>
<tr>
<td>Number of Hop bale inspections conducted by the Hops Program</td>
<td>27,529 Bales</td>
<td>36,084 Bales</td>
<td>38,092 Bales</td>
<td></td>
</tr>
</tbody>
</table>

### Marketing and Development

<table>
<thead>
<tr>
<th>Activity</th>
<th>FY2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead international trade missions</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Participate in targeted domestic and international trade shows</td>
<td>17</td>
<td>14</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Develop promotional events and materials</td>
<td>31</td>
<td>30</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Recruit Idaho companies into the Idaho Preferred Program</td>
<td>287</td>
<td>305</td>
<td>310</td>
<td></td>
</tr>
</tbody>
</table>

## FY 2018 Performance Highlights (Optional)

### Part II – Performance Measures

#### Performance Measure

<table>
<thead>
<tr>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fulfill core statutory responsibilities by protecting the public, plants, animals and environment using regulation and education.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Conduct inspections, investigations, surveillance, and testing to prevent the introduction/spread of animal disease.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>actual</strong></td>
<td>103,356</td>
<td>106,451</td>
<td>136,138</td>
<td></td>
</tr>
<tr>
<td><strong>target</strong></td>
<td>350,000 annual inspections, investigations and tests</td>
<td>100,000* annual inspections, investigations and tests</td>
<td>100,000* annual inspections, investigations and tests</td>
<td>100,000* annual inspections, investigations and tests</td>
</tr>
<tr>
<td>2. Respond to all allegations of improper animal care within 24 hours of receiving complaint.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>actual</strong></td>
<td>66 cases 100%</td>
<td>46 cases 100%</td>
<td>53 cases 100%</td>
<td></td>
</tr>
<tr>
<td><strong>target</strong></td>
<td>Complaints 40 24 hour response 100%</td>
<td>Complaints 40 24 hour response 100%</td>
<td>Complaints 40 24 hour response 100%</td>
<td></td>
</tr>
<tr>
<td>3. Complete phytosanitary certificates within a prescribed timeframe from date received. 78% processed within 24 hours.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>actual</strong></td>
<td>53% within 24 hours 17% after one business day 19% after 2 business days 11% after 3 or more days</td>
<td>59% within 24 hours 16% after one business day 18% after 2 business days 7% after 3 or more days</td>
<td>80% within 24 hours 22% after one business day 6% after 2 business days 2% after 3 or more days</td>
<td></td>
</tr>
</tbody>
</table>

---

State of Idaho
<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>15% processed after 2 business days, 7% processed after 3 business days or more.</td>
<td>target</td>
<td>78% within 24 hours</td>
<td>78% within 24 hours</td>
<td>78% within 24 hours</td>
<td>78% within 24 hours</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15% after 2 days</td>
<td>15% after 2 days</td>
<td>15% after 2 days</td>
<td>15% after 2 days</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7% after 3 or more days</td>
<td>7% after 3 or more days</td>
<td>7% after 3 or more days</td>
<td>7% after 3 or more days</td>
</tr>
<tr>
<td>4. Provide and approve sufficient ongoing recertification training opportunities processing 95% of requests within five days of receipt.</td>
<td>actual</td>
<td>822</td>
<td>848</td>
<td>862</td>
<td>——</td>
</tr>
<tr>
<td></td>
<td>target</td>
<td>97%</td>
<td>98%</td>
<td>96%</td>
<td>——</td>
</tr>
<tr>
<td>Goal 2</td>
<td>Foster confidence in Idaho's agriculture industry and market transactions by maintain a strong commitment to those programs intended to safeguard consumer confidence.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Provide fresh fruit and vegetable inspection services for all applicant requests assuring product meets marketing order and grade on label while maintaining less than 1% reversal rate.</td>
<td>actual</td>
<td>667</td>
<td>642</td>
<td>616</td>
<td>——</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Applicants 29,996 certificates issued 2 reversals</td>
<td>Applicants 30,619 certificates issued 6 reversals</td>
<td>Applicants 28,129 certificates issued 6 reversals</td>
<td>——</td>
</tr>
<tr>
<td></td>
<td>target</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Applicants 515 Certificates 28,000 1% reversal rate</td>
<td>Applicants 515 Certificates 28,000 1% reversal rate</td>
<td>Applicants 515 Certificates 28,000 1% reversal rate</td>
<td>——</td>
</tr>
<tr>
<td>6. Inspect, test and follow-up compliance on weighing and measuring devices. Reaching a rejection rate of less than 5% and rechecking at least 60% of rejected devices.</td>
<td>actual</td>
<td>27,845</td>
<td>25,507</td>
<td>28,717</td>
<td>——</td>
</tr>
<tr>
<td></td>
<td></td>
<td>device inspections 9.4% rejected</td>
<td>device inspections, 8.8% rejected, 73% of the rejected devices rechecked</td>
<td>device inspections, 6.3% rejected, 70.3% of the rejected devices rechecked</td>
<td>——</td>
</tr>
<tr>
<td></td>
<td>target</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inspections 27,000 &lt;5% Rejected 60% Recheck</td>
<td>Inspections 27,000 &lt;5% Rejected 60% Recheck</td>
<td>Inspections 27,000 &lt;5% Rejected 60% Recheck</td>
<td>——</td>
</tr>
<tr>
<td>7. Conduct pesticide-related inspections for compliance resulting in less than 5% of investigations involving repeat offenders for specific violations.</td>
<td>actual</td>
<td>0%</td>
<td>0.3%</td>
<td>0.744%</td>
<td>——</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0/644)</td>
<td>(2/605)</td>
<td>(4/538)</td>
<td>——</td>
</tr>
<tr>
<td></td>
<td>target</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>&lt;5% repeat violations</td>
<td>&lt;5% repeat violations</td>
<td>&lt;5% repeat violations</td>
<td>&lt;5% repeat violations</td>
</tr>
</tbody>
</table>
### Performance Measure

8. Approve or deny within 91 days, 95% of feed labels and 80% of fertilizer and soil and plant amendment labels that are submitted for review.

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>actual</td>
<td>66% feed within 91 days 75% fertilizer within 91 days 81% soil and plant amendment within 91 days</td>
<td>98% feed within 91 days 100% fertilizer within 91 days 100% soil and plant amendment within 91 days</td>
<td>99.73% feed within 91 days 99.84% fertilizer within 91 days 99.53% soil and plant amendment within 91 days</td>
<td>96% feed within 91 days 100% fertilizer within 91 days 100% soil and plant amendment within 91 days</td>
<td>---------</td>
</tr>
<tr>
<td>target</td>
<td>98% feed within 91 days 100% fertilizer within 91 days 100% soil and plant amendment within 91 days</td>
<td>98% feed within 91 days 100% fertilizer within 91 days 100% soil and plant amendment within 91 days</td>
<td>98% feed within 91 days 100% fertilizer within 91 days 100% soil and plant amendment within 91 days</td>
<td>96% feed within 91 days 100% fertilizer within 91 days 100% soil and plant amendment within 91 days</td>
<td>---------</td>
</tr>
</tbody>
</table>

**Goal 3**

Support the growth and sustainability of Idaho’s agriculture industry by increasing domestic and international sales opportunities of Idaho foods and agricultural products to foster industry growth and profitability.

9. Recruit 12 new companies per year into the Idaho Preferred Program and retain 90% of current members per year while attaining a 60% consumer awareness of the Idaho Preferred logo.

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>actual</td>
<td>5 new companies 95% retention 52% consumer awareness</td>
<td>23 new companies 98% retention 52% consumer awareness</td>
<td>8 new companies 95% retention 42% consumer awareness</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>target</td>
<td>New members 12 90% Retention rate 60% consumer awareness</td>
<td>New members 12 90% Retention rate 60% consumer awareness</td>
<td>New members 12 90% Retention rate 60% consumer awareness</td>
<td>New members 12 90% Retention rate 60% consumer awareness</td>
<td>---------</td>
</tr>
</tbody>
</table>

10. Obtain a minimum average overall customer satisfaction rating of 4 for promotions, missions, workshops and events using a scale of 1–5, 5 being the highest.

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>actual</td>
<td>4.6</td>
<td>4.4</td>
<td>4.9</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>target</td>
<td>Minimum average customer satisfaction rating of 4</td>
<td>Minimum average customer satisfaction rating of 4</td>
<td>Minimum average customer satisfaction rating of 4</td>
<td>Minimum average customer satisfaction rating of 4</td>
<td>---------</td>
</tr>
</tbody>
</table>

Performance Measure Explanatory Notes **(Optional)**

For More Information Contact

Pamm Juker  
Agriculture, Department of  
2270 Old Penitentiary Road  
PO Box 790  
Boise, ID 83701  
Phone: (208) 332-8671
Introduction to Effective Performance Measurement

Good government is not possible without an effective accountability system—citizens need performance reporting to hold their government accountable. Report cards, results, and benchmarks are all part of performance reporting.

Performance information can be used by lawmakers in making policy and budget decisions, by program officials to monitor government programs in a systematic way, and evaluators to assess efficiency and effectiveness of government policies and programs.

1. Know that performance measurement is inherently a political process—include stakeholders, define what would constitute program success, and agree on the cost of measuring success.

2. Keep the performance measurement process simple, understandable, accessible, and affordable.

3. Use performance data, along with other information, to make policy, budget, and program decisions.

4. Use performance measurement to trigger questions, not necessarily to find all the answers.

5. Set multi-year performance goals and targets.

6. Provide context to performance data.

7. For external reporting, use a few select measures that reflect program efforts and accomplishments relating to legislative intent.

8. For internal reporting, use measures that help program managers systematically monitor the program’s progress.

9. Review and question the quality of information reported.


Rakesh Mohan, Director
Office of Performance Evaluations, Idaho Legislature
rmohan@ope.idaho.gov ♦ 208-332-1470
AMENDED AGENDA #1
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, February 07, 2019

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minutes:</td>
<td>Approve Minutes of January 22, 2019</td>
<td>Senator Mortimer</td>
</tr>
<tr>
<td>H 38</td>
<td>Relating to the Food Safety Modernization Act</td>
<td>Elizabeth Criner, Food Northwest</td>
</tr>
<tr>
<td>Docket No. 60-0501-1801</td>
<td>Resource Conservation and Rangeland Development Program</td>
<td>Teri Murrison, Administrator, Idaho Soil and Water Conservation Commission</td>
</tr>
<tr>
<td>Presentation:</td>
<td>Idaho Rangeland Resources Commission</td>
<td>Gretchen Hyde, Executive Director, Idaho Rangeland Resources Commission</td>
</tr>
<tr>
<td>Presentation:</td>
<td>Idaho Wool Growers Association</td>
<td>Brandy Kay, Executive Director, Idaho Wool Growers Association</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Guthrie  Sen Lent
Vice Chairman Den Hartog  Sen Bayer
Sen Patrick  Sen Jordan
Sen Harris  Sen Nelson
Sen Mortimer

COMMITTEE SECRETARY
Jacob Garner
Room: WW31
Phone: 332-1330
e-mail: sagri@senate.idaho.gov
MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 07, 2019
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson
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 Guthrie convened the meeting of the Senate Agricultural Affairs Committee (Committee) at 8:00 a.m.

MINUTES APPROVAL: Senator Mortimer moved to approve the Minutes of January 22, 2019. Vice Chairman Den Hartog seconded the motion. The motion carried by voice vote.

H 38 Relating to the Food Safety Modernization Act. Elizabeth Criner, Food Northwest, stated that the primary oversight for food safety and inspections for human food manufacturers falls within the jurisdiction of the federal Food and Drug Administration (FDA), under the authority of the Food and Safety Modernization Act (FSMA). Ms. Criner explained that the FDA may contract a number of inspections out to the State of Idaho. Ms. Criner stated that inspections are currently contracted with the Idaho Department of Health and Welfare. Legislation was passed in 2018 to transition this authority from the Idaho Department of Health and Welfare to the Idaho State Department of Agriculture. The purpose of this legislation is to extend the timeframe for that transition to be completed by September 29, 2021. Ms. Criner further explained that the transition may require a General Fund request of $86,000 in order to cover the partial cost of part of one inspector to carry out contracted human manufactured food inspections.

PASSED THE GAVEL: Chairman Guthrie passed the gavel to Vice Chairman Den Hartog.

DOCKET NO. 60-0501-1801: Resource Conservation and Rangeland Development Program (RCRDP). Teri Murrison, Administrator, Idaho Soil and Water Conservation Commission (ISWCC), explained that the ISWCC initiated this rulemaking to resolve inconsistencies between Title 22, Chapter 27, Idaho Code and the RCRDP Rules, remove outdated references, resolve internal inconsistencies, and correct typographical errors. Ms. Murrison stated that the revisions also include adding or changing provisions to streamline the loan application process, update credit guidelines, and give more flexibility to set maximum loan amounts. Ms. Murrison further explained that the proposed changes include: adding sections to the rules as required by the Office of Administrative Rules Coordinator; update Section 10 (Definitions) to resolve inconsistencies; update various sections to streamline the application process; and give ISWCC more flexibility to set loan limits. ISWCC also intends to make changes throughout other Sections of the rules as needed for internal consistency, to correct typographical errors, or to remove outdated references.
MOTION: Senator Mortimer moved to approve Docket No. 60-0501-1801 with the exception of Section 103, but leaving intact all of the remaining subsections of that section, and the exception of Section 151, Subsection 01. Senator Jordan seconded the motion. The motion carried by voice vote.

PASSED THE GAVEL: Vice Chairman Den Hartog passed the gavel back to Chairman Guthrie.

PRESENTATION: Idaho Rangeland Resources Commission (IRRC). Gretchen Hyde, Executive Director, IRRC, briefly explained the IRRC's budget for the fiscal year (FY) ending June 30, 2019, which detailed the net assessments and net revenue of the program. The program has a projected net revenue of $250,700 for FY 2019. Ms. Hyde also explained the IRRC education program expenses, industry and research expenses, public relations expenses, and administration expenses. Total projected expenses for the program for FY 2019 is $320,301. Ms. Hyde further explained the IRRC's 2018 balance sheet of current and total assets, along with the details of the program's total liabilities and fund balance. The total liabilities and fund balance for the program is $217,975. Ms. Hyde continued to explain the IRRC's revenues and expenditures for FY 2018. Ms. Hyde stated that total revenue for FY 2018 was $300,137 and total expenditures were $296,949. Ms. Hyde also detailed the various activities of the IRRC from 2018, such as youth education activities and programs that are designed to promote rangeland awareness and to foster understanding by creating collaborative partnerships to sustain healthy rangelands. Ms. Hyde concluded her presentation with a video which detailed a brief history on the introduction of Canadian wolves to Idaho's central wilderness in 1995. The video detailed the controversies and unintended consequences of the introduction of those wolves to Idaho.

DISCUSSION: Senator Mortimer asked Ms. Hyde if she could address the difference in projected revenues and expenditures for FY 2019 from 2018. Ms. Hyde answered that she expects more federal grants to be coming in this year, which will give the IRRC more projected funds.

Senator Harris asked Ms. Hyde if she plans to use the IRRC's trailer to reach out and educate the youth. Ms. Hyde answered that she plans on using more than one trailer for the purpose of educating.

PRESENTATION: Idaho Wool Growers Association (IWGA). Brandy Kay, Executive Director, IWGA, explained that there are currently 230,000 breeding sheep and market lambs in Idaho. Ms. Kay also explained that lamb meat is very flavorful and nutritious, as well as all natural. The IWGA does not add any hormones to the meat and it meets the definition for lean meat. Ms. Kay explained that Idaho produces about 1.6 million pounds of wool each year. Idaho currently ranks seventh in the United States for both number of sheep and pounds of wool produced. Ms. Kay further explained that sheep should not be sheered until they are at least one year of age. Sheering, despite contrary arguments, helps keep sheep healthy by allowing them to be mobile and to regulate their body temperature. Ms. Kay also explained the variety of sheep flocks from farm flocks, which are smaller, to commercial flocks, which typically raise 1,000 sheep or more. Ms. Kay also detailed some of the struggles with radical environmentalists who oppose sheep grazing due to their alleged damage to public lands. Ms. Kay refuted that argument by stating that sheep are actually very gentle grazers.

DISCUSSION: Senator Harris asked Ms. Kay how the sheep industry is trending and whether or not there are younger people starting out in the industry. Ms. Kay answered that the majority of sheep producers in Idaho are baby boomers with a small minority being younger.
Senator Patrick asked Ms. Kay if she knew what the status of the Dubois Research Center was. Ms. Kay answered that it has money and it has positions available for hire, but it is currently on a hiring freeze.

ADJOURNED: There being no further business, Chairman Guthrie adjourned the meeting at 9:06 a.m.
Date: January 11, 2019

To: Senator Jim Guthrie, Chairman
    Senate Agricultural Affairs Committee
Representative Judy Boyle, Chairman
    House Agricultural Affairs Committee
Senator Lee Heider, Chairman
    Senate Resources & Environment Committee
Representative Marc Gibbs, Chairman
    House Resources and Conservation Committee
Legislative Audits, April Renfro
    State Controller’s Office, Carol Bearce
Legislative Services Office, Ray Houston
    Division of Financial Management, Amber Christofferson

From: Gretchen Hyde, Executive Director

RE: Idaho Rangeland Resources Commission 2018 Report

Attached are the Idaho Rangeland Resources Commission 2019 Projected Profit & Loss Budget Overview and the 2018 Audited Financial Statements as required by Section 58-1415 (4), Idaho Code.

The IRRC provides both public relations and education programs. A copy of the information annual report is included in this annual report for your review.

If you would like a presentation of these financial statements and the activities of the IRRC, please contact me at 398-7002 or email at ghyde@idrange.org.

Respectfully,

Gretchen Hyde
Idaho Rangeland Resource Commission
Statement of Projected Income and Expenses
Budget for Fiscal Year Ending June 30, 2019

State Lands
BLM
USFS
Private Lands
Total Assessments
Less requested refunds
Net Assessments
License Plate Revenue
Grant Income-Federal Partners
Interest Income on MM account
Net Revenue

**Education Program expenses:**
Teacher workshops
I-ROAM Truck & Trailer
Teacher grants
Range Poster/distribution
FFA Range contest
4-H/Youth Programs
Range Mat'!l Develop/Compile
Envirothon/Ag In The Classroom
McCall Outdoor Science School
Education Coordinator
Education coordinator travel
Education Dues/ subscriptions
Education supplies
Teacher Newsletter
Internet Site
Education/Teacher Workshops total

**Industry/Research expenses:**
Dues & Subscriptions
Convention/Meetings
Tour/Symposium
Research Grants
Newsletter/outreach
Industry/Research total

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Lands</td>
<td>$24,000</td>
</tr>
<tr>
<td>BLM</td>
<td>$80,000</td>
</tr>
<tr>
<td>USFS</td>
<td>$32,000</td>
</tr>
<tr>
<td>Private Lands</td>
<td>$55,000</td>
</tr>
<tr>
<td>Total Assessments</td>
<td>$191,000</td>
</tr>
<tr>
<td>Less requested refunds</td>
<td>$2,500</td>
</tr>
<tr>
<td>Net Assessments</td>
<td>$188,500</td>
</tr>
<tr>
<td>License Plate Revenue</td>
<td>$37,000</td>
</tr>
<tr>
<td>Grant Income-Federal Partners</td>
<td>$25,000</td>
</tr>
<tr>
<td>Interest Income on MM account</td>
<td>$200</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>$250,700</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education Program expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Teacher workshops</td>
<td>$2,000</td>
</tr>
<tr>
<td>I-ROAM Truck &amp; Trailer</td>
<td>$20,000</td>
</tr>
<tr>
<td>Teacher grants</td>
<td>$2,500</td>
</tr>
<tr>
<td>Range Poster/distribution</td>
<td>$500</td>
</tr>
<tr>
<td>FFA Range contest</td>
<td>$3,000</td>
</tr>
<tr>
<td>4-H/Youth Programs</td>
<td>$3,000</td>
</tr>
<tr>
<td>Range Mat'!l Develop/Compile</td>
<td>$500</td>
</tr>
<tr>
<td>Envirothon/Ag In The Classroom</td>
<td>$400</td>
</tr>
<tr>
<td>McCall Outdoor Science School</td>
<td>$500</td>
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<tr>
<td>Education Coordinator</td>
<td>$15,000</td>
</tr>
<tr>
<td>Education coordinator travel</td>
<td>$10,000</td>
</tr>
<tr>
<td>Education Dues/ subscriptions</td>
<td>$300</td>
</tr>
<tr>
<td>Education supplies</td>
<td>$500</td>
</tr>
<tr>
<td>Teacher Newsletter</td>
<td>$1,500</td>
</tr>
<tr>
<td>Internet Site</td>
<td>$3,000</td>
</tr>
<tr>
<td>Education/Teacher Workshops total</td>
<td>$62,700</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry/Research expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues &amp; Subscriptions</td>
<td>$1,000</td>
</tr>
<tr>
<td>Convention/Meetings</td>
<td>$5,000</td>
</tr>
<tr>
<td>Tour/Symposium</td>
<td>$5,000</td>
</tr>
<tr>
<td>Research Grants</td>
<td>$2,500</td>
</tr>
<tr>
<td>Newsletter/outreach</td>
<td>$3,000</td>
</tr>
<tr>
<td>Industry/Research total</td>
<td>$16,500</td>
</tr>
</tbody>
</table>
Idaho Rangeland Resource Commission
Statement of Projected Income and Expenses
Budget for Fiscal Year Ending June 30, 2019

Public Relations expenses:
NPR underwriting $ 25,000
Industry Group outreach grants $ 2,000
Idaho Public TV $ 7,500
License Plate $ 2,500
Trailing of the Sheep $ 2,500
Care/Share campaign $ 5,000
Life on the Range Website $ 35,000
Public Relations/Mass media total $ 79,500

Administration Expenses:
Administrative—for all programs $ 142,425
Total Expenses $ 301,125
Income Over/(Under) Expenses $ (50,425)
Capital Investment/Contingency $ 2,000
Carry Over from prior year $ 210,026
Fund Balance, End of Year $ 161,601
AUDITED FINANCIAL STATEMENTS
For the Twelve Month Period Ended June 30, 2018

PREPARED FOR:
IDAHO RANGELAND RESOURCES COMMISSION

PREPARED BY:
Wilson, Harris & Co.
Certified Public Accountants
1602 W. Franklin Street
Boise, Idaho 83702

September 27, 2018
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**Financial Statements:**

- Comparative Balance Sheet
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- Comparative Statement of Revenue, Expenditures, and Changes in Fund Balance
  - Page 4
- Comparative Statement of Cash Flows
  - Page 5
- Notes to the Financial Statements
  - Pages 6-8

**Government Auditing Standards:**

- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
  - Pages 9-10
INDEPENDENT AUDITOR'S REPORT

To the Chairman and Members
Idaho Rangeland Resources Commission
PO Box 126
Emmett, Idaho 83617

We have audited the accompanying general-purpose financial statements of Idaho Rangeland Resources Commission as of and for the year ended June 30, 2018 as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Idaho Rangeland Resources Commission, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2018 on our consideration of the Idaho Rangeland Resources Commission’s internal control over financial reporting and on compliance and other matters and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Wilson, Harris & Co.
Certified Public Accountants

September 27, 2018
# IDAHO RANGELAND RESOURCES COMMISSION
## BALANCE SHEET
### JUNE 30, 2018

### ASSETS:
- **Current Assets:**
  - Cash in Checking: $6,802
  - Local Government Investment Pool: 167,449
  - Accounts Receivable: 2,780
  - Inventory: 1,308
- **Total Current Assets:** 178,340

- **Property and Equipment:**
  - Vehicle: 36,300
  - Computer & Office Equipment: 45,264
  - Less: Accumulated Depreciation: (41,929)
- **Total Property and Equipment:** 39,635

### TOTAL ASSETS

### LIABILITIES AND FUND BALANCE:
- **Liabilities:**
  - Accounts Payable
  - Accrued Payroll & Payroll Taxes: 3,514
- **Total Liabilities:** 3,514

- **Fund Balance:**
  - Unreserved Fund Balance: 174,826
  - Net Investment in Fixed Assets: 39,635
- **Total Fund Balance:** 214,461

### TOTAL LIABILITIES AND FUND BALANCE

$217,975

---

See Accompanying Notes and Independent Auditor's Report

-3-
REVENUE:
- Assessments $196,208
- Less: Requested Refunds (1,212)
- Grants 63,444
- Registration Fees - Symposium 711
- License Plate 39,355
- Interest Income 1,631
- Total Revenue 300,137

EXPENDITURES:
- Payroll Expenses 106,673
- Bank Charges 619
- Education Expenses 48,198
- Insurance 1,793
- Office Supplies 454
- Postage & Freight 182
- Professional Fees 2,924
- Public Relations 90,629
- Rent 14,000
- Telephone 1,554
- Travel & Meals 9,398
- Research/Industry Expenses 10,439
- Depreciation 10,085
- Total Expenditures 296,949

EXCESS OF REVENUE OVER EXPENDITURES 3,188

FUND BALANCE, BEGINNING OF YEAR 210,026
- Prior Period Adjustment 1,247
- FUND BALANCE, BEGINNING OF YEAR RESTATED 211,273
- FUND BALANCE, END OF YEAR $214,461
### IDAHO RANGELAND RESOURCES COMMISSION

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Excess of Revenues over Expenditures</td>
<td>$3,188</td>
</tr>
<tr>
<td>Adjustments to reconcile excess of revenues over expenditures</td>
<td></td>
</tr>
<tr>
<td>to cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>10,085</td>
</tr>
<tr>
<td>(Increase) decrease in accounts receivable</td>
<td>30,666</td>
</tr>
<tr>
<td>(Increase) decrease in inventory</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>1,426</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</strong></td>
<td>45,365</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures / disposition</td>
<td>(48,662)</td>
</tr>
<tr>
<td>Accumulated Depreciation Adjustment</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</strong></td>
<td>(48,662)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Prior Period Adjustments</td>
<td>1,247</td>
</tr>
<tr>
<td><strong>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</strong></td>
<td>(2,050)</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</strong></td>
<td>176,302</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS - END OF PERIOD</strong></td>
<td>$174,252</td>
</tr>
</tbody>
</table>

See Accompanying Notes and Independent Auditor's Report

-5-
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Commission was created by Chapter 14, Title 58, Idaho Code, which was passed by the Legislature and signed by Gov. Cecil Andrus during the 1994 legislative session. The organization's mission is to provide programs that result in an informed public that understands and supports balanced, responsible management of Idaho's economically vital public and private rangelands. Activities of the Commission are funded by mandatory assessments to owners of dry grazing land and fees based on animal unit months on all domestic cattle and sheep utilizing state grazing lands, United States forest service lands, and bureau of land management lands in the state of Idaho. The Commission may also receive grants, donations and gifts from the general public.

Reporting Entity

The Idaho Rangeland Resource Commission is an "other stand-alone government" that does not meet the definition of a primary government or a component unit as embodied in GASB statement No. 14. There are no component units of the Idaho Rangeland Resource Commission.

Basis of Accounting

The modified accrual basis of accounting is followed by governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debts, are recorded when the liability is incurred.

The accounting policies of the Commission conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
Accounts Receivable

Accounts Receivable at June 30, 2018 includes assessments collected by the Idaho Department of Lands that had not yet been forwarded to the Idaho Rangeland Resources Commission.

NOTE 2: CONCENTRATIONS OF CREDIT RISKS

The Commission maintains a cash balance in one financial institution located in Emmett, Idaho. The balance is insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2018, the Commission’s uninsured cash balances total $-0-.

NOTE 3: CASH FLOW INFORMATION

The commission considers all short-term investments with an original maturity of three months or less to be cash equivalents. Cash paid for interest for the year ended June 30, 2018 was $0.00.

NOTE 4: ASSESSMENT REVENUE

Assessment revenue consisted of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUM Assessments</td>
<td>$137,765</td>
</tr>
<tr>
<td>Private Per Acre Assessment</td>
<td>58,443</td>
</tr>
<tr>
<td>Requested Refunds</td>
<td>(1,212)</td>
</tr>
<tr>
<td>Net</td>
<td>$194,996</td>
</tr>
</tbody>
</table>

NOTE 5: PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

The Public Employee Retirement System of Idaho (PERSI) – The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members’ years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI.
NOTE 5: PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO (Continued)

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI’s website www.persi.idaho.gov.

The actuarially determined contribution requirements of the Idaho Rangeland Resources Commission and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2018, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The Idaho Rangeland Resources Commission employer contributions required and paid were $8,685, $8,403, and $7,781 for the three years ended June 30, 2018, 2017, and 2016, respectively.
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Idaho Rangeland Resources Commission

We have audited the financial statements of Idaho Rangeland Resources Commission as of and for the year ended June 30, 2018, and have issued our report thereon dated September 27, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Idaho Rangeland Resources Commission’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Idaho Rangeland Resources Commission’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization’s financial statements that is more than inconsequential will not be prevented or detected by the organization’s internal control.

A material weakness is a significant deficiency, or combinations of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Idaho Rangeland Resources Commission’s financial statements are free of material misstatement, we preformed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Harris & Company
September 27, 2018
As cattlemen and woolgrowers, we depend on a few things provided by Mother Nature to sustain our businesses. I know, that is probably one of the biggest understatements of all time considering the fact that quality forage is everything to us.

We growers all too often take it for granted that our livestock is raised and nourished on pastures and rangelands in Idaho. We feel that the rest of the human race should see our practices as an acceptable use of the land. Simple, sustainable, circle of life – it’s been happening for hundreds of years in one form or another.

I feel that the practice of grazing is scrutinized by many and understood by few. Most of us in the business take pride in doing it right and learning ways to do it better. Although, if we get complacent in explaining our practices to the rest of the world, that will eventually get us in trouble. Some folks believe that grazing is a detriment to the environment. Water quality, wildlife species concerns, fire, conflict with recreation, all of these topics and more, well up biases in the population that create problems for ranchers.

Some believe that the practice of grazing is bad, and they are hell-bent on doing whatever it takes to erase us and our grazing practices from the landscape. Politically we may lose that argument someday if we don’t educate and communicate with the public. Education and communication create understanding, forms new bonds with the public, and is always better than litigation. Bottom line, we have to tell our story!

View the Idaho Rangeland Resources Commission as one of your best advocates if you graze livestock. IRRC educates and communicates with folks, mostly outside of the ranching world, to promote you and the safe, scientifically supported practices of stewardship, and the responsible use of rangelands. We provide signage and public awareness through the Care/Share program. We advocate for you by providing educational programs for K-12 students throughout the state. We advocate for you by supporting FFA Range Education. IRRC co-sponsored the International 2018 Envirothon in Pocatello this year. We promote what you do on the ground with 40+ Life on the Range video features on our website at idrange.org.

Gretchen Hyde, our Executive Director, has talked to many organizations this year to promote and educate on your behalf. She has presented at the Idaho Climate Summit, Idaho Environmental Forum, Idaho Science Teachers Association, several Idaho legislative committees, and two UI advisory boards just to name a few. We work closely with the University of Idaho to educate and promote rangeland awareness. Our mission is to foster understanding by creating collaborative partnerships to sustain healthy rangelands. IRRC promotes cooperation with federal and state agencies. We are a forum for all topics pertaining to range. We are your Public Relations Department in the grazing world.

We advocate for you on a budget sustained by you, our own industry, at a rate of 10 cents per AUM on public grazing and 2 cents per acre on privately owned rangeland. The average price paid in Idaho for our advocacy costs you somewhere between the price of a hamburger and the cost to shoe your favorite horse. We are part of your industry-support team in Idaho. The goals of the IRRC are:

- To increase public understanding that Idaho’s rangelands are a renewable source of important consumer products and environmental values.
- To provide, coordinate, and disseminate factual information about the economic and environmental aspects of grazing management practices and partnership conservation projects that enhance rangeland health and stewardship.
- To promote public support for Idaho’s livestock industry.
- To help achieve and maintain a healthy livestock industry through responsible rangeland stewardship.
- To advocate balanced use of rangeland resources.

The IRRC appreciates your support and welcomes your attendance and input at our meetings. We are here to serve you, the grazing public, and those who utilize the rangelands of the great state of Idaho.

Royce Schwenkfelder, IRRC Chairman

Who Advocates for Your Grazing Practices in Idaho?
International Envirothon Competition

As school started this fall, teachers returned to the classroom looking for new and better ways to engage their students. IRCR& creates opportunities for students to learn about where they live, where their food comes from, and how important caring for the land is to ranchers in the great state of Idaho. This is a crucial part of IRCR&’s mission—providing quality, locally produced educational materials about ranching and rangelands for K-12 students.

Idaho teachers have more expectations placed on them every year, so it’s critical that the materials they use help reach their goals of student learning. Hands-on educational activities which relate to where they live is one way to create a unique experience that will stay with the students for a lifetime.

Field trips, agriculture expositions hosted by local FFA chapters, natural resource days, and classroom presentations are just a few of the ways IRCR& contributes to the enhanced learning opportunities for Idaho students. The IRCR& was created by the Idaho Cattle Association, the Idaho Wool Growers, and the Idaho Rangeland Committee in the mid 1990s to focus on educating students and the public who didn’t necessarily grow up on a ranch or a farm about rangeland management and ranching in Idaho. Providing grade-level materials, learning opportunities for teachers, knowledgeable presentations, and field trip experiences will help the next generation of citizens support livestock production on Idaho’s public and private rangelands.

This summer, the International Envirothon Competition came to Pocatello, Idaho. An ambitious team of enthusiastic educators hosted teams from 43 states, five Canadian provinces, and two Chinese provinces. The teams had to win their home state contest to qualify for the event. The competition includes written tests, oral presentations, and hands-on learning stations.

This year’s “current environmental issue” was western rangelands. The IRCR& and the University of Idaho stepped up to create the study guide, tests, and learning stations for the event. Special thanks to April Halseth, Rangeland Extension Specialist, University of Idaho, for her hard work, knowledge, and organizational skills! Several rangeland professionals from NRCS, USFS, BLM and other agencies also came out to help with the training day. The experience included a fun field tour day in Soda Springs with the help of local farmers and ranchers who fed and entertained these ambitious students.

Since many of these students come from the eastern U.S., this was a once-in-a-lifetime experience. Comments from a few of these highly intelligent kids were priceless—one asked me what a cow pie was (he thought it might have been a special mushroom). Many felt their skin was going to peel off in our dry climate. It was an amazing learning experience for these very motivated kids.

Every year, schools around Idaho host outdoor natural resource or agriculture days. I’d encourage ranchers and natural resource professionals to become a part of the experience of teaching the next generation about what you do. This is very rewarding and enlightening experience. We have ready-made materials and activities to assist you with any of these opportunities.

I encourage you to contact the IRCR office at (208) 398-7022 or email me at phh@island.net if you want more information about helping us with our education outreach. Thank you!

A Busy Year for Life on the Range

It’s been a super-busy year for Life on the Range (LOTFR) crew in 2018.

We started out the year launching a tribute story about Weiser ranching icon Phil Soulen and the Soulen family sheep operation. As former Idaho Wool Growers Director Stan Boyd points out, “those sheep never saw a truck,” traveling hundreds of miles from winter range in the Morley Nelson Snake River Birds of Prey National Conservation Area to the Payette National Forest north of McCall, following the green.

The LOTFR crew spent a year traveling with Phil and Harry Soulen and their herders as they moved their sheep to higher ground, and we documented the different stages of animal husbandry along the way—shearing, range lambing on spring range, trailing to summer range, and shipping.

The 27-minute video is titled “Incredible Journey: Phil Soulen leaves a legacy of success with extensive sheep operation.” You can find it on LifewiththeRange.org. Our congrats to the Soulen family for building an impressive family business and giving back to the community.

The Soulen’s suffered significant losses to wolves this year on summer range in the Payette National Forest, and a record number of Idaho producers also experienced direct predation by wolves to their livestock. Sixty-one wolf reintroduction in 1995, more than 40,000 Idaho ranchers statewide have experienced direct predation by wolves.

Confirmed wolf kills this year included 128 cows and calves, 112 sheep, 3 guard dogs, 2 llamas, 1 horse and 1 goat, according to USDA APHIS Wildlife Services.

Over the last two years, the LOTFR crew has been traveling across Idaho talking to cattle ranchers, sheep ranchers, Idaho Fish and Game officials, sportsmen, wolf hunters and wolf-trappers to research and produce a 5-part series about the impact of wolves statewide since 1995. The series is expected to be completed by the end of 2018 and launched in early 2019.

The wolf series will be timely because of the record numbers of direct predation on livestock, which seems to indicate wolf populations are reaching an all-time high in the state, while spreading to adjacent states. Our series also details many of the unexpected consequences ofmusic and livestock, in terms of reduced weight gains, reduced pregnancy rates, cattle bunching up to defend themselves instead of spreading out on the range, cattle attacking herding dogs, big game animals spending more time on private land valleys-bottoms in the summer, and more.

The series also details several ranchers who are practicing non-lethal methods of protecting livestock from wolves. Ultimately, the series underscores the need for all forms of management to work effectively to prevent wolves from causing undue economic harm to Idaho ranchers, rural citizens and the rural economy.

The LOTFR crew also has been working on stories about:

- IRRC—What is the Rangeland Commission and what does it do?
- Using targeted grazing to clear wider fire breaks in the Owyhee Front. This experimental project expanded significantly in the spring of 2018 with multiple ranchers participating.
- Installing beaver dam like structures in streams through agency partnerships with private landowners to create wet meadow areas and store water high in wetlands for the benefit of multiple species.
- A new “grass bank” developed by the Bureau of Land Management in the Snake Plain desert north of American Falls. The 5,000 acre forage reserve will be available to ranchers whose cattle or sheep range may have been affected by wildfires.
- As always, watch for new LOTFR stories to emerge on LifewiththeRange.org, the Life on the Range Facebook page and YouTube. New stories also are often featured in the Idaho media.

Steve Stechmer, LOTFR writer and producer
IRRC Revenue

The IRRC appreciates every dollar contributed by ranchers, landowners, and partners. This year includes a couple of grants for a project that will be up and running next year. A traveling educational trailer will be available to take to schools, fairs, and other educational opportunities. The trailer is in production this winter to be unveiled in Spring 2019.

IRRC’s educational, public relations, and research programs would not be possible without the support of the ranching community. The license plate is another source of funding which goes directly into the educational campaigns. The IRRC works hard to get the most out of every dollar.

IRRC Board and Advisory Members:

A volunteer board of five voting members, appointed by the Governor, governs the IRRC.

**IRRC Board Members**

Royce Schwenkfelder, Chairman

SS Cattle Company
Cambridge, Idaho

Todd Holbrook, Vice Chair
Holbrook Ranches LLC
Bancroft, Idaho

John Peavey
Flat Top Sheep Company
Croy, Idaho

**Ross Goddard**

Goddard Cattle Company
Tungo, Idaho

**Darcy Holmick**

Singletary Livestock
Grandview, Idaho

**IRRC Advisory Members**

BLM Idaho State Director

Idaho Department of Fish and Game Director

Idaho Department of Lands Director

Idaho State Department of Agriculture Director

Governor’s Office of Species Conservation Director

Natural Resource Conservation Director, Idaho State Conservationist

US Fish and Wildlife Service Idaho State Director

US Forest Service Forest Supervisors

University of Idaho College of Natural Resources Dean

University of Idaho College of Agriculture and Life Sciences Dean

University of Idaho Rangeland Center Director
AGENDA  
SENATE AGRICULTURAL AFFAIRS COMMITTEE  
8:00 A.M.  
Room WW53  
Thursday, February 14, 2019

<table>
<thead>
<tr>
<th>Subject</th>
<th>Description</th>
<th>Presenter</th>
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</thead>
<tbody>
<tr>
<td>Page Graduation:</td>
<td>Farewell To Committee Page Joseph Price</td>
<td>Chairman Guthrie</td>
</tr>
<tr>
<td>Gubernatorial Appointment:</td>
<td>Reappointment of <strong>Celia R. Gould</strong> of Boise, Idaho to the Idaho State Department of Agriculture to serve a term commencing January 7, 2019, and will serve at the pleasure of the Governor</td>
<td></td>
</tr>
<tr>
<td>Presentation:</td>
<td>Idaho Dairy Products Commission</td>
<td>Kariianne Fallow, Executive Director, Dairy West</td>
</tr>
<tr>
<td>Presentation:</td>
<td>Idaho Potato Commission</td>
<td>Frank Muir, President, Idaho Potato Commission</td>
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</table>

*If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.*

<table>
<thead>
<tr>
<th>Committee Members</th>
<th>Committee Secretary</th>
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<tbody>
<tr>
<td>Chairman Guthrie</td>
<td>Jacob Garner</td>
</tr>
<tr>
<td>Vice Chairman Den Hartog</td>
<td>Room: WW31</td>
</tr>
<tr>
<td>Sen Patrick</td>
<td>Phone: 332-1330</td>
</tr>
<tr>
<td>Sen Harris</td>
<td>email: <a href="mailto:sagri@senate.idaho.gov">sagri@senate.idaho.gov</a></td>
</tr>
<tr>
<td>Sen Mortimer</td>
<td></td>
</tr>
</tbody>
</table>
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.
**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                Jacob Garner
Chair                           Secretary
# Dairy West Statistics (as of 2017)

<table>
<thead>
<tr>
<th>Category</th>
<th>Idaho</th>
<th>Utah</th>
<th>Together</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Operations</td>
<td>457</td>
<td>180</td>
<td>637</td>
</tr>
<tr>
<td>Milk Cows</td>
<td>592,000</td>
<td>95,000</td>
<td>687,000</td>
</tr>
<tr>
<td>Average Herd Size</td>
<td>1,295</td>
<td>528</td>
<td>1,078</td>
</tr>
<tr>
<td>Milk Production (annually)</td>
<td>14.6 billion lbs.</td>
<td>2.2 billion lbs.</td>
<td>16.8 billion lbs.</td>
</tr>
<tr>
<td>U.S. Rank (production)</td>
<td>4th</td>
<td>21st</td>
<td></td>
</tr>
<tr>
<td>Processing Plants</td>
<td>24</td>
<td>12</td>
<td>36</td>
</tr>
<tr>
<td>Dairy Exports</td>
<td>$466 million</td>
<td>$64 million</td>
<td>$530 million</td>
</tr>
<tr>
<td>Local Economic Impact (from exports)</td>
<td>$1.24 billion</td>
<td>$183 million</td>
<td>$1.42 billion</td>
</tr>
<tr>
<td>Direct Jobs</td>
<td>8,010</td>
<td>9,632</td>
<td>17,642</td>
</tr>
<tr>
<td>Indirect Jobs (additional)</td>
<td>33,654</td>
<td>21,340</td>
<td>54,994</td>
</tr>
<tr>
<td>Consumer Population</td>
<td>1.7 million</td>
<td>3.1 million</td>
<td>4.8 million</td>
</tr>
</tbody>
</table>

DAIRY TOURS

Don't just tell me.
SHOW ME.
COMMUNITY TOURS

PERCENTAGE OF TOUR GUESTS WHO HAVE NEVER BEEN ON A FARM

57%
UNIVERSITY TOURS

PERCENTAGE OF TOUR GUESTS WHO HAVE NEVER BEEN ON A FARM

56%

How students' perceptions changed:

- Farms are very unhygienic. They use a lot of raw milk and don't screen it.
- Farms are very overcrowded. There are more than 50 cows in each barn.

The top items students planned to pass on:
- How well the cows are treated
- The cleanliness and safety precautions used
- How farmers' daily routines are

What was most surprising to the students:
- How much milk is produced in a day
- The milking process
- The myths around antibiotics and hormones
MEDIA RELATIONS

IT ONLY TAKES ONE NEGATIVE STORY TO ERASE 10 "ATTA-BOYS."

THAT'S WHY WE PUT MORE ATTA-BOYS IN THE BANK.
HEALTH & WELLNESS

SPORTS NUTRITION
EUSAA/HEUSAA Binge/Replenish
School Athlete Relationships
Sports Symposium
University Sports
FUTP60 (Grow Sports Nutrition)

FARM TO TABLE
Farm to School
School Foodservice
Culinary Strategy
Ag Partners (FFA, 4-H)

YOUTH WELLNESS
FUTP60
School Athlete Relationships
AIR/HEAL
School Teachers Relationships
Curriculum

HEALTH PROFESSIONALS
Continuing Education Events
Medical Prof Relationships
University Nutrition Progs
Public Health
INNOVATION PARTNERSHIPS

ATTRACTING NEW PROCESSORS

WORKING WITH RESTAURANTS AND FOOD SERVICE

SUPPORTING COMMERCIAL PARTNERS WITH INFORMATION AND RESOURCES

Select USA Conference (June 2018)
• Dairy West
• IDA
• Dept of Commerce
• SEIDO
• Governor’s Office
Smoky Mountain Pizza
- Monthly dairy promotions
- Dairy usage up 2.1% annually
- Supporting Dairy West events with over $14k in product

Trade Missions with ISDA and USDEC
Exports as a Percent of Production

*Through the first four months of 2018. Source: U.S. Dairy Export Council, USDA.

U.S. Exports as a Percent of Production

<table>
<thead>
<tr>
<th>Product</th>
<th>2017</th>
<th>2018 thru Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whey Protein</td>
<td>66%</td>
<td>72%</td>
</tr>
<tr>
<td>NDM/SMP</td>
<td>57%</td>
<td>70%</td>
</tr>
<tr>
<td>Dry whey</td>
<td>45%</td>
<td>49%</td>
</tr>
<tr>
<td>Cheese</td>
<td>5.9%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Butterfat</td>
<td>3.3%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

Source: U&DPE, USDA, U.S. Bureau of Census
The Next 5% is Vital to Our Future

U.S. Milk Production and Domestic Consumption

Exports can close the gap—95% of our customers live outside of the US.
2019 KEY AREAS OF FOCUS

CONTINUE TO WORK TO ATTRACT MORE PROCESSING AND INTERNATIONAL OPPORTUNITIES

EXPANSION OF ZOOM TOURS FOR SCHOOLS
(BRINGING THE FARM TO THE SCHOOLS)

MORE WORK WITH HEALTH PROFESSIONALS AND MEDICAL STUDENTS TO REINFORCE THE IMPORTANCE OF DAIRY IN THE DIET

Financial Reports

2018 Dairy West Budget*

- Operating Budget Reserve, $0.48M
- Health & Wellness, $1.8M
- Program Implementation, $0.54M
- DMI Expert Funding, $1.0M
- USDEC Funding, $1.0M
- Integrated Communications, $1.09M
- Innovation Partnerships, $0.43M
- Industry Relations/Research, $2.1M
- UDIA Dues, $0.13M

*Includes 9 months of Utah contributions
THANK YOU!

KARIANNE FALLOW

kfallow@dairywest.com

DAIRY FARMERS OF IDAHO & UTAH

dairy west®
IDaho potato commission
Mission statement

Lead, Promote, Protect

To contribute to the economic welfare of the State of Idaho, its potato
growers and other potato-related businesses;

- By leading, through facilitation, the various Idaho potato
organizations in achieving mutually beneficial goals, including
conducting strategic analyses of markets and marketing
opportunities, maximizing research and education funds in
improving quality, yield and variety expansion, and working with
State and Federal government agencies and National industry
organizations to best leverage support;

- By promoting and advertising Idaho's famous brand and
certification marks with consumers, retailers/wholesalers,
foodservice operators/distributors, and expanding both domestically
and internationally all forms of Idaho potatoes;

- And by protecting Idaho potato registered trademarks and
certification marks through approval and monitoring procedures
which ensure compliance and aggressively challenging any
improper usage.
Eradication Progress

1) No viable eggs found: 22 fields, 2,390 acres
2) Passed greenhouse bioassay: 13 of 22 fields, 1,610 acres
3) Passed one in-field bioassay 1 of 22 fields, 136 acres
December 17, 2018

To the Board of Commissioners,
Idaho Potato Commission

We have audited the financial statements of the governmental activities and the fund information of Idaho Potato Commission for the year ended August 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 18, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Idaho Potato Commission are described in notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year under audit. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management’s estimate of the accounts receivable is based on management’s knowledge. We evaluated the key factors and assumptions used to develop the accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule to the management representation letter summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 17, 2018.
Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The result of those discussions was not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Commissioners and management of Idaho Potato Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Zwygart John & Associates, CPAs, PLLC
<table>
<thead>
<tr>
<th>REVENUES:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>POTATO TAX</td>
<td>13,955,518</td>
</tr>
<tr>
<td>SEED ASSESSMENTS (30K NUCLEAR SEED FACILITY)</td>
<td>90,000</td>
</tr>
<tr>
<td>LICENSE FEES</td>
<td>39,000</td>
</tr>
<tr>
<td>PENALTIES</td>
<td>1,000</td>
</tr>
<tr>
<td>INTEREST</td>
<td>4,200</td>
</tr>
<tr>
<td>SALE OF PREMIUMS &amp; LICENSE PLATES</td>
<td>66,000</td>
</tr>
<tr>
<td>GRANTS - INTERNATIONAL</td>
<td>75,000</td>
</tr>
<tr>
<td>*RESERVES</td>
<td>791,283</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>15,022,001</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PERSONNEL</td>
<td>3,279,817</td>
</tr>
<tr>
<td>TRAVEL &amp; SUBSISTENCE</td>
<td>326,890</td>
</tr>
<tr>
<td>ADVERTISING/CONSUMER</td>
<td>4,828,060</td>
</tr>
<tr>
<td>FOODSERVICE</td>
<td>1,686,000</td>
</tr>
<tr>
<td>RETAIL</td>
<td>1,910,500</td>
</tr>
<tr>
<td>INTERNATIONAL</td>
<td>553,000</td>
</tr>
<tr>
<td>MISC MKTG/PR/OTHER</td>
<td>355,520</td>
</tr>
<tr>
<td>RESEARCH &amp; EDUCATION</td>
<td>1,536,578</td>
</tr>
<tr>
<td>LEGAL &amp; AUDIT</td>
<td>67,660</td>
</tr>
<tr>
<td>OTHER SERVICES</td>
<td>98,100</td>
</tr>
<tr>
<td>COMMUNICATIONS</td>
<td>77,965</td>
</tr>
<tr>
<td>OFFICE SUPPLIES</td>
<td>32,000</td>
</tr>
<tr>
<td>RENT</td>
<td>161,000</td>
</tr>
<tr>
<td>BANK FEES</td>
<td>3,200</td>
</tr>
<tr>
<td>REPAIRS &amp; MAINTENANCE</td>
<td>59,555</td>
</tr>
<tr>
<td>CAPITAL OUTLAY</td>
<td>41,500</td>
</tr>
<tr>
<td>INSURANCE</td>
<td>4,656</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>15,022,001</td>
</tr>
</tbody>
</table>

*PER PRIOR BUDGET APPROVAL
IDAHO POTATO COMMISSION

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended August 31, 2018
Idaho Potato Commission
Management’s Discussion and Analysis

The Management’s Discussion and Analysis for the Idaho Potato Commission’s financial performance provides an overview of the Commission’s financial activities for the fiscal year ended August 31, 2018.

Overview of the Commission

The Idaho Legislature created the Idaho Potato Commission (the “IPC”) in 1937 to provide market development, production research, and the promotion of potatoes grown in Idaho (Idaho Code Title 22, Chapter 12). The IPC’s office is located in Eagle, Idaho. The IPC is governed by nine governor-appointed commissioners (from the industry nominations). The IPC commissioners are made up of five growers, two processors, and two shippers. The IPC also has 18 staff (including 7 field directors).

The IPC is a self-governing state agency that receives the majority of its revenue through a potato tax split 60% from the growers and 40% from the first handlers (shipper or processor). The tax is currently set at 12.5 cents per hundred-weight. The Idaho Code gives the IPC’s board the right to set the tax rate up to 15 cents per hundred-weight.

The IPC uses funds and account groups to report on its financial position and the results of its operations. The IPC’s financial statements consist of a governmental fund and a general fund. The governmental fund follows the accrual basis of accounting while the general fund follows the modified accrual basis of accounting.

Financial Highlights

During the fiscal year ended August 31, 2018, the IPC had total revenue of $15,383,107. ($15,082,318 was from potato tax), which is $497,179 less than 2017 due to decreased acres and yield versus last year.

Total expenses for the IPC during the fiscal year ended August 31, 2018, totaled $15,425,361. The IPC’s expenses are divided into the following major areas: Consumer Advertising, Retail Promotion, Foodservice Promotion, Research & Education, and Administration. IPC’s expenses increased $598,201 or 4% compared to 2017.

Using the Basic Financial Statements

The annual report consists of two distinct series of financial statements: The government-wide financial statements (Statement of Net Position and Statement of Activities) and the fund financial statements (General Fund and Statement of Revenues, Expenditures, and Changes in Fund Balance). The government-wide statements are designed to show the IPC’s overall economic activity. The Statement of Net Position and Statement of Activities provide information about the governmental-type activities of the whole IPC organization presenting both an aggregate view of IPC finances and a longer-term view of those finances.
The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

**Reporting the IPC as a Whole**

The Statement of Net Position and the Statement of Activities on pages 4 and 5 reflect the overall financial health of the IPC and report what the IPC owns and how much it owes. They also assess the IPC’s present financial status and future outlook. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies.

**Financial Analysis of the IPC as a Whole**

Table 1 provides a summary of the Commission’s net position as of August 31, 2018 compared to August 31, 2017.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>5,826,800</td>
<td>6,021,538</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Net Investment in Capital Assets</td>
<td>212,891</td>
<td>38,144</td>
<td>458.1%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>6,039,691</td>
<td>6,059,682</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Deferred Outflows</td>
<td>494,230</td>
<td>1,047,156</td>
<td>-52.8%</td>
</tr>
<tr>
<td>Liabilities</td>
<td>1,469,390</td>
<td>1,735,743</td>
<td>-15.3%</td>
</tr>
<tr>
<td>Deferred Inflows</td>
<td>184,088</td>
<td>448,398</td>
<td>-58.9%</td>
</tr>
<tr>
<td>Net Position:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Investment in Capital Assets</td>
<td>212,891</td>
<td>38,144</td>
<td>458.1%</td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>4,667,552</td>
<td>4,884,553</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$ 4,880,443</td>
<td>$ 4,922,697</td>
<td>-0.9%</td>
</tr>
</tbody>
</table>
Financial Analysis of the IPC as a Whole (continued)

Table 2 shows the IPC’s activities for the year ended August 31, 2018 compared to the year ended August 31, 2017 along with the change in net position.

### Summary of IPC’s Activities and Changes in Net Position

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potato Tax</td>
<td>$15,082,318</td>
<td>$15,624,731</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>300,789</td>
<td>255,555</td>
<td>17.7%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>15,383,107</strong></td>
<td><strong>15,880,286</strong></td>
<td><strong>-3.1%</strong></td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>3,384,769</td>
<td>2,914,421</td>
<td>16.1%</td>
</tr>
<tr>
<td>Advertising/PR/Retail</td>
<td>7,054,643</td>
<td>7,192,193</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Foodservice</td>
<td>1,466,539</td>
<td>1,588,842</td>
<td>-7.7%</td>
</tr>
<tr>
<td>Research and Education</td>
<td>1,438,042</td>
<td>1,278,572</td>
<td>12.5%</td>
</tr>
<tr>
<td>Other</td>
<td>2,081,368</td>
<td>1,853,132</td>
<td>12.3%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>15,425,361</strong></td>
<td><strong>14,827,160</strong></td>
<td><strong>4.0%</strong></td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>-(42,254)</td>
<td>1,053,126</td>
<td>-104.0%</td>
</tr>
<tr>
<td><strong>Net Position, Beginning</strong></td>
<td>4,922,697</td>
<td>3,869,571</td>
<td></td>
</tr>
<tr>
<td><strong>Net Position, End of Year</strong></td>
<td><strong>$4,880,443</strong></td>
<td><strong>$4,922,697</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Governmental Funds

Most of the IPC’s activities are reported in a governmental fund, which focuses on how money flows into and out of the fund and the balances left at year-end available for spending in future periods. This fund is reported on the “modified accrual” basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the IPC’s general government operations and the basic services it provides.
Budget Analysis

The IPC approves an income and expenditure budget every July, prior to the beginning of the fiscal year, based on the U.S.D.A. Idaho potato acreage report, yield estimates, and potato tax rate. The IPC develops an expenditure budget based on the projected revenue.

During the course of the fiscal year, the IPC can increase or decrease its budget based on more current revenue forecasts and can utilize its reserve if necessary. During the fiscal year ended August 31, 2018, reserve funds were approved to cover an anticipated shortfall in revenue. However, revenue was over budget by $1,357,251. Expenditures were under budget by $143,417. As a result, the IPC’s reserve decreased by $269,324.

Table 3 shows the original fiscal year 2018 budget compared to actual revenues and expenditures of the general fund.

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Percent Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$14,025,856</td>
<td>$15,383,107</td>
<td>9.7%</td>
</tr>
<tr>
<td>Expenditures</td>
<td>15,795,848</td>
<td>15,652,431</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>$(1,769,992)</td>
<td>$(269,324)</td>
<td></td>
</tr>
</tbody>
</table>
Capital Assets

At the end of the fiscal year 2018, the IPC had $212,891 of net capital assets in governmental activities. Table 4 reflects fiscal year 2018 balances compared to fiscal year 2017.

Capital Asset Balances

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Dollar Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Assets</td>
<td>$324,409</td>
<td>$150,015</td>
<td>$174,394</td>
</tr>
<tr>
<td>Less - Accumulated Depreciation</td>
<td>(111,518)</td>
<td>(111,871)</td>
<td>353</td>
</tr>
<tr>
<td>Investment in Capital Assets</td>
<td>$212,891</td>
<td>$38,144</td>
<td>$174,747</td>
</tr>
</tbody>
</table>

This financial report is designed to provide industry members and management with a general overview of IPC’s finances and to reflect the IPC’s accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to: Frank Muir, President/CEO, Idaho Potato Commission, 661 S. Rivershore Lane, #230, Eagle, ID 83616, 208-334-2350.
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<th>Section</th>
<th>Page</th>
</tr>
</thead>
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</tr>
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<td>Independent Auditor's Report</td>
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</tr>
<tr>
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<td></td>
</tr>
<tr>
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<td></td>
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<tr>
<td>Statement of Net Positions</td>
<td>3</td>
</tr>
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<td>Statement of Activities</td>
<td>4</td>
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<tr>
<td>Fund Financial Statements:</td>
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</tr>
<tr>
<td>Balance Sheet – Governmental Fund</td>
<td>5</td>
</tr>
<tr>
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<td>6</td>
</tr>
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<td>Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund</td>
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</tr>
<tr>
<td>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities</td>
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</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>9</td>
</tr>
<tr>
<td><strong>REQUIRED SUPPLEMENTARY INFORMATION</strong></td>
<td></td>
</tr>
<tr>
<td>Budgetary (GAAP Basis) Comparison Schedule:</td>
<td></td>
</tr>
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<td>Notes to Required Supplementary Information</td>
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<td>25</td>
</tr>
<tr>
<td>Schedule of Commission Contributions</td>
<td>26</td>
</tr>
<tr>
<td><strong>OTHER SUPPLEMENTARY INFORMATION</strong></td>
<td></td>
</tr>
<tr>
<td>Schedule of Expenditures Expressed in Percentages</td>
<td>27</td>
</tr>
<tr>
<td>Comparative Schedule of Revenues and Expenditures</td>
<td>28</td>
</tr>
<tr>
<td>Schedule of Administrative Expenditures</td>
<td>29</td>
</tr>
<tr>
<td><strong>FEDERAL REPORT</strong></td>
<td></td>
</tr>
<tr>
<td>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards</td>
<td>30</td>
</tr>
</tbody>
</table>
Independent Auditor's Report

Board of Commissioners
Idaho Potato Commission
Eagle, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the fund information of Idaho Potato Commission (the Commission) as of and for the year ended August 31, 2018 and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fund information of the Idaho Potato Commission, as of August 31, 2018, and the respective changes in financial position, and, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information, schedule of the Commission’s proportionate share of the net pension liability, and schedule of Commission contributions on pages i through v and 23 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Idaho Potato Commission's basic financial statements. The Schedule of Expenditures Expressed in Percentages, the Comparative Schedule of Revenues and Expenditures, and the Schedule of Administrative Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures Expressed in Percentages, the Comparative Schedule of Revenues and Expenditures, and the Schedule of Administrative Expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures Expressed in Percentages, the Comparative Schedule of Revenues and Expenditures, and the Schedule of Administrative Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2018, on our consideration of the Idaho Potato Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Idaho Potato Commission's internal control over financial reporting and compliance.

Zwygart John & Associates, CPAs, PLLC
December 17, 2018
Idaho Potato Commission  
Statement of Net Position  
August 31, 2018

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$1,844,038</td>
</tr>
<tr>
<td>Short-term Investments</td>
<td>883,575</td>
</tr>
<tr>
<td>Potato Tax Receivable</td>
<td>2,107,448</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>576,826</td>
</tr>
<tr>
<td>Inventory</td>
<td>414,913</td>
</tr>
<tr>
<td>Capital Assets:</td>
<td></td>
</tr>
<tr>
<td>Equipment, Net</td>
<td>212,891</td>
</tr>
<tr>
<td>Total Assets</td>
<td>6,039,691</td>
</tr>
</tbody>
</table>

**Deferred Outflows**

| Pension Related Items | 494,230 |

**Liabilities**

| Accounts Payable | 207,017 |
| Payroll Taxes Payable | 767 |
| Long-Term Liabilities: |  |
| Due Within One Year: |  |
| Compensation Absences | 223,173 |
| Due in More Than One Year: |  |
| Net Pension Liability | 1,038,433 |
| Total Liabilities | 1,469,390 |

**Deferred Inflows**

| Pension Related Items | 184,088 |

**Net Position**

| Net investment in Capital Assets | 212,891 |
| Unrestricted Surplus | 4,667,552 |
| Total Net Position | $4,880,443 |

The accompanying notes are an integral part of the financial statements.
### Idaho Potato Commission

**Statement of Activities**

For the Years Ended August 31, 2018

<table>
<thead>
<tr>
<th>Program Revenues</th>
<th>Net (Expense) Revenue and Changes in Net Positions - Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expenses</td>
</tr>
<tr>
<td>Marketing and Promotion</td>
<td>$ 9,701,050</td>
</tr>
<tr>
<td>Research</td>
<td>1,438,042</td>
</tr>
<tr>
<td>Administration</td>
<td>4,286,269</td>
</tr>
<tr>
<td><strong>Total Governmental Activities</strong></td>
<td><strong>$ 15,425,361</strong></td>
</tr>
</tbody>
</table>

**General Revenues:**

- Potato Tax: 15,082,318
- Seed Assessment: 65,754
- Interest Income: 12,758
- License Fees: 38,400

**Total General Revenues and Special Items:** 15,199,230

**Change in Net Positions:** (42,254)

**Net Positions, Beginning of Year:** 4,922,697

**Net Positions End of Year:** $ 4,880,443

---

The accompanying notes are an integral part of the financial statements.
### Idaho Potato Commission
#### Balance Sheet -
Governmental Fund
August 31, 2018

<table>
<thead>
<tr>
<th>General Fund</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$1,844,038</td>
</tr>
<tr>
<td>Short-term Investments</td>
<td>883,575</td>
</tr>
<tr>
<td>Potato Taxes Receivable</td>
<td>2,107,448</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>576,826</td>
</tr>
<tr>
<td>Inventory</td>
<td>414,913</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$5,826,800</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Liabilities and Fund Balance</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$207,017</td>
</tr>
<tr>
<td>Payroll Taxes Payable</td>
<td>767</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>207,784</td>
</tr>
</tbody>
</table>

| Fund Balance:                  |   |
| Nonspendable:                  |   |
| Prepaid Items                  | 576,826 |
| Inventory                      | 414,913 |
| Unassigned                     | 4,627,277 |
| **Total Fund Balance**         | 5,619,016 |

| **Total Liabilities and Fund Balance** | $5,826,800 |
Idaho Potato Commission
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Positions
August 31, 2018

Total Fund Balances - Governmental Funds $ 5,619,016

Amounts reported for governmental activities in the Statement of Net Positions are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets consist of:

   Equipment, Net of $111,518 Accumulated Depreciation  212,891

Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Positions.

   Compensated Absences (223,173)

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

   Net Pension Liability $ (1,038,433)
   Pension Related Deferred Inflows (184,088)
   Pension Related Deferred Outflows 494,230

   (728,291)

Total Net Positions-Governmental Activities $ 4,880,443

The accompanying notes are an integral part of the financial statements
Idaho Potato Commission  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance -  
Governmental Fund  
For the Years Ended August 31, 2018

<table>
<thead>
<tr>
<th>General Fund</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
</tr>
<tr>
<td>Potato Tax</td>
<td>$15,082,318</td>
</tr>
<tr>
<td>Seed Assessment</td>
<td>65,754</td>
</tr>
<tr>
<td>License Fees</td>
<td>38,400</td>
</tr>
<tr>
<td>Sale of Merchandise</td>
<td>25,781</td>
</tr>
<tr>
<td>Sale of License Plates</td>
<td>34,430</td>
</tr>
<tr>
<td>Grant Income</td>
<td>123,666</td>
</tr>
<tr>
<td>Interest Income</td>
<td>12,758</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>15,383,107</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
</tr>
<tr>
<td>Marketing and Promotion</td>
<td>9,701,050</td>
</tr>
<tr>
<td>Research</td>
<td>1,438,042</td>
</tr>
<tr>
<td>Administration</td>
<td>4,283,545</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>229,794</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>15,652,431</td>
</tr>
</tbody>
</table>

Net Change in Fund Balance

| Fund Balance, Beginning | 5,888,340 |
| Fund Balance, Ending   | $5,619,016 |

The accompanying notes are an integral part of the financial statements.
Total Net Change in Fund Balance - Governmental Funds $ (269,324)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense.

\[
\begin{align*}
\text{Capital Outlays} & \quad $ 202,995 \\
\text{Depreciation Expense} & \quad (28,248) \\
\hline
\text{Total} & \quad 174,747
\end{align*}
\]

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Compensated Absences 8,382

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities.

43,941

Change in Net Positions of Governmental Activities $ (42,254)

The accompanying notes are an integral part of the financial statements.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the Idaho Potato Commission, State of Idaho. The Commission receives funding from tax assessments on potatoes. For financial reporting purposes, the State of Idaho’s primary government includes commissions, among others that are an integral part of the State. The Idaho Potato Commission is considered such an entity and is included in the State’s financial statements in the nonmajor governmental funds. Commissioners are appointed by the Governor upon recommendation of the Idaho by participants of the grower, shipper, and processor segments of the industry in Idaho, and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the Commission’s reporting entity does not contain any component units.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Positions and the Statement of Activities display information about the financial activities of the Commission. Governmental activities are financed primarily through the potato tax assessed on all potatoes as they enter the channels of trade in Idaho.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses—expenses of the general government related to the administration and support of the Commission’s programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Commission’s funds. The emphasis of fund financial statements is on major governmental funds.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Commission reports the following major governmental funds:

- **General fund.** This is the Commission’s primary operating fund. It accounts for all financial resources of the Commission, except those required to be accounted for in another fund.

**Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in the governmental funds to be available if they are collectible in the current period, or within a reasonable time thereafter to pay for the current period liabilities. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

**Fund Balance Reporting in Governmental Funds**

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Positions and in the governmental fund Balance Sheet.

The Commission uses the following fund balance categories in the governmental fund Balance Sheet:

- **Unassigned.** Balances available for any purpose.

The remaining fund balance classifications (nonspendable, restricted, committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners, the Commission’s highest level of decision making authority, through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted resources are available for use, it is the Commission’s intent to use restricted resources first, then unrestricted resources as they are needed. There is no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the Commission’s intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Commission considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

The Commission’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. See Note 2.

Receivables

All trade and assessment receivables are shown net of an allowance for uncollectable.

Inventory

Inventory is stated at cost. Expenditure in the fund statements are recognized as the inventory is used, using the consumption method.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below.

<table>
<thead>
<tr>
<th>Capitalization Policy</th>
<th>Depreciation Method</th>
<th>Estimated Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Equipment</td>
<td>$ 5,000</td>
<td>Straight-line</td>
</tr>
<tr>
<td>Office and Other Equipment</td>
<td>$ 5,000</td>
<td>Straight line</td>
</tr>
</tbody>
</table>
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

The Commission does not own any infrastructure assets.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Deposits

As of August 31, 2018, the Commission's deposits were $1,844,038. The respective bank balances totaled $2,320,829. $750,000 of the total bank balance was insured or collateralized with pooled securities held by the pledging institutions in the name of the Commission.

Custodial Credit Risk – Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of August 31, 2018, $1,094,038 the Commission's deposits were not covered by the federal depository insurance or by collateral held by the Commission's agent or pledging financial institution's trust department or agent in
2. CASH AND INVESTMENTS (continued)

the name of the Commission, and thus were exposed to custodial credit risk. The Commission does not have a deposit policy for custodial credit risk. Custodial credit risk for investments is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the Commission’s policy to preserve the principal value and the interest income on an investment against credit risk. The Commission’s policy is to invest in only debt instruments allowed by Idaho Statue. Investments of reserves will be approved by a majority vote of the commissioners. Commissioners will annually review each investment to determine annual income and current value as well as evaluate safety of the investment.

Interest Rate Risk

The Commission has a formal policy limiting investment maturities to help manage its exposure to fair value losses from increasing interest rates. Investment of Commission funds during periods of low interest rates will be held to short term maturities, not to exceed six months. When market interest rates are above historical averages, Commission funds can be invested for longer maturities upon approval by a majority of the Commission.

Investments

The Commission follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the Commission to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The Commission’s investments at August 31, 2018 are summarized below:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Rating</th>
<th>Fair Value</th>
<th>Less than 1</th>
<th>1 - 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Treasury Bill</td>
<td>AAA+</td>
<td>$883,575</td>
<td>$883,575</td>
<td>$</td>
</tr>
</tbody>
</table>
2. CASH AND INVESTMENTS (continued)

At year-end, the cash and investments were reported in the basic financial statements in the following categories:

| Governmental Activities | Cash and cash equivalents | $ 1,844,038 |

3. RISK MANAGEMENT

The Commission is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, and e) worker’s compensation, i.e. employee injuries. The Commission participates in various self-insurance programs established by the State for property and casualty losses and employee health insurance.

4. COMPENSATED ABSENCES

Vacation leave is granted to all regular Commission employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Changes in vacation leave during the year are as follows:

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>8/31/2017</th>
<th>Earned</th>
<th>Used</th>
<th>8/31/2018</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 231,554</td>
<td>$ 139,401</td>
<td>$(147,782)</td>
<td>$ 223,173</td>
<td>$ 223,173</td>
</tr>
</tbody>
</table>
5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended August 31, 2018, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance 8/31/2017</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance 8/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Assets Being Depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>$ 150,015</td>
<td>$ 202,995</td>
<td>$(28,601)</td>
<td>$ 324,409</td>
</tr>
<tr>
<td>Total Historical Cost</td>
<td>150,015</td>
<td>202,995</td>
<td>(28,601)</td>
<td>324,409</td>
</tr>
</tbody>
</table>

Less: Accumulated Depreciation

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>111,871</td>
<td>28,248</td>
<td>(28,601)</td>
<td>111,518</td>
</tr>
<tr>
<td>Total Acc. Depr.</td>
<td>111,871</td>
<td>28,248</td>
<td>(28,601)</td>
<td>111,518</td>
</tr>
<tr>
<td>Capital Assets - Net</td>
<td>$ 38,144</td>
<td>$ 174,747</td>
<td></td>
<td>$ 212,891</td>
</tr>
</tbody>
</table>

Depreciation expense was charged to the functions of the Commission as follows:

Governmental Activities:

Administration                       $ 28,248

6. FUNDING

The Commission is financed by a 12.5¢ per-hundred weight (cwt) tax collected by the Commission on potatoes as it enters the channels of trade in Idaho. The amount of funds received by the Commission is subject to various conditions, including market price, storage of potatoes, weather, and number of acres planted.

7. OTHER COMMITMENTS

The Commission has credit cards with a total credit limit of $54,000 at interest rates from 10.24% to 16.24%. $5,097 of the available credit was in use as of August 31, 2018.
8. LEASE COMMITMENTS


Lease expenditures were $168,542 in fiscal year 2018. Future minimum lease payments are shown below:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2019</td>
<td>$162,489</td>
</tr>
<tr>
<td>2020</td>
<td>159,989</td>
</tr>
<tr>
<td>2021</td>
<td>33,122</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$355,600</strong></td>
</tr>
</tbody>
</table>

9. OTHER POST EMPLOYMENT BENEFITS

The State of Idaho funds, or partially funds, postemployment benefits relating to health, disability, and life insurance. The Commission participates in the State of Idaho's postemployment benefit programs. The State administers the retiree healthcare plan which allows retirees to purchase healthcare insurance coverage for themselves and eligible dependents. The State provides long-term disability income benefits for active employees who become disabled, generally up to a maximum age of 70. The State provides basic life and dependent life coverage for disabled employees, generally up to a maximum age of 70. For up to 30 months following the date of disability, an employee is entitled to continue healthcare coverage. Benefit costs are paid by the Commission through a rate charged by the State. The primary government is reporting the liability for the retiree healthcare and long-term disability benefits. Specific details of these OPEB are available in the Comprehensive Annual Financial Report of the State of Idaho, which may be obtained by contacting the Office of the Idaho State Controller.

10. PENSION PLAN

*Plan Description*

Idaho Potato Commission contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information.
10. PENSION PLAN (continued)

for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members’ years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees and 11.66% for police and firefighters. Idaho Potato Commission’s contributions were $247,673 the year ended August 31, 2018.
10. PENSION PLAN (continued)

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2018, Idaho Potato Commission reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Idaho Potato Commission’s proportion of the net pension liability was based on Idaho Potato Commission’s share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, Idaho Potato Commission’s proportion was 0.0660653 percent.

For the year ended August 31, 2018, Idaho Potato Commission recognized pension expense/(revenue) of $243,870. At August 31, 2018, Idaho Potato Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>Differences between expected and actual experience</th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in assumptions or other inputs</td>
<td>$ 143,856</td>
<td>$ 93,554</td>
</tr>
<tr>
<td>Net difference between projected and actual earnings on pension plan investments</td>
<td>19,203</td>
<td>-</td>
</tr>
<tr>
<td>Changes in the employer’s proportion and differences between the employer’s contributions and the employer’s proportionate contributions</td>
<td>62,217</td>
<td>42,015</td>
</tr>
<tr>
<td>Idaho Potato Commission’s contributions subsequent to the measurement date</td>
<td>289,156</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$ 494,230</td>
<td>$ 184,088</td>
</tr>
</tbody>
</table>

$289,156 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2018.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2016, the beginning of the measurement period ended June 30, 2017, is 4.9 and 5.5 for the measurement period June 30, 2017.
10. PENSION PLAN (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<table>
<thead>
<tr>
<th>For the Year Ended</th>
<th>PERSI</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 31:</td>
<td>$241,572</td>
</tr>
<tr>
<td>2019</td>
<td>106,430</td>
</tr>
<tr>
<td>2020</td>
<td>28,412</td>
</tr>
<tr>
<td>2022</td>
<td>(66,272)</td>
</tr>
</tbody>
</table>

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year’s earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 3.25%
- Salary increases: 4.25% – 10.00%
- Salary inflation: 3.75%
- Investment rate of return: 7.10%, net of investment expense
- Cost-of-living: 1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

1. Set back 3 years for teachers
2. No offset for male fire and police
3. Forward one year for female fire and police
4. Set back one year for all general employees and all beneficiaries
10. PENSION PLAN (continued)

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017,
Idaho Potato Commission  
Notes to Financial Statements  
For the Year Ended August 31, 2018

10. PENSION PLAN (continued)

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Expected Return</th>
<th>Expected Risk</th>
<th>Strategic Normal</th>
<th>Strategic Ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broad Domestic Equity</td>
<td>9.15%</td>
<td>19.00%</td>
<td>70%</td>
<td>66% - 77%</td>
</tr>
<tr>
<td>International</td>
<td>9.25%</td>
<td>20.20%</td>
<td>55%</td>
<td>50% - 65%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>3.05%</td>
<td>3.75%</td>
<td>15%</td>
<td>10% - 20%</td>
</tr>
<tr>
<td>Cash</td>
<td>2.25%</td>
<td>0.90%</td>
<td>30%</td>
<td>23% - 33%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Fund</th>
<th>Expected Return</th>
<th>Expected Inflation</th>
<th>Expected Real Return</th>
<th>Expected Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuary</td>
<td>7.00%</td>
<td>3.25%</td>
<td>3.75%</td>
<td>N/A</td>
</tr>
<tr>
<td>Portfolio</td>
<td>6.58%</td>
<td>2.25%</td>
<td>4.33%</td>
<td>12.67%</td>
</tr>
</tbody>
</table>

* Expected arithmetic return net of fees and expenses

- Assumed Inflation - Mean: 3.25%
- Assumed Inflation - Standard Deviation: 2.00%
- Portfolio Arithmetic Mean Return: 8.42%
- Portfolio Long-Term Expected Geometric Rate of Return: 7.50%
- Assumed Investment Expenses: 0.40%

**Long-Term Expected Geometric Rate of Return, Net of Investment Expenses**

$7.10\%$

*Discount Rate*

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans’ net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

*Sensitivity of the Employer’s proportionate share of the net pension liability to changes in the discount rate.*
10. PENSION PLAN (continued)

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

<table>
<thead>
<tr>
<th></th>
<th>1% Decrease</th>
<th>Current Discount Rate</th>
<th>1% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer's proportionate share of the net pension liability (asset)</td>
<td>$ 2,413,532</td>
<td>$ 1,038,433</td>
<td>$ (104,311)</td>
</tr>
</tbody>
</table>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.
REQUIRED SUPPLEMENTARY INFORMATION
### Idaho Potato Commission
#### Budgetary (GAAP Basis) Comparison Schedule

**General Fund**

For the Years Ended August 31, 2018

<table>
<thead>
<tr>
<th>Revenues:</th>
<th>Original</th>
<th>Final</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potato Tax</td>
<td>$13,763,296</td>
<td>$13,763,296</td>
<td>$15,082,318</td>
<td>$1,319,022</td>
</tr>
<tr>
<td>Seed Assessments</td>
<td>60,000</td>
<td>60,000</td>
<td>65,754</td>
<td>5,754</td>
</tr>
<tr>
<td>License Fees</td>
<td>44,100</td>
<td>44,100</td>
<td>38,400</td>
<td>(5,700)</td>
</tr>
<tr>
<td>Sale of Merchandise</td>
<td>28,500</td>
<td>28,500</td>
<td>25,781</td>
<td>(2,719)</td>
</tr>
<tr>
<td>Sale of License Plats</td>
<td>28,500</td>
<td>28,500</td>
<td>34,430</td>
<td>5,930</td>
</tr>
<tr>
<td>Grants Revenues</td>
<td>96,260</td>
<td>96,260</td>
<td>123,666</td>
<td>27,406</td>
</tr>
<tr>
<td>Penalties</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
<td>(1,000)</td>
</tr>
<tr>
<td>Interest Income</td>
<td>4,200</td>
<td>4,200</td>
<td>12,758</td>
<td>8,558</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>14,025,856</strong></td>
<td><strong>14,025,856</strong></td>
<td><strong>15,383,107</strong></td>
<td><strong>1,357,251</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th>Original</th>
<th>Final</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Costs</td>
<td>3,289,300</td>
<td>3,289,300</td>
<td>3,437,092</td>
<td>(147,792)</td>
</tr>
<tr>
<td>Travel and Subsistence</td>
<td>947,890</td>
<td>947,890</td>
<td>874,652</td>
<td>73,238</td>
</tr>
<tr>
<td>Advertising / Consumer</td>
<td>5,371,520</td>
<td>5,371,520</td>
<td>5,178,792</td>
<td>192,728</td>
</tr>
<tr>
<td>Retail Promotion</td>
<td>1,791,900</td>
<td>1,791,900</td>
<td>1,875,851</td>
<td>(83,951)</td>
</tr>
<tr>
<td>Food Service Promotion</td>
<td>1,592,500</td>
<td>1,592,500</td>
<td>1,466,539</td>
<td>125,961</td>
</tr>
<tr>
<td>International Promotion</td>
<td>574,260</td>
<td>574,260</td>
<td>552,849</td>
<td>21,411</td>
</tr>
<tr>
<td>Research and Education</td>
<td>1,413,057</td>
<td>1,413,057</td>
<td>1,438,042</td>
<td>(24,985)</td>
</tr>
<tr>
<td>Legal and Audit</td>
<td>96,500</td>
<td>96,500</td>
<td>93,663</td>
<td>2,837</td>
</tr>
<tr>
<td>Other Services</td>
<td>95,300</td>
<td>95,300</td>
<td>133,221</td>
<td>(37,921)</td>
</tr>
<tr>
<td>Insurance</td>
<td>4,656</td>
<td>4,656</td>
<td>3,682</td>
<td>974</td>
</tr>
<tr>
<td>Communications</td>
<td>128,965</td>
<td>128,965</td>
<td>98,677</td>
<td>30,288</td>
</tr>
<tr>
<td>Rent</td>
<td>161,000</td>
<td>161,000</td>
<td>168,542</td>
<td>(7,542)</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>57,500</td>
<td>57,500</td>
<td>60,672</td>
<td>(3,172)</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>40,000</td>
<td>40,000</td>
<td>40,363</td>
<td>(363)</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>231,500</td>
<td>231,500</td>
<td>229,794</td>
<td>1,706</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>15,795,848</strong></td>
<td><strong>15,795,848</strong></td>
<td><strong>15,652,431</strong></td>
<td><strong>143,417</strong></td>
</tr>
</tbody>
</table>

**Net Change in Fund Balance**

(1,769,992) (1,769,992) (269,324) 1,500,668

**Fund Balance, Beginning**

1,769,992 1,769,992 5,888,340 4,118,348

**Fund Balance, Ending**

$ - $ - $5,619,016 $5,619,016
1. BUDGETS AND BUDGETARY ACCOUNTING

The Commission’s annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ended August 31. The Commission’s primary funding sources is the potato tax. Because the tax is based on potatoes placed in the normal channels of trade, revenue estimates are based upon the best available information as to the potential crop available to be entered into the normal trade channels. The Commission’s annual budget is subject to change within the fiscal year due to actual crop production within both the State and the industry. Although the budget is formally approved by the members of the Commission, they retain the authority to modify the budget during the year.

The Commission follows these procedures in establishing the General Fund budgetary data reflected in the general purpose financial statements:

1. In July, the Commission’s President and staff prepares a budget proposal, based on estimates provided by the Idaho Department of Agriculture on the size of the new crop.

2. In August, the budget proposal is submitted to the Commission for discussion and approval.

3. The approved annual budget is used as a control device for the General Fund

4. The budget is adopted on a GAAP Basis. Budgetary comparisons presented for the General Fund in this report are on a GAAP Basis.

5. The Commission may approve revisions to the annual budget based on the actual crop size and the funds needed to promote the crop.
Idaho Potato Commission
Schedule of the Commission's Proportionate Share of the
Net Pension Liability

Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission proportion of the net pension liability (asset)</td>
<td>0.0660653%</td>
<td>0.0676313%</td>
<td>0.0684221%</td>
<td>0.0629471%</td>
</tr>
<tr>
<td>Commission's proportionate share of the net pension liability (asset)</td>
<td>$1,038,433</td>
<td>$1,370,990</td>
<td>$901,008</td>
<td>$463,389</td>
</tr>
<tr>
<td>Commission's covered-employee payroll</td>
<td>$2,187,925</td>
<td>$2,033,356</td>
<td>$1,984,683</td>
<td>$1,925,921</td>
</tr>
<tr>
<td>Commission's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</td>
<td>47.46%</td>
<td>67.42%</td>
<td>45.40%</td>
<td>24.06%</td>
</tr>
<tr>
<td>Plan fiduciary net position as a percentage of the total pension liability</td>
<td>87.26%</td>
<td>87.26%</td>
<td>91.38%</td>
<td>94.95%</td>
</tr>
</tbody>
</table>

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Idaho Potato Commission will present information for those years for which information is available.

Data reported is measured as of June 30, 2017
Idaho Potato Commission  
Schedule of Commission Contributions  
Public Employees Retirement System of Idaho

Last 10 - Fiscal Years*

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractually required contributions</td>
<td>$247,673</td>
<td>$230,176</td>
<td>$224,666</td>
<td>$218,014</td>
</tr>
<tr>
<td>Contributions in relation to the contractually required contribution</td>
<td>$247,673</td>
<td>$230,176</td>
<td>$224,666</td>
<td>$218,014</td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Commission's covered-employee payroll</td>
<td>$2,187,925</td>
<td>$2,033,356</td>
<td>$1,984,683</td>
<td>$1,925,921</td>
</tr>
<tr>
<td>Contributions as a percentage of covered-employee payroll</td>
<td>11.32%</td>
<td>11.32%</td>
<td>11.32%</td>
<td>11.32%</td>
</tr>
</tbody>
</table>

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Idaho Potato Commission will present information for those years for which information is available.

Data reported is measured as of August 31, 2018
OTHER SUPPLEMENTARY INFORMATION
Idaho Potato Commission
Schedule of Expenditures Expressed in Percentages
For the Years Ended August 31, 2018, 2017, 2016, 2015 and 2014

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Costs</td>
<td>22.0%</td>
<td>19.6%</td>
<td>19.1%</td>
<td>16.3%</td>
<td>17.3%</td>
</tr>
<tr>
<td>Travel and Subsistence</td>
<td>5.6%</td>
<td>5.7%</td>
<td>5.3%</td>
<td>5.1%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Advertising / Consumer</td>
<td>33.1%</td>
<td>37.0%</td>
<td>36.6%</td>
<td>36.5%</td>
<td>38.6%</td>
</tr>
<tr>
<td>Retail Promotion</td>
<td>12.0%</td>
<td>11.5%</td>
<td>10.9%</td>
<td>12.6%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Food Service Promotion</td>
<td>9.4%</td>
<td>10.7%</td>
<td>10.3%</td>
<td>10.8%</td>
<td>10.3%</td>
</tr>
<tr>
<td>International Promotion</td>
<td>3.5%</td>
<td>3.3%</td>
<td>3.1%</td>
<td>3.2%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Research and Education</td>
<td>9.2%</td>
<td>8.6%</td>
<td>10.4%</td>
<td>10.6%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Legal and Audit and Other</td>
<td>5.3%</td>
<td>3.5%</td>
<td>4.1%</td>
<td>4.9%</td>
<td>5.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
Idaho Potato Commission  
Comparative Schedule of Revenues and Expenditures  
For the Years Ended August 31, 2018 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Percent</th>
<th>2017</th>
<th>Percent</th>
<th>Increase (Decrease)</th>
<th>Amount</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potato Tax</td>
<td>$15,082,318</td>
<td>98.0%</td>
<td>$15,624,731</td>
<td>98.4%</td>
<td>($542,413)</td>
<td>-3.5%</td>
<td></td>
</tr>
<tr>
<td>Seed Assessments</td>
<td>65,754</td>
<td>0.4%</td>
<td>65,108</td>
<td>0.4%</td>
<td>646</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>License Fees</td>
<td>38,400</td>
<td>0.2%</td>
<td>39,300</td>
<td>0.2%</td>
<td>(900)</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Sale of Merchandise</td>
<td>25,781</td>
<td>0.2%</td>
<td>36,118</td>
<td>0.2%</td>
<td>(10,337)</td>
<td>-0.1%</td>
<td></td>
</tr>
<tr>
<td>Sale of License Plates</td>
<td>34,430</td>
<td>0.2%</td>
<td>30,425</td>
<td>0.2%</td>
<td>4,005</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Grants Revenues</td>
<td>123,666</td>
<td>0.8%</td>
<td>80,314</td>
<td>0.5%</td>
<td>43,352</td>
<td>0.3%</td>
<td></td>
</tr>
<tr>
<td>Penalties</td>
<td>-</td>
<td>0.0%</td>
<td>-</td>
<td>0.0%</td>
<td>-</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>12,758</td>
<td>0.1%</td>
<td>4,290</td>
<td>0.0%</td>
<td>8,468</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues:</strong></td>
<td>15,383,107</td>
<td>100.0%</td>
<td>15,880,286</td>
<td>100.0%</td>
<td>(497,179)</td>
<td>-3.2%</td>
<td></td>
</tr>
</tbody>
</table>

| **Expenditures:**    |                    |         |                    |         |                    |         |         |
| Personnel Costs      | 3,437,092          | 22.3%   | 2,900,431          | 18.3%   | 536,661            | 3.5%    |         |
| Travel and Subsistence | 874,652        | 5.7%    | 837,913            | 5.3%    | 36,739             | 0.2%    |         |
| Advertising / Consumer | 5,178,792      | 33.7%   | 5,484,479          | 34.5%   | (305,687)          | -2.0%   |         |
| Retail Promotion     | 1,875,851          | 12.2%   | 1,707,714          | 10.8%   | 168,137            | 1.1%    |         |
| Food Service Promotion | 1,466,539     | 9.5%    | 1,588,842          | 10.0%   | (122,303)          | -0.8%   |         |
| International Promotion | 552,849       | 3.6%    | 484,572            | 3.1%    | 68,277             | 0.4%    |         |
| Research and Education | 1,438,042    | 9.3%    | 1,278,572          | 8.1%    | 159,470            | 1.0%    |         |
| Legal and Audit      | 93,863            | 0.6%    | 89,847             | 0.6%    | 3,816              | 0.0%    |         |
| Other Services       | 133,221           | 0.9%    | 92,982             | 0.6%    | 40,239             | 0.3%    |         |
| Insurance            | 3,682             | 0.0%    | 657                | 0.0%    | 3,025              | 0.0%    |         |
| Communications       | 98,677            | 0.6%    | 112,061            | 0.7%    | (13,384)           | -0.1%   |         |
| Rent                 | 168,542           | 1.1%    | 157,302            | 1.0%    | 11,240             | 0.1%    |         |
| Repairs and Maintenance | 60,672        | 0.4%    | 6,861              | 0.0%    | 53,811             | 0.3%    |         |
| Office Supplies      | 40,363            | 0.3%    | 44,197             | 0.3%    | (3,834)            | 0.0%    |         |
| Capital Outlay       | 229,794           | 1.5%    | 19,234             | 0.1%    | 210,560            | 1.4%    |         |
| **Total Expenditures** | 15,652,431   | 101.8%  | 14,805,664         | 93.2%   | 846,767            | 5.5%    |         |

| Excess Revenues (Expenditures) | ($269,324) | -1.8% | $1,074,622 | 6.8% | ($1,343,946) | -8.7% |
Idaho Potato Commission
Schedule of Administrative Expenditures
For the Years Ended August 31, 2018 and 2017

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td>$3,437,092</td>
<td>$2,900,431</td>
</tr>
<tr>
<td>Travel and Subsistence</td>
<td>298,890</td>
<td>360,444</td>
</tr>
<tr>
<td>Legal and Audit</td>
<td>93,663</td>
<td>89,847</td>
</tr>
<tr>
<td>Other Services</td>
<td>133,221</td>
<td>92,982</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,682</td>
<td>657</td>
</tr>
<tr>
<td>Communications</td>
<td>47,420</td>
<td>61,424</td>
</tr>
<tr>
<td>Rent</td>
<td>168,542</td>
<td>157,302</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>60,672</td>
<td>6,861</td>
</tr>
<tr>
<td>Office and Other Supplies</td>
<td>40,363</td>
<td>44,197</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>229,794</td>
<td>19,234</td>
</tr>
<tr>
<td><strong>Total Administrative Expenditures</strong></td>
<td><strong>$4,513,339</strong></td>
<td><strong>$3,733,379</strong></td>
</tr>
<tr>
<td><strong>Percentage of Total Expenditures</strong></td>
<td><strong>28.83%</strong></td>
<td><strong>25.22%</strong></td>
</tr>
</tbody>
</table>
FEDERAL REPORT
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Commissioners
Idaho Potato Commission
Eagle, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Idaho Potato Commission, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise Idaho Potato Commission’s basic financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Idaho Potato Commission’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Idaho Potato Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of Idaho Potato Commission’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Idaho Potato Commission’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zwygart John & Associates, CPAs, PLLC

December 17, 2018
AMENDED AGENDA #1  
SENATE AGRICULTURAL AFFAIRS COMMITTEE  
8:00 A.M.  
Room WW53  
Tuesday, February 19, 2019

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<tr>
<th>SUBJECT</th>
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<tbody>
<tr>
<td>Introduction:</td>
<td>Welcome and Introduction of Committee Page Lauren Pattee</td>
<td>Chairman Guthrie</td>
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<tr>
<td>Minutes Approval:</td>
<td>Approve the Minutes of January 24, 2019</td>
<td>Senator Patrick</td>
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<tr>
<td>Minutes Approval:</td>
<td>Approve the Minutes of January 29, 2019</td>
<td>Senator Bayer</td>
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<tr>
<td>H 60</td>
<td>Relating to Cooperative Marketing Associations</td>
<td>Representative Britt Raybould</td>
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<tr>
<td>Gubernatorial Appointment Vote:</td>
<td>Reappointment of Celia R. Gould of Boise, Idaho to the Idaho State Department of Agriculture to serve a term commencing January 7, 2019, and will serve at the pleasure of the Governor</td>
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<td>Gubernatorial Appointment:</td>
<td>Appointment of Erik Olson of Bonner's Ferry, Idaho to the Idaho Soil and Water Conservation Commission to serve a term commencing July 10, 2018 and expiring July 1, 2023</td>
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<td>Presentation:</td>
<td>Idaho Future Farmers of America (FFA) 2018-2019 Idaho FFA State Officers: Saydee Longhurst, President, Harrison Jansen van Beek, Vice President, Allyson King, Secretary, Melanie Searle, Treasurer, Savannah Stroebel, Reporter, Caleb Johnson, Sentinel</td>
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<tr>
<td>Presentation:</td>
<td>Idaho Dairyman's Association</td>
<td>Rick Naerebout, President, Idaho Dairymen's Association</td>
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If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Guthrie  Sen Lent  Sen Baylor  Sen Jordan
Vice Chairman Den Hartog  Sen Bayer
Sen Patrick

COMMITTEE SECRETARY
Jacob Garner
Room: WW31
Phone: 332-1330
Sen Harris
Sen Mortimer

Sen Nelson

email: sagri@senate.idaho.gov
MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 19, 2019
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson
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 Guthrie called the meeting of the Senate Agricultural Affairs Committee (Committee) to order at 8:00 a.m.

INTRODUCTION: Lauren Pattee, Senate page, introduced herself to the Committee. She is from Eagle, Idaho and attends Eagle High School, works part-time as a certified nursing assistant, and plans to attend BYU this summer and study to become a radiologist. She is excited and honored to work as a page for the Idaho Senate this session.

MINUTES APPROVAL: Senator Patrick moved to approve the Minutes of January 24, 2019. Senator Mortimer seconded the motion. The motion carried by voice vote.

MINUTES APPROVAL: Senator Bayer moved to approve the Minutes of January 29, 2019. Senator Jordan seconded the motion. The motion carried by voice vote.

H 60 Relating to Cooperative Marketing Cooperative Associations.
Representative Britt Raybould, Idaho House of Representatives, explained that this legislation aligns Idaho's cooperative association statute with existing Capper-Volstead Act provisions by adding a "one man, one vote" membership option. This change ensures that Idaho's statute is not more restrictive than federal law. Representative Raybould stated that there is no fiscal impact to the General Fund from this change.

DISCUSSION: Senator Mortimer asked Representative Raybould if she could give some context as to why this legislation is needed. Representative Raybould answered that adding the "one man, one vote" policy to this legislation ensures that you are not diluting the value that you have to contribute to the cooperative.

Senator Mortimer asked Representative Raybould if she could give an example of some of the cooperatives in Idaho that would be affected by this legislation. Representative Raybould answered that this legislation does not affect existing cooperatives, but will primarily affect new cooperatives.

Senator Patrick asked Representative Raybould if organizations count as one vote or multiple votes. Representative Raybould answered that your membership is derived, in a marketing cooperative, based on how you joined. If you joined as a farming entity, for example, you would have one vote as an entity.

MOTION: Senator Patrick moved to send H 60 to the floor with a do pass recommendation. Senator Harris seconded the motion. The motion carried by voice vote.
Senator Harris moved to send the Gubernatorial appointment of Celia R. Gould as the director of the Idaho State Department of Agriculture to the floor with recommendation that she be confirmed by the Senate. Senator Mortimer seconded the motion. The motion carried by voice vote.

Gubernatorial Appointment of Erik Olson of Bonner’s Ferry, Idaho to the Idaho Soil and Water Conservation Commission (ISWC) to serve a term commencing July 10, 2018 and expiring July 1, 2023.

DISCUSSION: Vice Chairman Den Hartog asked Mr. Olson if he had served in this capacity previously. Mr. Olson answered that he served on a local conservation district for about four years.

Vice Chairman Den Hartog asked Mr. Olson what opportunities there might be with the ISWC, especially with his new role. Mr. Olson answered that during his tenure he wants to emphasize the importance of the ISWC as a good steward of the land.

Senator Mortimer asked Mr. Olson what challenges there might be with the ISWC. Mr. Olson answered that he thinks there are challenges with education as to why soil and water conservation is so important.

PRESENTATION: Idaho Future Farmer of America (FFA). 2018-2019 Idaho FFA State Officers: Saydee Longhurst, President; Harrison Jansen van Beek; Vice President, Alyson King; Secretary, Melanie Searle, Treasurer; Savannah Stroebel, Reporter; Caleb Johnson, Sentinel. Each member from the FFA briefly described their respective roles and responsibilities within the organization; emphasizing the importance the FFA has in preparing young men and women for future careers in agriculture and other industries, as well as preparing them to become future leaders in the State of Idaho.

PRESENTATION: Idaho Dairman’s Association (IDA). Rick Naerebout, Chief Executive Officer, IDA, explained that over 40 percent of their dairy producers have 500 cows or less, which is considered to be medium or smaller sized dairies. However, another 40 percent of IDA’s membership milks 1000 cows or more. Mr. Naerebout explained that there are 457 dairies in Idaho milking about 592,000 cows. In the last year alone, 15 to 20 dairy operations have gone out of business but 12,000 cows have been added to Idaho’s total head count. Mr. Naerebout explained that the majority of the dairy industry in Idaho is located in the Magic Valley. Sixty percent of dairy production and 73 percent of the cows come from the Magic Valley. The average herd size in the Magic Valley is about 1,600 cows per dairy. The Treasure Valley currently produces 18 percent of dairy products and has about 22 percent of Idaho’s cows, which has increased by 100 cows per dairy over the past year. Mr. Naerebout also explained that one of the issues with Idaho’s dairy industry is that more dairies are going out of business due to a lack of interest from the rising generation. Glanbia Foods, which produces 13.5 million pounds of milk per day, and Jerome Cheese contribute to half the total milk production in Idaho, making the dairy industry very dependent on those two companies. Mr. Naerebout also explained that there has been about a two percent increase in milk production over the past several years. This is a problem because the State of Idaho alone has overproduced by 1.5 million to 2 million pounds of milk per day, causing many companies to have to liquidate their assets and sell off what they could. Mr. Naerebout explained that one of the main duties of the IDA is to go out and attract potential processors and bring their business to Idaho in order to keep the dairy industry afloat. Immigration is key to dairy production in Idaho. Mr. Naerebout explained that 90 percent of the dairy industry’s workforce is foreign born, which makes the issue of immigration that much more important to the State of Idaho. Currently, there is no visa program for the dairy industry that would allow for undocumented immigrants to work in Idaho. Mr. Naerebout stated that
the main focus of the IDA in regard to immigration is to push for legal status for all current undocumented dairy workers, not force them out of country to gain legal status, and to provide legal status for immediate family members. Another focus of the IDA for the rest of 2019 is to hope that dairy prices improve so that profitability can increase in the near future.

DISCUSSION: Senator Harris asked Mr. Naerebout if there are any efforts to encourage the next generation to work in the dairy industry. Mr. Naerebout answered that there is nothing specifically that the IDA is doing to encourage the next generation.

Senator Mortimer asked Mr. Naerebout if there is an increase in the use of automated milking systems in Idaho. Mr. Naerebout answered in the affirmative.

Senator Nelson asked Mr. Naerebout what the IDA’s expectations are from the Center for Agriculture, Food and the Environment project at the University of Idaho. Mr. Naerebout answered that their expectation is to help the environment through better management of the manure that comes from Idaho’s dairies, and perhaps make it a revenue stream for dairy producers by using it as fertilizer.

ADJOURNED: There being no further business, Chairman Guthrie adjourned the meeting at 9:00 a.m.

___________________________
Senator Guthrie
Chair

___________________________
Jacob Garner
Secretary
AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, February 21, 2019

SUBJECT | DESCRIPTION | PRESENTER
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Gubernatorial Appointment Vote: | Appointment of Erik Olson of Bonner's Ferry, Idaho to the Idaho Soil and Water Conservation Commission to serve a term commencing July 10, 2018 and expiring July 1, 2023 | Senator Van T. Burtenshaw

S 1125 | Relating to Warehouses; To Provide For Electronic Negotiable Warehouse Receipts and to Make Technical Corrections | Tyler Brock, Secretary, Senate Resources & Environment Committee

S 1082 | Relating to the Idaho State Brand Board | Ryan Lawrence, Intern for Representative Caroline Nilsson Troy

HCR 11 | Relating to the 100th Anniversary of the Idaho State Department of Agriculture | Teri Murrison, Administrator, Idaho Soil and Water Conservation Commission

Presentation: | Idaho Soil and Water Conservation Commission | Jon S. Barrett, Executive Director, Idaho Rural Partnership

Presentation: | Idaho Rural Partnership | 

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Guthrie | Sen Lent | 
Vice Chairman Den Hartog | Sen Bayer | 
Sen Patrick | Sen Jordan | 
Sen Harris | Sen Nelson | 
Sen Mortimer |

COMMITTEE SECRETARY
Jacob Garner
Room: WW31
Phone: 332-1330
e-mail: sagri@senate.idaho.gov
MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 21, 2019
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Guthrie, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson
ABSENT/EXCUSED: Vice Chairman Den Hartog
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 Agricultural Affairs Committee (Committee) to order at 8:00 a.m.

GUBERNATORIAL APPOINTMENT
Water Conservation Commission to serve a term commencing July 10, 2018 and expiring July 1, 2023.

MOTION: Senator Mortimer moved to send the Gubernatorial appointment of Erik Olson to the Idaho Soil and Water Conservation Commission to the floor with recommendation that he be confirmed by the Senate. Senator Harris seconded the motion. The motion carried by voice vote.

S 1125 Relating to Warehouses; To Provide For Electronic Negotiable Warehouse Receipts and to Make Technical Corrections. Senator Van T. Burtenshaw, Idaho Senate, explained that the purpose of this legislation is to bring the commodity warehouse operator requirements for warehouse receipts up to date. Hand-written department provided forms and electronic receipts will have equal legally binding requirements. Senator Burtenshaw also explained that these electronic receipts must be approved by the United States Department of Agriculture, accessible to Idaho State Department of Agriculture (ISDA), and all costs of implementation and costs related to electronic warehouse receipts are the responsibility of warehouse owners and associated dealers. There is no fiscal impact to the State of Idaho.

DISCUSSION: Senator Mortimer asked Senator Burtenshaw how to know the electronic receipts have not been altered or are not fake. Senator Burtenshaw deferred to Kyle Wilmont of ISDA to answer the question. Mr. Wilmont answered that there is an online tracking system which allows the ISDA to accurately track and ensure the status of all receipts.

Senator Mortimer asked Mr. Wilmont if there is a verification system in place where one can go and make sure the receipt is still valid, and also, if there is any place for a signature to validate the receipts. Mr. Wilmont answered that there are a limited number of entities that will accept a verified number of electronic receipts, and he believes there is a way to electronically sign receipts, although he said he will need to confirm that.

Senator Nelson asked if the USDA sets the standards for electronic security. Mr. Wilmont answered that they do set the standard because the USDA already had a very stringent set of standards in place for ISDA to follow.
**TESTIMONY:** Rich Garber, Idaho Grain Producers Association, and Kurt Paladis, of Osgood Grain Inc., testified in favor of this bill, stating that it would greatly benefit the producers that they represent by giving them a more accurate and efficient system to track products and receipts. Mr. Paladis also stated that it does not force anyone to use the system, it simply gives growers another method to track warehouse receipts.

**MOTION:** Senator Mortimer moved to send S 1125 to the floor with a do pass recommendation. Senator Patrick seconded the motion. The motion carried by voice vote.

**S 1082** Relating to the Idaho State Brand Board. Tyler Brock, Secretary, Senate Resources and Environment Committee, stated that this bill amends Idaho Code § 25-1122 and 25-1160 establishing increased maximum fees for ownership and transportation certifications; increasing maximum brand inspection fees for horses, mules, and asses; to provide for equine farm service fees; and to make technical corrections. Idaho code § 25-1122 specifically sets the maximum amount for the ownership and transportation certificate to be $75. Mr. Brock also explained that Idaho code § 25-1160 raises the cattle inspection fee from $1.19 to $1.25, and the maximum fee that can be charged to $10 for each head of horses, mules, and asses. Finally, Idaho code § 25-1122 determines that the equine service fee shall not exceed $55.

**TESTIMONY:** Deette Lindberg, Idaho Horse Board; Ed McNelis, Idaho Horse Council; Elizabeth Criner, J.R. Simplot Inc.; Arlynn Hacker, IHC; Terry Derden, Ada County Sheriff; Wyatt Prescott, Idaho Cattle Association; Bob Naerebout, Idaho Dairymen’s Association; Rich Garber, Idaho Grain Producers Association; and Senator Bert Brackett, Idaho Senate, testified in favor of S 1082.

Delon Lee, Idaho Farm Bureau (IFB), testified in opposition to S 1082 because he explained that the IFB is skeptical of rising fees which they believe are not guaranteed to resolve the Brand Board's deficit issue.

**MOTION:** Senator Harris moved to send S 1082 to the floor with a do pass recommendation. Senator Jordan seconded the motion. The motion carried by voice vote.

**HCR 11:** Relating to the 100th Anniversary of the Idaho State Department of Agriculture (ISDA). Ryan Lawrence, Intern for Representative Caroline Nilsson Troy, stated that this Current Resolution recognizes the 100th Anniversary of the founding of the ISDA and the outstanding service that employees past and present have provided to the agricultural industries across Idaho.

**MOTION:** Senator Nelson moved to send HCR 11 to the floor with a do pass recommendation. Senator Lent seconded the motion. The motion carried by voice vote.

**PRESENTATION:** Idaho Soil and Water Conservation Commission (ISWC). Teri Murrison, Administrator, ISWC, stated that just under 30 percent of Idaho's land is privately owned, which is important for the economy and for the stewardship of natural resources. Conservation the Idaho Way is a voluntary agricultural stewardship on private lands; it implements projects that improve water quality, restore streams, rivers, forests, range, croplands, and contribute to healthy soils. Ms. Murrison explained that conservation the Idaho Way balances socioeconomic health with that of our natural resources, and helps Idaho satisfy environmental laws and regulations. The ISWC is made up of a five-member governor-appointed board, with 18 full-time positions and four temporary positions. Ms. Murrison stated that in fiscal year (FY) 2018, the ISWC had a General Fund appropriation of $2.8 million and revenue of $4 million. The ISWC's main areas of concern are to provide technical and financial assistance to Idaho's 50 conservation
districts, provide incentive based programs, and provide education on voluntary conservation. Ms. Murrison also explained the ISWC's online project tracker, which details the various conservation projects and fact sheets that have occurred between FYs 2017 to 2019.

PRESENTATION: Idaho Rural Partnership (IRP). Jon S. Barrett, Executive Director, IRP, explained that the IRP was created by executive order in 1991. It was structured as an independent public body corporate and politic. Mr. Barrett stated that the IRP is made up of a 35-member board which includes legislators; local, state and federal government representatives; tribes; private and nonprofit sectors; and higher education. The IRP's funding comes from federal grants, private sector sponsorships, and contributions from businesses and organizations in the individual rural communities. Mr. Barrett explained that the IRP brings multiple agencies and organizations together to help rural communities clarify and work together to help rural communities clarify and work toward their desired future. Mr. Barrett further explained the IRP's Community Review Program, which is an assessment and strategic planning process designed for towns with fewer than 10,000 people. The program brings together community members and local leaders with experts in rural community and economic development to identify local priorities and resources to achieve them.

ADJOURNED: There being no further business, Chairman Guthrie adjourned the meeting at 9:40 a.m.

___________________________
Senator Guthrie
Chair

___________________________
Jacob Garner
Secretary
2018
Annual Report

The Partners for Rural America is the national organization of State Rural Development Councils Working together to improve the quality of life in rural America.

Councils collaborating and facilitating
Top to bottom: Michigan Rural Council, Arizona Rural Development Council, GrowSmart Maine, and Wisconsin Rural Partners.
Congressional Support for Rural Vitality

Every Farm Bill since 2002 expresses Congressional support and encouragement for maximizing public- and private-sector collaboration, and minimizing regulatory redundancy to empower and build the capacity of States and rural communities to design flexible and innovative responses to their own special rural development needs, with local determinations of progress and selection of projects and activities. This is highlighted by the following provisions:

- Establishment of a National Rural Development Coordinating Committee composed of each Federal agency with rural responsibilities, representatives of national associations, public interest groups and other nonprofit organizations.

- Creation of a National Rural Development Partnership composed of the coordinating committee and the state rural development councils whose purpose is to empower and build capacity of States and rural communities to design flexible and innovative responses to their own special rural development needs, with local determinations of progress and selection of projects and activities, facilitate coordination and develop strategies to reduce or eliminate administrative and regulatory impediments.

- State Rural Development Councils (with their association Partners for Rural America) shall be composed of representatives of Federal, State, local and tribal organizations, regional organizations, the private sector and other entities committed to rural advancement and have a nonpartisan and non-discriminatory membership.

- The State Director for Rural Development of the USDA, other employees of the department and employees of other Federal agencies with rural responsibilities shall fully participate as voting members in the governance and operations of the state rural development councils.

- Authorization of funds to support responsibilities, activities and initiatives of the Coordinating Committee, National Partnership and state rural development councils.

Guiding principles for State Rural Development Councils (SRDCs) from the National Farm Bill

- That SRDCs shall include representation from all agencies, organizations and individuals who are dedicated to enhancing economic and social opportunities for rural citizens.

- That SRDCs shall seek the support and participation of the governors of the states in which the SRDC operates.

- That participation in SRDC decisions and operations shall be open to all who wish to participate.

- The SRDCs shall represent the diversity of states’ rural populations and geography.

- That all that participate in SRDCs shall have a voice in their decision and that the SRDCs shall be free from control of any single individual, organization, agency, sector, political party or interest group.

- That SRDCs shall provide open, neutral environments where all participants’ voices can be heard and where major decisions are reached, whenever possible, through consensus.

- That SRDCs shall receive financial and other support from diverse sources.

- That SRDCs shall retain an executive director to manage the operation of the SRDC if financially able to do so, and if not, the SRDC shall be operated by a working board of directors.

- That all SRDCs shall participate in the nationwide network of SRDCs known as Partners for Rural America.

State Council Highlights

Overview of 2017 Accomplishments

Arizona Rural Development Council (AZRDC) is working to strengthen Arizona’s economy in multiple ways. AZRDC helps rural businesses become more competitive in order to reduce economic leakage from their communities by providing business owners tools and resources including new technology training, marketing opportunities, and strategies for business development. Additionally, AZRDC works to drive new dollars to rural places through increasing in-state tourism by leveraging arts and culture, Main Streets, and agri-tourism. Finally, AZRDC works to empower rural Arizonans to improve their access to healthy foods which has health and economic benefits for all residents.

The Arizona Rural Development Council (www.azrdc.org) and a team of 12 staff with 6 statewide offices. Additionally, AZRDC has a statewide blog which gets read 13,000 times per month, an email list of 6,078 subscribers and LFA has over 300,000 social media followers. These resources are available for our rural businesses and community partners to promote and educate all Arizonans about all that rural Arizona has to offer.

The Arizona Rural Development Council works to create new models of community and economic development that tie together small businesses, historic downtown main streets, tourism strategies, and community planning. The Rural Advisory Board consists of representatives from all 15 counties that work to develop quality topics and a diverse array of speakers for the Rural Policy Forum each year.

Rural Policy Forum: Driving Innovation in Rural Arizona

The annual Arizona Rural Policy Forum offers a venue for connecting rural economic development professionals, nonprofits, community leaders, business owners, government officials and other rural stakeholders who are interested in sustaining rural communities. This year’s 12th Annual Arizona Rural Policy Forum convened 300 representatives from every Arizona county to participate in two and a half days of workshops, speakers, breakout sessions, tours and more.

Science Happens Here: Bringing STEM education to communities in new ways

AZRDC launched Science Happens Here (www.sciencehappensherexaz.com), a science trading card game aimed at students in 4-6th grades. Students collect cards with everyday science on them at local businesses and conduct experiment to win prizes. The cafe has the card with the science of caffeine, and the bakery has the science of yeast, etc. Over 800 students in one small town have played over two years, and plans for expansion into another town are underway.

Healthy Food Systems: Fueling Rural Arizona

Food is at the center of our daily lives, and agriculture and food production are major drivers in the state’s economy. Supporting Arizona food entrepreneurs, farmers, ranchers, and others in the local food industry is an important part of our mission in fostering food systems and expanding access to affordable, fresh and local foods in both urban and rural areas. Our portfolio of foods initiatives demonstrates the connection between food, health, community and the environment, as well as fosters new opportunities for Arizona farmers, ranchers and food artisans. In 2017, AZRDC completed a food hub feasibility study in the Copper Corridor region of Arizona. Findings have been used to promote collaboration and drive new resources into the area.

Good Food Finder AZ - Good Food Finder is Arizona’s first statewide directory of healthy foods, featuring growers, producers, ranchers, farmer’s markets, community gardens and more. There’s information on resources available to beginning farmers as well as restaurants looking to source more locally produced food.

Food & Farm Finance Forum - This year’s Food & Farm Finance Forum was held in the Central Arizona region, with over 230 farmers and producers and economic development entities, local food system advocates, and students convened for two days to change the way our desert state feeds itself. This year’s focus was on marketing and outreach, food aggregation and distribution, and access to capital and business development with an overall emphasis on building food hubs and collaboration.

Complete community assessments

AZRDC works extensively in rural Arizona to help build self-reliance and strong, diverse economies. In 2017, workforce development assessments, tourism assessments and supply chain development work was completed in four rural communities: Bisbee, Ajo, Superior, and Globe.

acrd.org

Partners for Rural America | 2018 Annual Report
Cultivating collaboration and prosperity in rural Idaho since 1992

The Idaho Rural Partnership has proudly served as Idaho’s rural development council for over 26 years. Our 35-member board includes private and public sector partners in the following areas: economic development, agriculture, environment and natural resources, workforce development, housing, transportation, higher education, tribes, state elected officials, and local government. Highlights and accomplishments over the last 12 months are summarized below.

Western Community Assessment Network (WeCAN)
Idaho Rural Partnership, Wyoming Business Council, and Montana Economic Developers Association is pleased to announce this new network. Our collaboration combines support from USDA and University of Idaho Extension to evaluate and strengthen long-standing on-the-ground community assessment programs in all three states. As a result, IRP has expanded and re-launched our community review program to increase our impact on the participating communities.

IRP’s revised community review process provides an increase in the quantity and quality of community engagement activities, leading to the clear identification of subsequent follow-up actions the community will be taking. The process also provides increase support for this post-Review capacity-building and implementation work. More information is available at www.communityreview.org for more information.

Currently (summer 2018) we are conducting our 41st community review in McCall, ID. Future community reviews will be in Ashton, Blackfoot, and Harrison.

Idaho Comprehensive Economic Development Strategy
Idaho Rural Partnership has entered into an agreement with the regional economic development districts of Idaho to help develop a statewide comprehensive economic development strategy (CEDS). This strategy will be completed in the first half of 2019. Once completed, IRP will be the lead organization tracking implementation of the CEDS on an annual basis. Our ongoing reporting will be shared with the U.S. Economic Development Administration, Idaho Governor’s Office, Idaho Legislature, and application federal, state, regional, and local agencies.

irp.idaho.gov

Governor’s Capital for a Day Program
2017-18 saw Idaho Rural Partnership increase our participation in Idaho Governor C.L. "Butch" Otter’s Governor’s Capital for a Day program. These day-long events occur in a different rural community each month. Our presence allows us to respond to questions and comments brought up by community residents and leaders; it is also an opportunity to increase awareness of the support available to rural communities through the Idaho Rural Partnership.

IRP Broadband Task Force
IRP brought diverse stakeholders together in mid-2017 to assess broadband capacity and begin development of a coordinated, comprehensive approach to improving broadband availability across the state. The task force published its report titled "A New Broadband Model" in November 2017. It is now being shared with multiple stakeholders for further development and implementation.

Rural Idaho Business Council
Idaho Rural Partnership is now increasing membership in its Rural Idaho Business Council to diversify our base of financial support and to more deeply involve the private sector to help us:
• Identify conflicting or unnecessary administrative or regulatory requirements that serve as unnecessary impediments to rural business development
• Tell the story of conditions and opportunities in rural Idaho
• Incorporate the voice of business in conversations about how IRP and its partners can better support rural communities
• Engage local and regional employers in our outreach activities around the state

Other Ongoing Collaborations
IRP continues to develop mutual beneficial partnerships with a variety of stakeholders who share an interest in the success of rural Idaho. In the last 12 months, we’ve formed new working relationships with the following:
• Policy research centers at the University of Idaho and Boise State University
• Idaho’s statewide community foundation and affiliated funders
• Agencies and organizations document health issues across the state and addressing inequities in available health services and facilities, include health insurance providers.

Information and questions about the Idaho Rural Partnership can be addressed to info@irp.idaho.gov or 208-332-1730. Find our homepage at www.irp.idaho.gov and like us on Facebook at https://www.facebook.com/IRP4Idaho/.

Idaho
Illinois Rural Partners

As Illinois Rural Partners prepares to celebrate its 30th year, we are reminded of our commitment to intergovernmental cooperation and collaboration to help rural communities become empowered, build their assets and advance their initiatives. In the 1980s, the Rural Partners/ Kellogg program, “Helping Rural Communities Prepare for Economic Development” was the genesis for the public-private partnership that grew into Rural Partners, and was designated as the rural development council for Illinois. With strong leadership from Illinois Extension and partnership from the W.K. Kellogg Foundation, and sponsoring organizations in 12 program counties, those counties built leadership capacity, developed strategic plans, and built the foundation for economic development. Some of the issues identified then remain, and other obstacles and opportunities have surfaced, so our work continues.

Because of the strong leadership of Norman Walzer and Chris Merrett and co-sponsorship by the Illinois Institute of Rural Affairs, the Office of the Lt. Governor and Illinois Rural Partners, 260 attended the 23rd annual rural community economic development conference in March 2018. With two plenary and 18 breakout sessions addressing rural manufacturing, asset-based community development, the arts in rural economic development, community leadership, rural entrepreneurship, local public finance and rural workforce development, rural leaders went home better informed, more committed and better prepared to lead. Presentations from the last five conferences may be found at www.iira.org under events.

Illinois Rural Partners continually seeks input from its members and others to identify current challenges and opportunities, including rural population decline, youth outmigration, education and workforce development to meet current job opportunities, wealth transfer, local governance, creative business models such as community supported businesses, health care and other services to meet the growing elderly population in rural areas, the opioid crisis, accessible and high-speed broadband, renewable energy and others.

Financial support for Rural Partners comes solely from its dues paying members. To involve and show appreciation to these members, two special “member only” events were held.

Members of Rural Partners met with Dr. Sameer Vohra, SIU School of Medicine, after the Rural Partners Board meeting November 14. Dr. Vohra provided information on social determinants of health and projects to address health issues in Illinois. Illinois State Senator Andy Manar also joined the group to discuss recent school funding formula reform that he spearheaded that is expected to benefit small and rural schools. SIU School of Medicine hosted the Rural Partners board meeting and presentations as part of an effort on behalf of the Rural Partners board to offer special activities and presentations to members of Rural Partners.

The second event, in July, was a showcase of community and economic development projects including a visit to Casey, Illinois, home of world’s largest wind chime, rocking chair, golf tee, pitchfork, wooden shoes and mailbox (www.bigthingssmalltown.org) which are a great tourist draw and an example of a local business giving back. The second day of the day was to the Center for Clean Energy Research and Education at Eastern Illinois University in Charleston.

Iowa

Iowa Rural Council Expands Operations, Hosts Successful Summit!

The Iowa Rural Development Council (IRDC) took tremendous strides this year, formalizing its operations and hiring an executive director. And it hosted its second Iowa Rural Development Summit, drawing more than 300 people to downtown Grinnell.

IRDC has operated informally for the last eight years, meeting quarterly and mainly operating as an information-sharing platform for members. But this year it raised its profile, began soliciting contributions from members, expanded membership to include private-sector partners, and actively engaged in issues facing small towns.

IRDC contracted with former USDA Rural Development state director Bill Menner to serve as its executive director. It also organized a “Housing 360” team to assist rural communities seeking support in developing housing strategies.

Those actions set the stage for Iowa Rural Development Summit 2.0, a two-day affair that focused on people, places, leaders and housing. Almost 70 different communities sent three-person teams to the Summit to build capacity in those areas, develop blueprints for action and learn from the successes of other small towns.

IRDC also used the Summit as an opportunity to celebrate those successes. It presented its first-ever Rural Innovation Awards, recognizing places that were doing amazing things. Woodbine Main Street and the City of Woodbine were honored for demonstrating local leadership. The Jackson County Economic Alliance was recognized for its impact on people and the local workforce. Clayton County Development Group and Farmers Mutual Telephone Company were honored for their innovative housing efforts (they are the first two groups to work with the IRDC Housing 360 Team).

And the Hotel Grinnell, which hosted the Summit, was recognized for its investment in the community. The 44-room boutique hotel is located in what was the city’s former junior high.

Iowa Governor Kim Reynolds and Lieutenant Governor Adam Gregg, both natives of rural communities, addressed the Summit and praised the 300+ attendees for their efforts to create vital rural places.

As the Iowa Rural Development Council evolves from an ad hoc group of partners who meet informally to an organization that actively engages in rural issues, supports communities and build capacity, it is expanding its membership and its outreach.

A key to that strategy is paid staff (executive director Bill Menner), a social media presence, and a website. IRDC was fortunate to have a rural Iowa native, Kris Winter, step forward to help. Kris owns M2K Marketing and put her team on a website that can be found at www.iowardc.org. The Council is eager to make the best possible use of the site and the team.

governorbasics.org

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Community Engagement, Events and Advocacy to Build Lasting Prosperity

Making Headway in the Katahdin Region
GrowSmart Maine brought our community engagement program to three towns in the Katahdin Region as they face the challenge of transitioning from an identity as paper mills towns to "what’s next." Over 50 community members from Medway, East Millinocket and Millinocket identified shared reasons they choose to live in these towns. Residents and business owners then completed several projects to connect their communities to each other and to these values of family and youth, easy access to beautiful and rich natural resources that serve as their own invitation to the region, a sense of heritage and culture, and a need for investments in infrastructure in the downtown areas to create opportunities for growth. http://growsmartmaine.org/initiatives/making-headway-in-your-community/

Maine Alliance for Smart Growth
GrowSmart Maine leads this network of communities, individuals, businesses and organizations with a proven interest in promoting and supporting economically and culturally vital downtowns as places with businesses and jobs, community and cultural events resulting from long range vision and design, and strategic public and private investments. The Alliance is open to all Mainers and does not end at Maine’s coastline but extends into the Gulf of Maine to inhabited islands. We recognize the interdependence of downtowns with the natural areas surrounding them; working farms and forests, open space and waterfront. Our goals are to connect Mainers with each other, resources and expertise; coordinate community engagement for greatest value to communities while maximizing collaboration and minimizing redundancy; and advocating on issues of statewide impact. http://growsmartmaine.org/initiatives/main-alliance-for-smart-growth/

GrowSmart Maine Summit 2017
Maine’s premier annual smart growth summit attracts leaders from across sectors and across the state to share experiences, build knowledge, and create connections. The all-day event featured success stories and replicable models through interactive morning tours and workshops hosted in the host community followed by engaging sessions with experts in the afternoon. The theme of this year’s Summit, “First, Build a Bridge,” tied to our community engagement tools in Bridging the Divide between developers and neighbors. Featured speakers included John Robert Smith of Smart Growth America and Jonathan Arnold of Arnold Development Group. http://growsmartmaine.org/anual-summit-2017/

Climate Change and Energy Efficiency
GrowSmart Maine works within the collaborative framework of The Maine Climate Table to connect and enhance existing resources, programs, and networks toward increasing uptake of Energy Efficiency measures statewide and across all sectors. In addition, we lead Maine Climate Table’s ‘Communicating with Mainers on Climate Change’ workshops, sharing Maine-based behavioral research on known climate change impacts in Maine including the need for energy efficiency, the economic value of clean energy, Maine farming, marine and coastal sectors. https://www.maineclimatetable.org/

growsmartmaine.org 149 Water Street, Gardiner ME 04345 | 207-582-4300 | info@growsmartmaine.org

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2019 Legislative Budget Includes Historic Funding for Rural Maryland Communities

On April 10, 2018, the Maryland Legislature adjourned. Among the session’s many accomplishments, the Legislature approved the Fiscal Year 2019 State Operating Budget that includes funds to support the Rural Maryland Prosperity Investment Fund (RMPIF), a key step forward in addressing disparities in the State’s rural areas.

The Rural Maryland Prosperity Investment Fund will receive $6,000,000 in funding for targeted investment to promote economic prosperity in Maryland’s traditionally disadvantaged and underserved rural communities. These funds will sustain efforts to promote rural regional cooperation, facilitate entrepreneurial activities, and support key community colleges and nonprofit providers. For Fiscal Year 2018, 27 grants were distributed to 27 organizations throughout the State. Information on grantees may be found at www.rural.maryland.gov.

The Rural Maryland Council was awarded the “Community Partner of the Year Award in Recognition of Outstanding Dedication and Commitment to Maryland Community Action Agencies.” The Council’s Vice-Chair, Matthew Tetteau, Director of Government Relations (pictured left, accepting the award) for the Maryland Department of Agriculture, accepted the award on behalf of the Rural Maryland Council. The Council is proud to be a partner with an organization that is striving to making collaboration work across government, business, philanthropy, non-profit organizations and citizens to achieve significant and lasting social change.

The Council also held a successful 2017 Rural Summit on December 1, 2017 entitled “Bringing the Divide: Strengthening Rural and Urban Communities”. Nearly 300 rural stakeholders gathered in Annapolis to discuss challenges in agriculture, community development, economic development and health care. Keynote Speakers included Lieutenant Governor Boyd Rutherford, Attorney General Brian Frosh, and University System of Maryland Chancellor William Kirwin. The Summit also hosted “Ag Pitch” competition where five finalists presented their agriculture technology ideas/business plans to compete for cash and related business services. The grand prize winner of $7,500 cash and prizes was Ben Lee of Rockville. Lee’s firm NABAS Group, Inc., (Nano Air Bubble Aeration System) increases crop yields by 20 percent and extends the harvest’s freshness for an additional seven days.

On April 24, 2018, Governor Larry Hogan signed into law SB968/HB243—Task Force on Rural Internet, Broadband, Wireless, and Cellular Service — Study and Extension. The legislation expands and extends the work of the Task Force on Rural Internet, Broadband, Wireless, and Cellular Service. The 22-member task force, which includes four members of the Senate and four members of the House of Delegates, must study and make recommendations regarding how Western Maryland counties; Southern Maryland counties; Eastern Shore counties; and Frederick, Carroll, and Harford counties can work together to obtain federal assistance to improve internet, broadband, wireless, and cellular services and accessibility in the affected counties.

rural.maryland.gov 50 Harry S. Truman Parkway, Annapolis, MD 21401. 410.841.5774, charlotte.davis@maryland.gov

Partners for Rural America | 2018 Annual Report
Increasing Opportunities in Rural Michigan

Small Town and Rural Development Conference

More than 150 rural leaders gathered in April in Northern Michigan for the annual Michigan Small Town and Rural Development Conference. Presentations from rural communities across Michigan included topics such as rural broadband access, the Michigan Employer Resource Network, Children’s Savings Accounts, and Talent Development and Attraction. Staff from the offices of Senator Debbie Stabenow and Senator Gary Peters were on-site to talk about progress on the Farm Bill as well as other rural economic development programs. We also had a presentation by the new Michigan USDA Rural Development Director Jason Allen.

The conference provides an opportunity to showcase topics critical to rural development in a way that facilitates discussion of new ideas and moves ideas to action. Participants are inspired to see the innovative ways that rural areas across the state and country are finding ways to drive economies, increase wealth of rural areas, and improve the lives of residents.

Community Assessments

The Michigan Rural Council offers community assessments to rural communities in Michigan. The assessments provide an opportunity to assess a community’s challenges, identify assets, and define issues to be addressed. They are locally led and consist of multiple listening sessions in which everyone in the community has a chance to voice their opinion. After the assessment, communities are provided with a written report which consists of findings from the workgroups and meetings, and opportunities and resources based upon the plans that come out of the assessment. They are also connected with other communities who have successfully completed similar projects to facilitate sharing of best practices. Since 2012, the council has completed assessments in 23 rural communities across Michigan.

Missouri Rural Development Partners

Survey Identifies Key Issues for Missourians

The Missouri Rural Development Partners (MRDP), in The 2017 Missouri Survey Report

The Missouri Rural Development Partners (MRDP) in partnership with the University of Missouri and the Missouri Department of Economic Development, launched a state wide survey in early 2017. The survey was designed to gather input from citizens across the state on how they felt their communities were doing, what were key challenges and opportunities. Survey results were coupled with economic and demographic data to provide a comprehensive view of the state. The report is available for download here: https://extensiondata.missouri.edu/Pro/FxCEED/Docs/Missouri%20Rural%20Survey%202017%20Report%20FINAL.pdf

Key findings include:
- Only 21 of Missouri’s 115 counties have exceeded 2007 levels of population and employment.
- 25 counties gained population but not jobs and 14 added jobs but not population.
- 52 counties are still below 2007 levels of employment and population.

One of the most telling responses came from the question “My Community is doing fine and doesn’t need to change.” Nearly 82% of respondents disagreed. Only half felt that their community was forward-looking and less than one-third believed that their community had a plan for the future. Additionally, most felt that the local economy would not improve over the next 5 years.

There was a recognition of the mismatch between worker skills and employers needs, but a lack of awareness of where and how to get job training.

Other areas of concern included:
- Housing — rental housing is a particular need in outstate Missouri.
- Infrastructure — respondents concerned about their local government’s ability to maintain existing infrastructure.

2017 Annual Meeting

MRDP held its annual meeting on September 19, 2017 with nearly 100 members in attendance. Speakers discussed demographic and economic changes, broadband and rural health. The conference marked MRDP’s first statewide gathering in a number of years and was the re-launch of the organization. The 2018 Annual Conference will be held on October 3, 2018.

Sharon Gulick, Executive Director, MORuralPartners@gmail.com

mrdp.net Partners for Rural America | 2018 Annual Report
Pennsylvania Rural Partners

The Pennsylvania Rural Partners (PRP) is a voice and a resource for Economic, Community and Human Development.

The PRP is an independent, non-profit organization that brings together viewpoints from every sector of the economy to improve the quality of life for Rural Pennsylvania. PRP’s fundamental goal is to establish sustainable economic community and human development by providing counsel and leadership in identifying and addressing the issues facing Rural Pennsylvania.

Rural Pennsylvanians comprise a significant segment of Pennsylvania’s population. 3.5 million of the state’s total 12.7 million residents, according to the 2010 census and rural counties are projected to grow and become more diverse in the future. It’s undeniable that the advance of Pennsylvania’s 48 rural counties is vital to the overall progress of the Commonwealth.

2017/2018 HIGHLIGHTS

The Pennsylvania Rural Partners along with the support of the Pennsylvania State Office of Rural Health and The Center For Rural Pennsylvania produced a video to showcase rural communities, our history, rural industries, recreation, tourism and rural living in Pennsylvania. The video may be viewed on our website at www.paruralpartners.org

Rural Health Legislative Briefing

The Pennsylvania Rural Partners in support of the Pennsylvania Office of Rural Health along with numerous Rural Organizations hold an Annual Briefing for the Pennsylvania Legislature on the status of Pennsylvania’s Rural Health delivery systems. This year’s Briefing was held this April in the Pennsylvania State Capital. The Hearing provided insight into the role of safety net providers in meeting the health care needs of rural underserved populations.

The Hearing was co-chaired by Senator Lisa Baker, Senate Majority Chairperson of the Health and Human Services Committee and Representative Kathy Rapp the House Majority Chairperson of the Health Committee.

Utah Rural Development Council

The highlights of this past year were the development of a rural Utah economic development Playbook, and the hosting of the 30th annual Utah Rural Summit – the nation’s longest running rural development conference.

In January 2017, Utah Governor Gary Herbert announced in his State-of-the-State address a goal of creating 25,000 new jobs in rural Utah by 2020. This goal was set in recognition of the fact that many rural counties were not sharing proportionately in the strong economic growth being experienced in the urban areas of the State. The Governor challenged all state agencies, as well as business leaders, to engage in this effort.

In response to this call to action, the Utah Rural Development Council (URDC) met with rural economic developers to brainstorm ways to stimulate rural job creation. From these initial discussions it became clear that there were many good ideas for economic development, but they needed to be prioritized and pursued via a strong policy and legislative strategy.

With this in mind, the URDC assumed the leadership role in developing this strategy. In coordination with the Governor’s Office of Economic Development, the URDC surveyed rural leaders on economic development rural issues and priorities, and reached out across the state for ideas to strengthen rural economies. Through this outreach, 68 unique ideas were submitted by individuals and organizations. These were compiled into what became known as The Playbook for Utah Rural Economic Development.

The URDC then convened a meeting of rural leaders from across the state to determine the top priorities from the Playbook ideas. Using the survey data as a reality check, the URDC facilitated the process of identifying the top five priorities to be pursued in the coming months, and also helped develop a policy and legislative strategy for the next legislative session.

Many counties followed up by using the Playbook to help develop local economic development priorities and strategies.

Additionally, the URDC made the Governor’s 25k Jobs Initiative the centerpiece of the annual Utah Rural Summit. At the Summit, sessions were focused on job creation in key rural industry sectors, and the Governor committed to meeting with each county individually to learn how the State could support their local economic plans and priorities.

By the end of the Utah Legislative session in March, 2018, three of the top priorities selected through the URDC process were adopted by the legislature, including funding for a rural job creation incentive, and funding for a major pilot project to train rural workers and connect them with free-lance and work-at-home job opportunities – jobs that can be performed from even the most remote rural towns.

curtis@suu.edu

Partners for Rural America | 2018 Annual Report
Unleashing the power of Vermonters to create a better future!

Climate Economy Model Communities Program
The Climate Economy Model Communities Program is helping Vermont communities build and implement priority actions that increase economic vitality and affordability in a time of climate change. In 2017, the program worked intensively in Pownal and Middlebury. In Pownal nearly 350 individuals participated in the Empower Pownal process and lined up priorities to improve recreation and trails, enhance economic development, create an agricultural network, and institute community-wide green-up activities. In Middlebury over 70 residents are now working to improve the transportation system, assist farmers in transitioning to more climate-friendly practices, work with homes and businesses to reduce energy use and increase renewable energy generation, and develop an organization to support climate action in the Middlebury area.

Catalysts of the Climate Economy: Advancing Our Economic Future in an Age of Climate Change
In September 2017, VCRD held the cceceon Catalysts of the Climate Economy Summit drawing over 500 business leaders, entrepreneurs, investors and innovators from across the country to advance the national Climate Economy. The Summit built connections, investment, and momentum around the national climate economy effort and positioned Vermont as a leader and center point for climate economy innovation.

Community Visits
VCRD leads strategic action planning sessions to help communities set key priorities and connect with resources to advance them. In 2017, VCRD led Community Visits in Lyndon and Burke, VT. Over 62 volunteers are working in Lyndon to establish a recreation program, support economic development and build a co-working space in a revitalized downtown building, and revitalizing downtown businesses, events, and storefronts. In Burke, task forces are lined up to rebuild water and sewer infrastructure in the villages to support building revitalization and business development, expand and improve education facilities, and improve traffic and pedestrian safety and build trails connecting East and West Burke.

Residents of Middlebury gather in a community forum to discuss transportation—one of 8 community forums held throughout the day to line up potential ideas for the future of the climate economy.

Residents of Burke: Vermont come together for Community Meeting Day to review action ideas, select key priorities for the future of the town, and sign up for task forces to move those priorities forward.

Working for a Prosperous and Sustainable Future in Rural WA
On May 18th, 19th and 20th, 2018 Partners for Rural Washington (PRWA) staff and Board members attended the Regards to Rural (2R) Conference in Portland OR. This bi-annual conference showcases current, rural community development trends, highlights best practices and promotes discussion about current items of import in the NW region of the US. The theme this year was "Bridges Between Rural and Urban" and included among many other pertinent sessions, a workshop on how rural broadband needs could be better met.

In Washington state, PRWA has prioritized working to help meet the need for rural broadband by focusing on technical assistance capacity building. To that end PRWA has helped form a partnership between PRWA, the State Department of Commerce, Washington University Cooperative Extension Service and T3 Tribal Technology Training to offer broadband planning assistance to rural areas. We are currently focused on three rural regions in WA. Because of this focus in WA, PRWA was asked to help organize the broadband session at 2R which used a panel discussion format that allowed state legislators, broadband service providers, technical assistance providers and industry stakeholders to address a series of pre-determined questions as well as the opportunity to respond to questions by workshop attendees. Focus for this discussion also included how rural areas could best plan for needed broadband with an emphasis on how planning and project development capacity could be better provided to rural regions in need of these services.

In addition to the broadband session, the RDC boards and staffs from WA, OR and ID met to have a tri-state discussion about funding sources, current projects and to share best practices. USDA Rural Development State Office staff were also present along with some staff from state government and other rural stakeholders. Focus for this discussion included how the stakeholders present could better work with each other and support our respective rural work.

In mid 2017 PRWA worked with the State Department of Commerce and the Association of Washington Cities to hold rural listening sessions around the state. We were able to meet with community leaders from approximately 25 rural communities in eastern and western WA. The need for high speed broadband in rural areas emerged as one of the top priorities for the communities who attended. As a result of this PRWA has been able to:

- Form a work partnership between PRWA, State Department of Commerce, WSU Cooperative Extension and T3 Tribal Technology Training to work collaboratively to provide needed technical assistance capacity for rural broadband in WA state
- Form a 2018 plan to assist 3 communities in the state with planning assistance to help meet local broadband need
- Identify and secure funding to help with planning assistance for the rural broadband projects noted

partnersruralwa.org

May 2018 Regards to Rural Conference attendees in Portland OR listen to presenters as a rural broadband discussion. Focus was on how rural areas can best plan for and develop needed broadband services.

Vtrural.org  VCRD, PO Box 1384, Montpelier VT 05601 | 802-223-6091 | info@vtrural.org

Partners for Rural America | 2018 Annual Report
Wisconsin Rural Partners (WRP), unlike some other state rural development councils, is a strictly all volunteer organization without paid staff. WRP does not receive financial support from state government or any other type of supported organization. The resources WRP receives are earned through fundraising, partnerships and the delivery of services.

As a result, WRP found itself at a crossroads in 2017. Unable to sustain itself, both financially and in leadership capacity, WRP contemplated dissolving. Faced with declining resources, dwindling board membership/participation, and a void of executive leadership, the WRP board met with the intent to shut down operations. Before making the final decision, however, it was agreed to seek the opinion of two key constituency organizations - the Wisconsin Counties Association (WCA) and the Wisconsin League of Municipalities (WLM). Both organizations strongly encouraged WRP to continue citing that WRP was the only independent non-partisan organization representing and promoting the interests and needs of rural communities throughout Wisconsin.

Buoyed by the encouragement of WCA, WLM and other partnering organizations, WRP embarked on a reorganization process. A strategic planning session resulted in a new focus and priorities. The mission statement, vision and objectives were rewritten. Long-term board members left and new board members were recruited. A concerted effort was undertaken to improve relationships with existing partners and reach out to create new partnerships. The annual Wisconsin Rural Summit was restructured to focus on four priority need topics: Infrastructure, Health Care, Housing and Agriculture.

The outcome of these efforts was a newly seated board (at full capacity for the first time in more than 5 years) with a broader representation from across the state. New board members included representatives from public secondary education, private sector business, economic/community development organizations and an agency coordinating services to older residents. New collaborations have been developed and created with Farm Union, Farm Bureau, Wisconsin Telecommunications Alliance, Wisconsin Rural Schools Alliance among others.

The focus of WRP shifted from membership generations to partnership creation which resulted in a broad framework for identifying policy needs and priorities, information sharing and strategy development to maximize resources. The emphasis shifted to collaboration and cross-organizational cooperation. The WRP board has been pleased and excited by the outpouring of support for this new direction.

WRP ends the 2018 year reinvigorated and full of optimism for the future.

Over 125 people attended the 26th annual Wisconsin Rural Summit in April including a number of state elected officials and congressional representatives. Three new innovative and successful local projects were awarded recognition as a Top Rural Development Initiative; the 19th year WRP has recognized rural communities for their efforts to address local needs. Working in collaboration with a variety of agencies, WRP conducted four regional Small Community Forums. These forums target activities in communities of 1,500 or fewer residents. The WRP website has been redesigned providing an easier to use portal of information about rural services and activities.

Wisconsin

A Salute to State Rural Development Councils

The Partners for Rural America Board of Directors salute the commitment and leadership of the State Rural Development Councils (SRDC) across the country and their success in making rural America a better place. This multi-stakeholder collaborative structure creates the best possible atmosphere to help citizens and policy-makers in rural areas develop vitality-improving projects and initiatives, reduce regulatory and other barriers, address their community needs and build confidence in the local and regional development process. Rural areas often have an overburdened local leadership and local government staff. State Councils can serve as an experienced convener and vehicle for collaboration.

Many SRDCs provided a summary of their current activities and initiatives for this report. All councils welcome input, suggestions, ideas but most of all your support and involvement. States that would like to learn about starting a council should contact Partners for Rural America at www.partnersforruralamerica.org.

Arizona: azrdc.org
Idaho: rrp.idaho.gov
Illinois: ruralpartners.org
Iowa: iowardc.org
Maine: growsmartmaine.org
Maryland: rural.maryland.gov
Michigan: cedamichigan.org
Missouri: mrdp.net
Nevada: ruralnevada.org

North Carolina: ncrcd.org
Oregon: smith@uoregon.edu
Pennsylvania: whsturges@gmail.com
Utah: curtis@usu.edu
Vermont: vtrural.org
Virginia: cfrv.org
Washington: partnersruralwa.org
Wisconsin: WRuralPartners.org
Wyoming: wyomingrural.org

Wisconsin Rural Summit attendees touring Cardinal Glass and listening to a presentation by the plant manager.

WIRuralPartners.org Contact: Robert T. Borremans, Secretary/Treasurer
Board members and guests at the 2017 annual PRA Conference hosted by Rural Maryland Council.

2017/2018 PRA officers:

CHAIR: Charlotte Davis, Rural Maryland Council
VICE-CHAIR: Wes Curtis, Utah Rural Development Council
SECRETARY: Jessica AcMoody, Michigan Rural Council
TREASURER: Paul Costello, Vermont Council on Rural Development
PAST BOARD CHAIR: Jerry Townsend, Illinois Rural Council

PRA
Partners for Rural America

Working together to improve the quality of life in rural America

P. O. Box 1384, Montpelier, VT 05601 | www.partnersforruralamerica.org
NEGOTIABLE WAREHOUSE RECEIPT

Issued Subject to the Idaho Bonded Warehouse Law and the Rules Governing Idaho Bonded Warehouses

IDAHO BONDED WAREHOUSE
NAME OF WAREHOUSE: C. C. C.
LOCATION: 148 N. Basset Rd., Idaho Falls, IDAHO

RECEIVED FROM
OF

The following commodity has been received for storage in the above named warehouse in the location shown. This Warehouse Receipt is written for commodity that is being represented as: (circle one)

Commodity: Durum Wheat (DUM HAd)

<table>
<thead>
<tr>
<th>Gross</th>
<th>Lbs</th>
<th>1,548,500</th>
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</thead>
<tbody>
<tr>
<td>Net</td>
<td>Lbs</td>
<td>1,545,403</td>
</tr>
<tr>
<td>Bu</td>
<td>25,603.33</td>
<td></td>
</tr>
<tr>
<td>Cwt</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dockage: smut, fn, damaged, split, other

Total Dockage: 2.7%
Grade: #1
Lot Number

SUPPLEMENTAL INFORMATION - For purposes of the Uniform Grain and Rice Storage Agreement only (Not part of Warehouse Receipt) show only actual degrading factor except on corn and grain sorghums which require all factors:

CCC Wbse Code: 0.357
Date Received: August 9, 2004
Test Weight: 60.38 lbs.
Heat Damage: 0%
Foreign Material: 0%
Protein: 12.0%

Total Charges Due Warehouseman as follows:

Freight $  
Storage $  
Receiving $ 1,716  

For CCC Shipment Only - Car/Truck (initial & number)

DEPARTMENT OF AGRICULTURE

Issued By: Mary M. Shelly

The undersigned warehouseman claims a lien on said commodity for charges as follows:

<table>
<thead>
<tr>
<th>Storage Start Date</th>
<th>Date Storage Paid Through</th>
<th>Prepaid Charges: Handling</th>
<th>Other</th>
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<tbody>
<tr>
<td>August 9, 2004</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Advances: Sacks
Picking

Handling
In @ _______ Cwt
Out @ _______ Cwt

Milling Per Cwt

Insurance Charges Per Month

Issued By: Mary M. Shelly
On 9/13
Where do your Idaho Brand Inspection dollars go?

The current charge for a **cattle** change of ownership brand inspection is **$2.96 per head**. Where does that money go? The following is a breakdown of Idaho cattle brand inspection dollars.

<table>
<thead>
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<th>Fee</th>
<th>Amount</th>
<th>Source</th>
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</thead>
<tbody>
<tr>
<td>Brand Inspection Fee</td>
<td>$1.19</td>
<td>Idaho Brand Board</td>
</tr>
<tr>
<td>Beef Council Assessment</td>
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<td>Idaho Beef Council</td>
</tr>
<tr>
<td>Disease Control Assessment</td>
<td>$0.22</td>
<td>Idaho State Department of Agriculture - ISDA</td>
</tr>
<tr>
<td>Animal Damage Control</td>
<td>$0.05</td>
<td>Animal Damage Control Board via the Idaho Sheep Commission</td>
</tr>
</tbody>
</table>

Total per head fee **$2.96 per head**

The current charge for an **equine** change of ownership brand inspection is **$4.77 per head**. Where does that money go? The following is a breakdown of Idaho equine brand inspection dollars.

<table>
<thead>
<tr>
<th>Fee</th>
<th>Amount</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Inspection Fee</td>
<td>$1.50</td>
<td>Idaho Brand Board</td>
</tr>
<tr>
<td>Horse Board Assessment</td>
<td>$3.00</td>
<td>Idaho Horse Board</td>
</tr>
<tr>
<td>Disease Control Assessment</td>
<td>$0.22</td>
<td>Idaho State Department of Agriculture - ISDA</td>
</tr>
<tr>
<td>Animal Damage Control</td>
<td>$0.05</td>
<td>Animal Damage Control Board via the Idaho Sheep Commission</td>
</tr>
</tbody>
</table>

Total per head fee **$4.77 per head**
TITLE 25
ANIMALS
CHAPTER 11
STATE BRAND BOARD

25-1160. BRAND INSPECTION FEES. (1) The maximum fee which shall be charged by the state brand inspector and his deputies for brand inspection shall be:
(a) One dollar and twenty-five cents ($1.25) for each head of cattle;
(b) One dollar and fifty cents ($1.50) for each head of horses, mules and asses.
(2) A minimum fee of twenty dollars ($20.00) shall be charged by the state brand inspector and his deputies for each brand inspection certificate issued, whether for cattle, horses, mules or asses, or a combination thereof. The minimum brand inspection fee shall apply only in those cases when a brand inspector must travel from his assigned duty post.
(3) The minimum fee for brand inspection services at any normally scheduled livestock auction sale is fifty dollars ($50.00) per day, and shall be paid by the livestock auction sale, whether or not the inspection fee received from the owners of livestock inspected equals the minimum fee. If the fees paid by the owners of livestock inspected at the sale exceed the minimum fee, the actual amount of fees collected shall be paid, rather than the minimum amount.
(4) The fee for brand inspection services at any livestock auction sale which is not a normally scheduled livestock auction sale shall be:
(a) Eighteen dollars ($18.00) per hour for each hour that each brand inspector spends engaged in the performance of brand inspection services at the livestock auction sale;
(b) A mileage rate as established by the state board of examiners per mile per vehicle for each mile that said brand inspector(s) must travel to and from the sale from his assigned duty post.

The minimum fee, not including mileage, shall be the actual hours worked, or thirty-six dollars ($36.00) per day, or the inspection fees as set forth in subsection (1) of this section, whichever is greater.
(5) The state brand board may adopt a schedule or schedules of fees which are below the maximum fees and may adjust such schedule or schedules from time to time whenever such board finds that the cost of administering and enforcing the laws of the state of Idaho for brand inspection of livestock can be maintained with such below-maximum fees. All such fees shall be paid by the owner of the cattle, horses, mules and asses and credited to the state brand account.
(6) All brand inspection fees, and all other fees required by law to be collected by the brand inspector, are due and payable at the time of inspection, but the brand board may, by rule, allow all of such fees to be paid on a schedule that requires payment at least monthly, after receiving a request for such delayed payment schedule and after such request is approved by the state brand inspector. The brand board may require a security deposit to ensure the prompt payment of all fees owed to the state. Failure to pay as required shall be cause for the brand inspector to file an action in the district court of the county wherein the inspection was made for the amount of all fees owed, plus all costs and reasonable attorney's fees associated with the action plus interest at the rate specified in section 28-22-104, Idaho Code, on the amount owed from the due date.

(7) Any brand inspector who must travel beyond the border of the state of Idaho to investigate a possible violation of this chapter is entitled to a mileage rate, as established by the state board of examiners, per mile per vehicle for each mile that the brand inspector must travel to and from his assigned duty post, and eighteen dollars ($18.00) per hour for each hour that each brand inspector spends engaged in the investigation. The minimum fee for each brand inspector, not including mileage, shall be the actual hours worked, or thirty-six dollars ($36.00) per day, or the hourly inspection fees, whichever is greater.

History:


How current is this law?

Search the Idaho Statutes and Constitution
TITLE 25
ANIMALS
CHAPTER 11
STATE BRAND BOARD

25-1122. OWNERSHIP AND TRANSPORTATION CERTIFICATE. (1) The owner or owners of any horses, mules or asses desiring to transport them within the state for any purpose other than sale or trade, may, upon request to the state brand inspector, be issued an ownership and transportation certificate, which certificate shall be issued in lieu of the required brand inspection certificate or other written permit for each horse, mule or ass to be transported.

(2) An ownership and transportation certificate may be used by the owner or owners of a horse, mule or ass for identification purposes and as prima facie proof of ownership of any animal described by such a certificate.

(3) The ownership and transportation certificate shall be valid as long as the horse, mule or ass described therein remains under the ownership of the person or persons to whom the certificate is issued.

(4) The ownership and transportation certificate of a horse, mule or ass must accompany the animal for which it is issued at all times while the animal is in transit.

(5) Each ownership and transportation certificate of a horse, mule or ass shall identify the particular animal by color, markings, sex, age and where applicable by brand, registration number, tattoo or other marks as provided for by regulation of the state brand board.

(6) There shall be a fee in an amount to be set by the state brand board, not to exceed thirty-five dollars ($35.00), for issuance of each ownership and transportation certificate, which fee shall be in addition to any brand inspection certificate or other written permit which may be requested by the owner or owners of a horse, mule or ass under other provisions of law.

(7) Upon any change of ownership of a horse, mule or ass for which an ownership and transportation certificate has been issued, the former owner or owners may transfer the certificate to the new owner or owners upon payment of a fee to be set by the state brand board, not to exceed thirty-five dollars ($35.00) per certificate.

(8) The state brand board may, under such terms and conditions as it deems necessary to protect ownership of horses, mules and asses, provide by regulation that ownership and transportation certificates may be used in transportation of horses, mules or asses to and from points outside of the state of Idaho, and may provide that similar certificates from
other states may be used for proof of ownership of horses,
mules or asses entering Idaho.

History:

[(25-1122) I.C., 24-1402A, as added by 1975, ch. 23, sec. 3, p. 36; am. 1987, ch. 61, sec. 6, p. 111; am. 1988 &
55, sec. 1, p. 119.]

How current is this law?

Search the Idaho Statutes and Constitution
TITLE 25
ANIMALS
CHAPTER 11
STATE BRAND BOARD

25-1121. REQUIREMENTS FOR BRAND INSPECTION — WRITTEN PERMIT IN LIEU OF INSPECTION. (1) Any person desiring to transport, remove, or drive any livestock from the boundaries of this state in any manner shall, before doing so, apply to the state brand inspector to inspect the same for marks and brands, and on such application (or without said application if said officer has knowledge of such removal) the brand inspector shall immediately inspect said livestock for brands and marks and keep an accurate record of the same with the name and residence of owner or shipper and name, sex and kind of livestock. Any person desiring an inspection pursuant to this paragraph must notify a state brand inspector or person duly authorized to accomplish the inspection. If the inspector finds that the livestock have brands that are not owned by the person claiming the same, then such person shall be required to produce a bill of sale or other satisfactory evidence of ownership. Upon proof of ownership the inspector shall give the person a certificate stating the number and kind of livestock and their marks and brands and thereupon the said person shall be permitted to transport said livestock from this state. A copy of the brand inspection certificate shall accompany the livestock to final destination.

(2) Any person desiring to transport livestock, not his own, within the boundaries of this state in any manner shall before doing so, have in his possession a written transportation permit properly completed and signed by the owner or an authorized agent of the owner of the livestock being transported or a brand inspection certificate. A copy of the written permit or brand inspection certificate shall accompany the livestock to final destination.

(3) Annual brand inspections certificates for all livestock for any purpose, other than sale or trade, may be issued by the state brand inspector or his deputies in lieu of the regularly required brand inspection or other written permits for periods of not to exceed one (1) year in duration and for a fee of not to exceed five dollars ($5.00), each as determined by regulation of the state brand board.

(4) The owner of the livestock shall pay all fees required for inspection services pursuant to this chapter, section 25-232, Idaho Code, section 25-2505, Idaho Code, and section 25-2907, Idaho Code.

(5) Any transportation of livestock in violation of this chapter is prohibited. Livestock transported in violation of
this chapter shall be detained until compliance with this chapter has been made.

History:


How current is this law?

Search the Idaho Statutes and Constitution
February 21, 2019

Dear Senator:

The Idaho Cattle Association (ICA) is Idaho's only professional organization solely dedicated to representing the interests of ranching and cattle feeding families. Horses are a necessity in performing the daily production duties on many beef operations across our state giving our cattle producers a very vested interest in the inspection and ownership certification terms. However, ICA's primary interest in S1082 is ensuring the fiscal viability of the state brand department which provides an essential service for livestock producers.

ICA applauds the equine community for stepping up to the task of financing the service which they benefit from and support the provisions offered by this legislation. Furthermore, we wish to highlight that ICA does not perceive the increase in the Ownership and Transportation Certificate fee to present an unmanageable fiscal burden to our operations, mainly because this is a certification that is optional and most frequently used by those traveling interstate on a regular basis. Additionally, the addition of an Equine Farm Service fee would not adversely impact our operations because it can be avoided by transporting the horses to the brand inspector to have the inspection conducted or by having the horse inspection conducted while an inspector is on site to conduct other inspections.

In conclusion, ICA takes pride in the fact that our industry has successfully funded the brand department for the services that we need and firmly believe that all those who benefit from the services of an inspection, theft protection, and investigation should pay the costs associated. Thank you for your time and consideration.

Regards,

Marty Gill
President
Idaho Cattle Association
Health Disparities Between Rural and Urban Counties in Idaho

Introduction
In order to address the disparities between health outcomes in rural and urban areas across the state of Idaho, the team collected and analyzed data on health trends across rural communities. To synthesize and identify trends within the data, the team explored multiple indicators provided by Idaho Rural Partnership. This presentation is a high-level overview of key data to be used as a foundation for further analysis. Recommendations for future research have been provided.

Defining Rural and Urban Counties
For the purpose of this study, “urban” is defined as counties that have at least one city with 20,000 people and “rural” as all counties with no cities that have a population of 20,000.
Based on the indicators included in the chart, **rural counties in Idaho are 2% more likely to have positive health outcomes than urban counties.**

To determine this, the indicators were given a ranking and the sum of the rankings were used to provide an average score for rural and urban counties. Rural county scores ranged from 134 to 438 and urban county scores ranged from 148 to 365.

This ranking did not include vacancy, mortality, or SSI/SSDI data because these indicators are not necessary negative. Drug death rates was not included because many Idaho counties lack the resources to consistently identify drug-related deaths.

Attachment A provides an in-depth analysis. To view interactive maps for all indicators, please visit:

Tableau Public 1 & Tableau Public 2
Key Findings
Correlation Between Obesity and Diabetes

Intimate Partner Violence
Rate of Intimate Partner Violence per 1,000.

Teen Pregnancy
Number of pregnancies per 1,000.
### Key Findings, cont.

**Education: Bachelor’s Degree or Higher**

- **Urban**: 
  - Percentage of the population with at least a Bachelor's degree
  - **19.00%**

- **Rural**: 
  - **24.00%**

*Source: *Educational Attainment 2012-2016

---

**Homeowner Vacancy**

- **Percentage of single family dwellings that are available, vacant, or for sale**

<table>
<thead>
<tr>
<th>Urban</th>
<th>0.00%</th>
<th>0.50%</th>
<th>1.00%</th>
<th>1.50%</th>
<th>2.00%</th>
<th>2.50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Home Ownership in Idaho 2012-2016*

---

### Cancer

- **Percentage of the population diagnosed with cancer**

<table>
<thead>
<tr>
<th>Urban</th>
<th>8.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>8.50%</td>
</tr>
</tbody>
</table>

*Source: Heart Disease & Cancer Data 2016*

---

### Completed Suicide

- **Number of completed suicides per 1,000.**

<table>
<thead>
<tr>
<th>Urban</th>
<th>19</th>
<th>19.5</th>
<th>20</th>
<th>20.5</th>
<th>21</th>
<th>21.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>19</td>
<td>19.5</td>
<td>20</td>
<td>20.5</td>
<td>21</td>
<td>21.5</td>
</tr>
</tbody>
</table>

*Source: Idaho Resident Suicide Deaths*

---

HEALTH DISPARITIES BETWEEN RURAL AND URBAN IDAHO, SUMMER 2018
DATA AND ANALYSIS COMPILED BY CRYSTAL CAMPBELL, NIKKI HANGEN, REELIC RANDALL, THORPE CRISTON AS PART OF A MASTERS OF PUBLIC ADMINISTRATION CAPSTONE PROJECT.
• Created by executive order in 1991.
• Structured as an “Independent Public Body Corporate and Politic”
• Idaho Rural Development Partnership Act passed by legislature in 2008 and codified in Title 67, Chapter 90 Idaho Code.
• Idaho Department of Labor currently serves as IRP’s host agency.
• 35-member board includes legislators; local, state and federal government reps.; tribes; private and nonprofit sectors; higher education; and INL.
• Current board co-chairs are Art Beal from the Idaho RC & D Association and Roy Valdez from the Dept. of Labor.
• Funding currently comes from federal grants, private sector sponsorships, and contributions from businesses and organizations in the individual rural communities we work with most directly.

IRP brings multiple agencies and organizations together to help rural communities clarify and work toward their desired future.

Outcomes are produced by our collaborative efforts.

• Increased community to prioritize actions, identify resources, and complete community and economic development projects.
• Increased efficiency and reduced duplication among agencies and organizations that support rural Idaho.
• Increased awareness of funding and other resources available to rural communities.
• Increased understanding of conditions, opportunities, and successful models in rural Idaho.
• Identification of unnecessary impediments to rural development.
Idaho Community Review Program

Phase 1
Survey of residents
Listening sessions
Demographic & economic profile

Phase II
Larger team of visiting professionals work with community
develop actions plan for three focus areas identified
during Phase I.

Phase III
Coaching to support implementation of action plans
developed during Phase II.
IDAHO'S COMMUNITY REVIEW PROGRAM REACHES STATEWIDE

The Idaho Rural Partnership implemented the Idaho Community Review Program in 2000. A community review is an assessment and strategic planning process designed for towns with fewer than 10,000 people. The program brings together community members and local leaders with experts in rural community and economic development to identify local priorities and resources to achieve them.

Community reviews are co-developed with local leaders, business owners, and residents. Each review is unique, focuses on a wide range of community issues, and is tailored to the community. This process helps communities move from assessment to action to results.

"The community review gave us more confidence that future projects would succeed."

UNIVERSITY OF IDAHO IS STUDYING WAYS TO IMPROVE THE COMMUNITY REVIEW PROGRAM

To date, five communities have participated in the evaluation process called "Ripple Effects Mapping," which helps communities identify the chain of effects resulting from the review and their implementation efforts. Another 10 communities, at least, will be evaluated before the grant ends in 2020.

Participating communities receive up to $1,000 to implement a project identified as a need by their review.

"Funding sources want to know how you have done a community review. They want to know you've done the planning. They want to know you didn't throw a funding request together at the last minute."
IDAHO’S COMMUNITY REVIEW PROGRAM HAS
POSITIVE IMPACTS ON RURAL COMMUNITIES

ECONOMIC DEVELOPMENT
Ashton
New office building opened
Fairfield
$375,000 for Soldier Road main street improvements: sidewalks, curbs, traffic calming, and beautification

IMPROVEMENTS IN INFRASTRUCTURE
American Falls
$2.5 million for water infrastructure

BRINGING PEOPLE TOGETHER
Glenns Ferry
ArtWalk with historical art contest
Meadows Valley
Community Dinner

IDAHO’S COMMUNITY REVIEW PROGRAM HAS
POSITIVE IMPACTS ON RURAL COMMUNITIES

NEW PROGRAMS FOR YOUTH
American Falls
$150,000 for skatepark
$2 million for safe routes to school

INCREASING TOURISM
Ashton
$1,500 for TTTT Trail
Glenns Ferry
Ghost Tour funding (DOC Travel Council grant)

INCREASING PUBLIC SAFETY
New Meadows
$800,000 for sidewalks and ADA ramps (GEM)
Fairfield
$80,000 for walking path (ITD)
Our other activities

- Statewide Comprehensive Economic Development Strategy
- Broadband
- Rural health

Rural Health

Summer 2018
IRP partners with Idaho Policy Institute and students in Boise State's MPA program, who completed analysis of existing data to identify health trends comparing rural and urban counties. (see related handout)

Fall/winter 2018
IRP enters into partnership with Blue Cross of Idaho Foundation for Health and Idaho Community Foundation to conduct health-related community outreach in a number of rural counties in 2019.
What we’re hearing in rural communities

- Growth and change is okay, but not at the expense of small town values.
- Communities want young people to have the option of returning ("rural returners")
- Social and cultural divisions limiting collaboration among community groups, getting in the way of forward progress
- Community pride in first responders and libraries
- Desire for arts, cultural, and recreation opportunities
- How do we increase people volunteering for community organizations and projects?
- Housing
- Broadband

THANK YOU!

Jon Barrett
Executive Director
208-332-1731
208-383-9687 (mobile)
jon.barrett@irp.idaho.gov

Contact the Idaho Rural Partnership to learn more about, or participate in, the Community Review Program:
http://irp.idaho.gov/home/community_review/
irpcommunityreview@irp.idaho.gov

Watch for comprehensive reports on
www.communityreview.org
over the next year
AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, February 26, 2019

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minutes</td>
<td>Approve the Minutes of January 31, 2019</td>
<td>Vice Chairman Den Hartog</td>
</tr>
<tr>
<td>Approval:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Presentation:</td>
<td>Idaho Wheat Commission</td>
<td>Blaine Jacobson, Executive Director, Idaho Wheat Commission</td>
</tr>
<tr>
<td>Presentation:</td>
<td>Idaho Apple and Cherry Commission</td>
<td>Candi Fitch, Executive Director, Idaho Apple Commission</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Guthrie  Sen Lent
Vice Chairman Den Hartog  Sen Bayer
Sen Patrick  Sen Jordan
Sen Harris  Sen Nelson
Sen Mortimer

COMMITTEE SECRETARY
Jacob Garner
Room: WW31
Phone: 332-1330
e-mail: sagri@senate.idaho.gov
DATE: Tuesday, February 26, 2019
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson
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 Guthrie called the meeting of the Agricultural Affairs Committee (Committee) to order at 8:00 a.m.
NOTE: Vice Chairman Den Hartog was not present at this time to approve minutes.
PRESENTATION: Idaho Wheat Commission (IWC). Blaine Jacobson, Executive Director, IWC, stated that the IWC is a self-governing state agency created in 1959. It is funded by a .035-cent assessment and is made up of a board of five wheat producers. Mr. Jacobson explained the IWC's budget allocation for fiscal year (FY) 2019. The IWC's mission is to maximize profitability for Idaho's wheat producers by investing funds in market development, research, information, and education. Mr. Jacobson explained that the vision of the IWC is to work to keep Idaho a premier wheat-growing state and to make Idaho wheat the preferred choice of domestic and export customers. Mr. Jacobson also explained the global and domestic stock prices of wheat and what that means for Idaho. Some of the worries on the horizon for the IWC are the market uncertainty due to the Trans-Pacific Partnership withdrawal and trade tariff talk, Russia's drive to grow and export wheat, new challenges to lower Snake River dams, and U.S. agricultural research dollars falling behind Chinese and private global companies. Mr. Jacobson concluded with an overview of the IWC's plans to construct a new building that is more compatible and up-to-date.
DISCUSSION: Vice Chairman Den Hartog asked Mr. Jacobson if the IWC would be the only agency contributing to the cost of the new building and if the IWC leases out space in their current building. Mr. Jacobson answered that the IWC owns the current building and leases out space, and that they are talking with potential partners to share the cost of the new building.
MINUTES APPROVAL: Vice Chairman Den Hartog moved to approve the Minutes of January 31, 2019. Senator Mortimer seconded the motion. The motion carried by voice vote.
PRESENTATION: Idaho Apple Commission (IAC). Candi Fitch, Executive Director, IAC, that it was reported, for the 2018-2019 apple season, that the early season apples were of fair quality due to the excessive heat in August. However, late season apples were higher quality as the normal temperature patterns returned in September and October. Ms. Fitch explained that the apple industry, as with most, is plagued with a major labor shortage. The growers and packers are using the H2A visa program, as well as the inmate program, to supplement labor crews. Ms. Fitch also explained the structure of the IAC. Ms. Fitch also briefly explained some of the promotions and outreach programs the IAC uses to educate and advertise in order to raise business for the apple industry in Idaho. Ms. Fitch also covered the IAC's 2018-2019 financial statement, as well as its 2019-2020 proposed budget.

DISCUSSION: Senator Patrick asked Ms. Fitch how much reserves the IAC has in dollar amount. Ms. Fitch answered that the IAC has a limited reserve but they try to keep at least half of the budget in reserves.

Senator Nelson asked where the majority of the apples are grown in Idaho. Ms. Fitch answered that the majority of Idaho's apples are grown in the Treasure Valley.

PRESENTATION: Idaho Cherry Commission (ICC). Candi Fitch, Executive Director, ICC, explained that the 2018 cherry season was a struggle. With heavy rains in June, and the China Tariffs, many cherry shippers and producers lost a large amount of money. Ms. Fitch explained that with the struggles with U.S.-China trade relations, cherries went to Taiwan, which lowered prices. Ms. Fitch also explained the structure of the ICC, with its commissioners, memberships (both regional and local), and the promotional ideas which help maintain the cherry industry in Idaho. Ms. Fitch concluded with an explanation of the ICC's 2018-2019 financial statement, as well as their 2019-2020 proposed budget.

DISCUSSION: Senator Patrick asked Ms. Fitch why there was a disparity between the 2018-2019 and the 2019-2020 Mexican cherry inspection line item. Ms. Fitch answered that the ICC hasn't used that line item in several years.

Senator Bayer asked Ms. Fitch why the ICC only uses Albertsons and Wal-Mart to promote their cherries and why they don't utilize other stores to promote. Ms. Fitch answered that there is no limitation on promoting and that they are trying to utilize other stores.

ADJOURNED: There being no further business, Chairman Guthrie adjourned the meeting at 8:40 a.m.
Today's Briefing
- Report on budget and commission financials
- Excellent harvest in 2018
- World supply and demand
- New website
- Wheat commission building in Boise

About the Idaho Wheat Commission
- Self-governing state agency created in 1959
- Funded by a .035-cent assessment
- Board of five wheat producers

IWC Mission and Vision
Mission
Maximize profitability for Idaho’s wheat producers by investing funds in market development, research and information & education
Vision
Working together to keep Idaho a premier wheat-growing state and to make Idaho wheat the preferred choice of domestic and export customers

IWC FY 2019 Budget Allocation

<table>
<thead>
<tr>
<th>University of Idaho</th>
<th>$1,187,699</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat Variety Research</td>
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</tr>
<tr>
<td>Pest &amp; Disease Research</td>
<td>$225,987</td>
</tr>
<tr>
<td>Production Practices Research</td>
<td>$337,742</td>
</tr>
<tr>
<td>Wheat Quality Lab</td>
<td>$121,730</td>
</tr>
</tbody>
</table>

Idaho Grain Producers Association
$405,500
U.S. Wheat Associates
$307,500
IWC Salaries & Benefits (4 people)
$277,000
Wheat Marketing Center
$174,131
Other Research
$168,474
National Association of Wheat Growers
$ 77,000
Equipment and Infrastructure
$ 25,000
Ten Awesome Things About Idaho Wheat in 2018

• 100 million bushel harvest, 91.7 bu/acre yield
• Hosted five trade teams in Idaho
• Received over $1.2 million dollars in royalties from seed sales
• New website, new communication vehicles, more impactful logo
• New Endowed Chair for Risk Management at University of Idaho

Ten Awesome Things About Idaho Wheat in 2018

• On-time robust funding for dredging, lock maintenance, and jetties on river system.
• Held top spot nationally in hard white production
• Updated legislation, more direct communication with growers
• Door opened with Taiwan for hard white
• New funding for ARS falling-number research position

Wheat-Buying Teams Visits to Idaho in 2018

Idaho Hosts Wheat-Buying Teams in 2018

World Supply and Demand

World Production and Use
**World Ending Stocks**

**Global Ending Stocks and Price**

**Dry in the West – Feb 2019**

- Idaho is dryer than normal but not severe

**Idaho Water Storage – Jan 2019**

Very Good – Reservoirs Full

**Worries on the Horizon**

- Market uncertainty due to TPP withdrawal and trade tariff talk.
- Russia’s drive to grow and export wheat.
- Declining orca populations and new challenges to lower Snake River dams.
- U.S. agricultural research dollars falling behind Chinese and private global companies.
Grower Communications Tools

Content of New IWC Website
- Home
- About +
- Growers +
- Buyers +
- You & Wheat +
- News
- Contact

Study by National Institutes of Health

"Whole grains help prevent chronic diseases such as cancer, diabetes, and heart disease. Whole grains contain chemopreventive antioxidants such as vitamin E, tocotrienols, phenolic acid, lignans, and phytic acid. The antioxidant content of whole grains is greater than that of common fruits and vegetables (but lower than berries)."

Wheat Commission Building in Boise

NCH, Publ. No. 352, Nutrition, St. A. May 2008
2019 Idaho Wheat Commission Report to Legislature

Approved 2019 Budget

Activities carried out by the Idaho Wheat Commission on behalf of Idaho wheat growers are funded by a $.035 per bushel wheat tax. This tax is remitted quarterly. Revenue from the wheat tax during FY '19 is budgeted at $3,035,000, although collections are running ahead of budget due to higher yields in 2018. Final collections in FY'19 are expected to be approximately $3,300,000. Spending in FY'19 is budgeted at $3,448,461. As of Jan 31, 2019, the IWC reserves are $3,364,300.

Dollars remitted by Idaho wheat growers are invested on their behalf in foreign and domestic market development, variety development and other research, and information and education. The amount of the budget committed to administrative payroll and office operations is running at 2.5%, and Idaho continues to be among the most efficient of the wheat commission office operations among states. The wheat assessment in neighboring states range from $.03/bushel to $.06/bushel.

Projected FY '20 Revenue and Spending

Acreage in the current production year is expected to remain similar to last year and we will be fortunate to maintain current record yields. Spring plantings decisions are being made now, based on wheat prices compared to other competing spring crops. For planning purposes it is assumed that revenue from wheat tax will be around 3,200,000.

The Idaho Wheat Commission is providing substantial support to the University of Idaho wheat and other agricultural programs in order to keep the wheat industry in Idaho robust. Agriculture is a basic industry benefiting all Idaho residents and reinvestment in agriculture by industry and by the Idaho taxpayer will help grow Idaho’s economy and employment faster than almost any other sector of the economy.

The Idaho Wheat Commission established a new $2 million endowment at the University of Idaho in FY’18 focused on marketing of wheat and managing risk. It is jointly managed by the College of Agriculture and the College of Business.

Update on Wheat Production in Idaho

In the 2018 crop year approximately 1.2 million acres of wheat were harvested. The yield was an all-time record 91.7 bushels per acre. Sales were over $490 million, and wheat continues to rank as Idaho’s second largest crop, behind potatoes and ahead of hay.

Approximately sixty percent of Idaho’s production is grown on irrigated farmland and forty percent is grown on dry land. Approximately two-thirds of the crop is winter wheat and the remaining one-third is spring wheat.

Soft White wheat makes up the largest amount of Idaho wheat grown. It is roughly 55% of the annual crop. Hard Red is the second most popular class, at 39%. Idaho’s production of hard
white wheat rebounded last harvest year with 12 million bushels grown. Idaho is the largest hard white growing state.

Half of Idaho's crop goes to domestic mills and customers. This includes the GrainCraft (Pendleton) mill in Blackfoot, mills in Ogden, and customers in California. California is the largest wheat-milling state in the country and they dramatically increased purchases of wheat from Idaho. Roughly half of the crop is exported. Top foreign destinations include Japan, Mexico, Korea, the Philippines, China, and Taiwan.

Organic wheat has been strong and will continue to strong and is not expected to be a fad.

Further detail on Idaho wheat production is found in the Fall 2018 issue of Idaho Grain magazine.

Idaho Wheat Commission Offices

The Idaho Wheat Commission owns a building at 821 W. State Street that also includes other agricultural tenants, such as Idaho Barley Commission, Idaho Bean Commission, Idaho Wine Commission, Milk Producer's of Idaho, Idaho Grain Producer's Association, CALS, etc. The building was built in the 1940's and consideration is being given to tearing it down and building a new building.

Ten Awesome Things About Idaho Wheat Industry in 2018

• 100 million bushel harvest. 91.7 bu/acre yield
• Hosted five trade teams in Idaho, all interested in making purchases of Idaho wheat
• Received over $1.2 million dollars in royalties from seed sales
• New website, new communication vehicles, more impactful logo
• New Endowed Chair for Risk Management at University of Idaho
• On-time robust funding for dredging, lock maintenance, and jetties on river system.
• Continued to hold top spot in country for hard white production
• Updated legislation to provide more direct and better communication with growers
• Door opened with Taiwan for hard white
• New funding for ARS falling-number research position

IWC Website

Updated information on the Idaho Wheat Commission can be found on an ongoing basis at www.idahowheat.org.
Rules of the Seed Game: It’s Public and It’s Protected

Seed Trade Law

Recently, Limagrain Cereal Seeds (LCS) informed the University of Idaho (UI) and the Idaho Wheat Commission (IWC) of two incidents of intellectual property (IP) infringement involving UI-developed varieties exclusively licensed to LCS (see side bar).

“Although the situations were resolved without litigation, it is troubling that both parties involved in the infringements claimed to be unaware the varieties were protected by the Plant Variety Protection Act (PVP) with Title V invoked, and exclusively licensed to Limagrain Cereal Seed,” noted Dr. Cathy Wilson, Director of Research Collaboration, IWC. Ignorance of the laws governing seed commerce is not a legitimate excuse for IP infringement, but it is often the truth. Many growers assume varieties developed by public breeders at land grant universities are not protected intellectual property. This was true at one time, but today all the varieties developed by UI are released as PVP and Title V.

What does that mean for you? PVP protects plants from being reproduced without the express written permission of the entity holding the PVP. “Under Title V of the Federal Seed Act, product can be sold as seed only if certified and properly tagged with the variety name. A grower can legally save a quantity of seed for the sole purpose of replanting on the farmer’s land in an area no larger than the area that was planted with the original certified seed purchased,” explained Karen Stevenson, attorney in the Office of Technology Transfer (OTT) at the University of Idaho.

“Seed Certification in Idaho is done by the Idaho Crop Improvement Association (ICIA),” explained David Hoadley, Manager of the Foundation Seed Program at UI. When asked about the excuse of growers not knowing a UI variety is protected, Hoadley responded, “Every bag of seed includes attached documents that pertain to the seed. In addition to purity analysis, seed treatments, and other information, the documents will also include information related to the Plant Variety Protection Act whenever the variety has PVP. Additionally, the delivery receipt also states “Plant Variety Protected” when applicable. People should understand that these are enforceable federal laws, contained within the Federal Seed Act. A person or company could be putting themselves in a bad spot if they violate PVP laws.”

“Brown bagging” is the practice of reproducing wheat seed, without certification or legal labels, and providing it to others as wheat seed. Seed producers who are following the rules don’t like someone breaking the laws to gain an unfair advantage. Sooner or later someone reports the illegal practice to the authorities. Seed buyers must be careful to buy from certified seed producers. “When the seed price is too low and appropriate documents don’t accompany the seed, it is often because the pricing does not include the royalty or the seed is not certified.”

Why did UI start releasing new wheat varieties with intellectual property protection? The Office of Technology Transfer at UI knows the seed trade is complex. The most efficient way for OTT to get new wheat varieties in the hands of Idaho’s wheat growers is to partner with reputable seed companies through licensing agreements. Licensing not only protects intellectual property, it creates a stream of royalty income back to the University’s wheat research programs. The University retains ownership of the variety and holds the PVP certificate but gives permission, through the license, for the commercialization partner to reproduce and sell seed of the variety to make a reasonable profit. In return for the marketing opportunity, the seed company agrees to pay a royalty back to the University on every pound of seed sold. The royalty amount is stated in the license and the rate reflects the expected economic value of the variety to the wheat industry.

The commercialization partner is required to notify the University when they suspect potential infringement on the protected intellectual property or their license. The Office of Technology Transfer is responsible for potential enforcement under state and federal seed laws.

Limagrain Cereal Seeds holds several exclusive licenses for commercialization of UI wheat varieties (see listing). As a commercialization partner they have fast-tracked varieties such as the UI Clearfield Plus varieties,

Continued on next page
getting them planted in growers' fields in record time. Royalty from LCS topped $1 million in 2017. “LCS has turned out to be a good commercialization partner for Idaho growers,” said “Potlatch Joe” Anderson, Past President of Idaho Grain Producers Association. “They want to see the varieties widely available to all growers at a reasonable price. That happens through a network of legitimate seed dealers who are legally sub-licensed by LCS to market the varieties. LCS is responsible for collecting the royalty from their network and remitting it to the university.”

Following the rules governing seed commerce benefits everyone, especially growers, who get access to the best genetics at competitive prices while reaping increased yields of high quality grain.

“As the marketing agent for several UI varieties, we have noticed that not everybody is aware that varieties licensed for marketing by the University are protected by the Plant Variety Protection Act and that the varieties can only be sold as a class of certified seed. We have detected two infringements of the University’s intellectual property rights: one by a seed company that was selling seed without a license; the other by a grower who was selling uncertified seed to neighbors. In both cases, their actions deprived Limagrain and the University of royalties amounting to more than $40,000 in total.

“Both offenders have subsequently apologized for their actions and agreed to comply with license conditions in all future transactions. We are satisfied that these were genuine errors and not deliberate attempts to defraud the University. In return for their cooperation, we have allowed the infringers to remain anonymous.

“LCS will remain vigilant in protecting UI’s valuable intellectual property and in future will not hesitate to bring enforcement actions against offenders.”

“Federal and State seed laws protect the rights of both public and private plant breeders. The University of Idaho will enforce these protections as needed. Protecting intellectual property encourages continued investment in research and technology to create new wheat varieties. Wheat with new traits will solve production problems and increase yield.”

Continued on next page
1. Read the seed tag and the loading ticket.

2. Is the variety protected by PVP, Title V, or licensing?

3. Are you producing commodity grain, wheat for seed, or saving seed back from your commodity grain?

4. Title V varieties can only be sold as a class of certified seed.

5. "Sold" is the transfer of ownership. Selling, trading, or giving ownership to another is prohibited under Title V.

6. Idaho Crop Improvement Association is the certifying agent in the State of Idaho.

7. Idaho State Department of Agriculture's Warehouse Inspection Division certifies both elevators and seed handlers and can audit if illegal activity is suspected.

8. Licensed varieties generally require a royalty back to the university.

9. Foundation seed tags will clearly indicate the variety is PVP Title V.

10. Make sure you have the legal right to reproduce a variety for sale as seed.

11. Seed buyers are responsible to make sure they are purchasing from a reputable seed producer.

12. The Office of Technology Transfer at University of Idaho can answer questions about who has a legal right to produce seed of a specific variety.
## UI Wheat Varieties with Intellectual Property Protection

*LCS= Limagrain Cereal Seeds

### Hard Red Spring Wheat
<table>
<thead>
<tr>
<th>Variety</th>
<th>License</th>
<th>PVP Status</th>
<th>Title V</th>
<th>Royalty Due</th>
</tr>
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<tbody>
<tr>
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<td></td>
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<tr>
<td>UI Winchester</td>
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<tr>
<td>Jubilee</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Twin</td>
<td></td>
<td></td>
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### Hard White Spring Wheat
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### Hard Red Winter Wheat
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### Soft White Winter Wheat
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<td>UI Sparrow</td>
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### License Required

### Hard White Winter Wheat
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<th>Royalty Due</th>
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<td>Gary</td>
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<td>UICF-Grace Clearfield®</td>
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The Columbia Snake River System is a 465-mile commercial waterway that provides farmers as far as the Midwest access to international markets.

In 2014, nearly 10% of all U.S. wheat exports moved through the Snake River dams.

Barging is the most efficient and environmentally friendly mode of cargo transportation.

In 2014, it would have taken 43,610 rail cars or 174,440 semi-trucks to move the cargo that went by barge on the Snake.

The Columbia Snake River System is the top wheat export gateway in the U.S.

Barging information courtesy of Texas Transportation Institute.
Wheat information courtesy of U.S. Department of Agriculture and U.S. Army Corps of Engineers.
Deep Draft Channel Facts:
- 105 miles, 43 feet deep
- Over 49 million tons of international trade in 2014
- At least $24 billion in cargo value
- 40,000 local jobs are dependent on this trade

Inland Navigation Facts:
- 380 miles, 14 feet deep, from Portland/Vancouver to Lewiston, Idaho
- Over 9 million tons of commercial cargo in 2012
- Important gateway for Northwest wheat and forest products

CSRS Highlights
- #1 U.S. wheat export gateway
- #2 U.S. soy export gateway
- #1 West Coast wood exports
- #1 West Coast bulk exports

Freight Comparison of Barges, Trains and Trucks on the CSRS

<table>
<thead>
<tr>
<th>Barge</th>
<th>4-Barge Tow</th>
<th>Jumbo Hopper Car</th>
<th>100 Car Unit Train</th>
<th>Large Semi-Truck</th>
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</thead>
<tbody>
<tr>
<td>3500 ton</td>
<td>14,400 ton</td>
<td>100 ton</td>
<td>10,000 ton</td>
<td>76 ton</td>
</tr>
<tr>
<td>128,000 bushels</td>
<td>486,000 bushels</td>
<td>3,000 bushels</td>
<td>30,000 bushels</td>
<td>910 bushels</td>
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<tr>
<td>375,000 gallons</td>
<td>3,600,000 gallons</td>
<td>30,240 gallons</td>
<td>3,000,000 gallons</td>
<td>7,840 gallons</td>
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</table>

1 Barge = 35 Jumbo Hoppers = 134 Trucks
1 Tow = 1.4 100-Unit Trains = 538 Trucks
IWC WHEAT VARIETY SURVEY MAP
WINTER CROP 2018

NORTHERN DISTRICT 10
- SY Ovation (SWW) 16%
- WB 1529 (SWW) 10%
- LCS Jet (HRW) 6%
- SY Assure (SWW) 6%
- All Others 62%

SOUTHWESTERN DISTRICT 70
- SY Ovation (SWW) 48%
- WB 456 (SWW) 14%
- Resilience (SWW) 10%
- Stephens (SWW) 8%
- All Others 20%

SOUTHERN DISTRICT 80
- SY Ovation (SWW) 28%
- Hard Red Winter (HRW) 21%
- SY Assure (SWW) 16%
- WB 1070CLP (SWW) 9%
- All Others 26%

SOUTHEASTERN DISTRICT 90
- SY Ovation 21%
- Brundage (SWW) 15%
- WB 1529 (SWW) 14%
- Hard Red Winter (HRW) 11%
- All Others 39%

% OF WINTER WHEAT BY DISTRICT
Northern 67%
South Western 2%
South Central 6%
South Eastern 24%

NASS STATISTICS FOR IDAHO WINTER WHEAT

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<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Acres (1K) Planted</td>
<td>770</td>
<td>720</td>
<td>720</td>
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<tr>
<td>Avg./bu/ac.</td>
<td>94</td>
<td>80</td>
<td>90</td>
</tr>
<tr>
<td>Yield 1K bu/ac</td>
<td>67,680</td>
<td>53,600</td>
<td>61,200</td>
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</table>
IWC WHEAT VARIETY SURVEY MAP
SPRING CROP 2018

NORTHERN DISTRICT 10
- WB 9668/GLEE (HRS) 19%
- WB 9518 (HRS) 18%
- SEAHAWK (SWS) 12%
- DNS GLEE/WB 9668 10%
- ALL OTHERS 41%

SOUTH WESTERN DISTRICT 70
- KELSE (HRS) 56%
- SEAHAWK (SWS) 18%
- DNS (HRS) 8%
- ALTURAS (SWS) 7%
- ALL OTHERS 11%

SOUTH CENTRAL DISTRICT 80
- Hard White Spring 31%
- WB 7328 (HWS) 20%
- WB 9668 (HRS) 15%
- SY TETON (HWS) 9%
- ALL OTHERS 25%

SOUTH EASTERN DISTRICT 90
- DAYN (HWS) 19%
- DNS (HWS) 12%
- UI STONE (SWS) 10%
- WB 9668 (HRS) 9%
- ALL OTHERS 50%

TOP TEN SPRING VARIETIES
- DAYN 11%
- DNS 9%
- WB 9668 7%
- WB 9668/GLEE 7%
- WB 9518 6%
- UI STONE 6%
- Hard Red Spring 5%
- UI PLATINUM 5%
- SEAHAWK 5%
- JEFFERSON 5%
- ALL OTHERS 34%

% OF SPRING WHEAT BY DISTRICT
- Northern 35%
- South Western 2%
- South Central 7%
- South Eastern 56%

NASS STATISTICS FOR IDAHO SPRING WHEAT

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<td>430</td>
<td>460</td>
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<tr>
<td>Avg./bu/ac</td>
<td>84</td>
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<td>Yield 1K bu/ac</td>
<td>34,365</td>
<td>35,260</td>
<td>42,275</td>
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Idaho Apple Commission
Idaho Cherry Commission
Annual Report

Senate Agricultural Affairs Committee

February 26, 2019
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<th>Section</th>
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<td>Idaho Apple Commission Report</td>
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<tr>
<td>Idaho Apple Commission Budget</td>
<td>8</td>
</tr>
<tr>
<td>Idaho Apple Commission Financial Statement</td>
<td>9</td>
</tr>
<tr>
<td>Idaho Cherry Commission Report</td>
<td>11</td>
</tr>
<tr>
<td>Idaho Cherry Commission Budget</td>
<td>13</td>
</tr>
<tr>
<td>Idaho Cherry Commission Financial Statement</td>
<td>14</td>
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<tr>
<td>Idaho-Eastern Oregon Onion Committee</td>
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<td>Idaho-Oregon Fruit and Vegetable Association</td>
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<tr>
<td>Contact Information</td>
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Idaho Apple Commission

Market Update
In speaking with industry representatives it was reported for the 2018-2019 apple season, the early season apples were of fair quality due to the excessive heat in August. However, late season apples were higher quality as the normal temperature patterns returned in September and October.

The apple industry as with most agriculture is plagued with a major labor shortage. The growers and packers are using H2A, and the inmate program to supplement labor crews. What was really damaging for this year’s crop was the fact that Washington had 10,000,000 boxes of apples from their 2017 being marketed this season.

A crop that would have been manageable became a large crop with the additional Red Delicious, Fuji, and Granny Smith from the 2017 Washington crop.

Another concern recently brought to my attention was in regard to having Idaho stay on standard time all year round. Growers and handlers realize the issues with mother nature is something they can’t do anything about. However, the handlers deal with companies all around the globe, and they are not sure they it is important to make a change with the time. Idaho is wanting to do away with Daylight Savings time, and Oregon is wanting to make Daylight Savings time permanent. When I think about closely we work with Malheur County Oregon I am not sure what effect that would have if Southern Idaho and Eastern Oregon were on different times.

Commissioners:
The 2018-2019 Commission consists of Commissioners, Daniel Rowley, Chairman; Jim Carver, Vice Chairman; Ryan Henggeler, Secretary-Treasurer; Charles Robinson; and Kathy Brooke.

Memberships:
The Commission still maintains memberships with several organizations.

Northwest Horticultural Council (NHC) nwhort.org
The NHC is located in Yakima, Washington, and was incorporated in 1947 and assists in handling problems common to the Northwest tree fruit industry. It focuses on national and international policy issues affecting growers and shippers in Idaho, Oregon, and Washington. The representatives from the Idaho Apple Commission who serve on the various Committees in the NHC are Dar Symms, Trustee, Sally Symms, Export Committee, and Chad Henggeler serves on the Science Advisory Committee.

Northwest Fruit Exporters (NFE)
The NFE manages cherry and apple export programs required by the foreign countries of Japan, Mexico, India, Vietnam, Egypt, Israel, South Africa, and Australia. It provides a legal framework for tree fruit growers, packers, and exporters to manage and facilitate export marketing programs. Dar Symms is Idaho’s representative on the Apple
Commodity Committee.

**US Apple Association (USA) apple.usapple.org**
USA is a non-profit, member-based association comprised of and supported by individuals, companies, and state and regional associations within the apple industry. They are the national voice and resource center serving the interests of American apple growers, shippers, processors, marketers, and other interested parties within the industry. Kelly Henggeler is still the representative for the Idaho Apple Commission.

**Produce Marketing Association (PMA) www.pma.com**
PMA is a trade organization representing companies from every segment of the global fresh produce and floral supply chain. PMA helps members grow by providing connections that expand business opportunities and increase sales and consumption. Candi Fitch continues to serve as a member on the PMA Membership Committee.

**United Fresh Produce Association (United Fresh) www.unitedfresh.org**
United Fresh was founded in 1904 and brings together companies across every segment of the fresh supply chain, and unites the produce industry with a common purpose - to build long-term value for its members and to grow produce consumption.

The Idaho Apple Commission is fortunate to have the involvement that it does with these organizations; this helps to give the Idaho Apple industry a national and regional voice.

**Production Research**
Over the years the Idaho Apple Commission has received several grants for Essie Fallahi at the University of Idaho for his continuing research to improve Idaho Apples. In this global environment it is important to have continuing research to stay vital in the marketplace. At this time the Idaho Apple Commission has one Specialty Crop Grant for Dr. Fallahi:

Rootstock and Thinning Effects on Yield and Quality to Enhance Profitability in “Honey Crisp” Apple

$163,409.00, Allocated – 2017 Award

**Local Memberships**
The Idaho Apple Commission maintains local memberships as well.

**Buy Idaho** has supported the Idaho business community and championed for Idaho companies to grow and prosper in our state for over 30 years. The goal of Buy Idaho is to keep tax dollars in Idaho and build businesses that will increase job opportunities and quality of life for all Idahoans. (Source Buy Idaho Web Site) www.buyidaho.com

The Buy Idaho Capitol Show is held each year, and the Idaho Apple Commission, and the Idaho Cherry Commission partici-
partake in the event. It is a great way to share the message of the apples, cherries, and onions grown in Idaho.

Idaho Preferred® is a program of the Idaho State Department of Agriculture dedicated to identifying and promoting Idaho food and agriculture products. Fresh fruits, vegetables and meats; fine wines, beers and spirits; specialty foods, forest products and nursery plants and trees – are all products marketed through the Idaho Preferred® program. (Source: Idaho Preferred Web Site) www.idahopreferred.com

Idaho Ag in the Classroom is a cooperative effort between the USDA, Idaho State Department of Agriculture, University of Idaho, agribusiness, commodity groups, farm organizations, farmers, ranchers, and educators across the state. (Source: IAIC Web Site) http://www.agclassroom.org/id/

Candi Fitch is an Advisory Committee Member for Idaho Preferred and is Vice President of the Idaho Agriculture in the Classroom Committee.

Promotions
2016 Specialty Crop Grant - Increasing Sales, Creating, Demand, and Building Relationships for Idaho Apples with Idaho Retailers.

Within this grant there has been funding for In-store demos, radio advertising, billboards, promotional banners and social media advertising.

Radio Advertising:
Objective: Reach listeners and encourage them to shop for Idaho Apples using classic and new country formats with KQFC and KIZN and news talk KBOI (whose 50,000 watt signal covers most of Idaho). Weekly schedules include pre-recorded thirty second commercials, paired with live-read fifteen second traffic sponsorships, run during prime time drive times. The radio schedule reached 325,300 people, 7.4 times each.
Run Dates: September 17 – November 30, 2018.

Billboards and In-store Sampling
Billboards were displayed in six different locations during the months of October during the same time period as in-store promotions were offered in local Albertsons and Wal Mart locations.
Idaho Preferred Road Show and In-Store Sampling
Again this year with grant funding the Commission participated on the Idaho Preferred Road Show and had In-store sampling at local Albertsons and Wal-Mart stores.

KBOI– Channel 2: Celebrate Idaho Ag - In 2018 Idaho Preferred partnered with Channel 2 and offered agriculture organizations the opportunity to promote their products for one month. This was done through radio advertising, a featured news story, month long advertising on the Channel 2 Web site, and a segment on Idaho Living. Idaho Apples were featured in October 2018.
Other Promotional Activities

Again this year the Commission provided apples for the St Luke's Fit One Finish Line Party in September. The Commission donates about 10,000 apples to the event for most of the participants to enjoy an Idaho Apple at the end of the walk.

The Idaho Apple Commission also provided apples for the Meridian FFA Farm Expo that is held every other year at Meridian High School. About 4,000 apples were donated for this event.

Western Idaho Fair, Albertson's Farmers Market

This is a fun event and we started participating after the closing of the Agriculture and Natural Resources Pavilion. This year I sliced about 60 apples and Leah Clark made five pies at the Fair. We gave out apple samples and pie samples, the pies were cooked at the concession stand at the fair.

2016 Specialty Crop Grant - Increasing Sales, Demand, and Building Awareness of Idaho Apples through Retail Promotions, and Local Media

$53,528.00 and $500.00 Cash Match
## Idaho Apple Commission
### 2018-2019 Six-Month Financial Statement and 2019-2020 Proposed Budget

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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</thead>
<tbody>
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<td>30,000.00</td>
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<tr>
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<td>30,000.00</td>
<td>50.00</td>
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<td>Interest Income</td>
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<td>52.38</td>
<td>50.00</td>
<td>50.00</td>
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<td>Assessments from Prior Years</td>
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<tr>
<td>Specialty Crop Grant Money</td>
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<td>Other Income</td>
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<td>Reserve Money</td>
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<td><strong>Total Income</strong></td>
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<td>18,494.51</td>
<td>106,690.00</td>
<td>120,050.00</td>
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</tbody>
</table>

### Administrative Office:

| **Insurance/Workman's Comp** | 150.00 | - | 175.00 | 175.00 |
| **Office Supplies/Equipment** | 365.46 | 139.50 | - | - |
| **Postage** | 108.23 | 52.57 | 250.00 | 250.00 |
| **Rent & % of Salaries** | 12,580.00 | 6,290.02 | 12,580.00 | 12,580.00 |
| **Telephone** | - | - | - | - |
| **Office Travel** | 777.35 | 529.22 | 400.00 | 400.00 |
| **Total Administrative** | 13,981.04 | 7,011.31 | 13,405.00 | 13,405.00 |

### Promotion:

| **Production/Printing** | - | - | 1,500.00 | 1,500.00 |
| **Media** | - | - | - | - |
| **Local Promotions** | 7,122.08 | 1,579.34 | 3,000.00 | 3,000.00 |
| **Trade Association** | 14,970.50 | 13,083.00 | 18,000.00 | 18,000.00 |
| **Trade Meetings** | 681.30 | 606.46 | 1,700.00 | 1,700.00 |
| **Promotion Programs** | - | - | - | - |
| **Promotion Misc.(Postage, Special, Fees)** | - | - | 150.00 | 150.00 |
| **Total Promotions and Export Deve.** | 22,773.88 | 15,268.80 | 24,350.00 | 24,350.00 |

### Grant Money Expended

| **2014 Grant** | 13,477.25 | - | - | - |
| **2015 Grant** | 4,977.36 | 1,297.75 | 1,995.00 | 1,995.00 |
| **2015 Grant - Match** | 104.76 | 119.97 | 190.00 | 190.00 |
| **2016 Grant** | 30,980.80 | 49,558.00 | 55,000.00 | 55,000.00 |
| **2016 Grant-Match** | 1,389.13 | 1,000.00 | 1,000.00 | 1,000.00 |
| **2017 Grant** | - | - | 50,000.00 | 50,000.00 |
| **2018 Grant** | - | - | 20,000.00 | 20,000.00 |
| **Total Grant Money Expended** | 49,540.17 | 52,364.85 | 58,185.00 | 71,190.00 |

### Research Projects:

| **University of Idaho** | - | - | 10,000.00 | 10,000.00 |
| **Current Season's Projects-Fallahi** | - | - | 10,000.00 | 10,000.00 |
| **E. Fallahi -09 Grant (11-12 Season)** | - | - | - | - |
| **Previous Season's Projects** | - | - | - | - |
| **Research Reserve** | - | - | 10,000.00 | 10,000.00 |
| **Total Research Projects** | - | - | 10,000.00 | 10,000.00 |

### Miscellaneous Expense:

| **Miscellaneous** | 915.97 | 553.92 | 750.00 | 750.00 |
| **Commission Travel** | - | - | - | - |
| **Miscellaneous-Other** | - | - | - | - |
| **Total Miscellaneous** | 915.97 | 553.92 | 750.00 | 750.00 |

### Grand Total

| **Grand Total** | $87,211.06 | $75,198.88 | 106,690.00 | 119,695.00 |
# Idaho Apple Commission
## Balance Sheet
As of December 31, 2018

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<tr>
<th>ASSETS</th>
<th>Dec 31, 18</th>
<th>Dec 31, 17</th>
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<tbody>
<tr>
<td>Current Assets</td>
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<td></td>
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<tr>
<td>Checking/Savings</td>
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<td></td>
</tr>
<tr>
<td>1050 · U S Bank - Checking</td>
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<tr>
<td>1060 · U S Bank - Savings</td>
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<td>Total Checking/Savings</td>
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<tr>
<td>Total Current Assets</td>
<td>88,543.52</td>
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<tr>
<td>TOTAL ASSETS</td>
<td>88,543.52</td>
<td>79,613.95</td>
</tr>
</tbody>
</table>

<p>| LIABILITIES &amp; EQUITY | | |
| Equity | | |
| 3900 · Operating Reserve | 145,247.89 | 94,278.50 |
| Net Income | -56,704.37 | -14,664.55 |
| Total Equity | 88,543.52 | 79,613.95 |
| TOTAL LIABILITIES &amp; EQUITY | 88,543.52 | 79,613.95 |</p>
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<td>4070 · Other Income</td>
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<td>4075 · Previous Year's Assessments</td>
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<td>Total Income</td>
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<td>106,690.00</td>
<td>-88,195.49</td>
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<tr>
<td>Expense</td>
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<tr>
<td>7100 · Administrative</td>
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<td>7120 · Property Ins/Workman Comp</td>
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<td>7130 · Office Supplies/Equipment</td>
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<td>7140 · Postage</td>
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<td>7200 · Trade Involvements</td>
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<td>7300 · Promotion</td>
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<td>7320 · Production and Printing</td>
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<td>7340 · Local Promotions</td>
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<td>Total 7300 · Promotion</td>
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<td>7669 · Research Projects</td>
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<td>7682 · Current Season Proj - Fallahi</td>
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<td>Net Income</td>
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<td>-56,704.37</td>
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Market Update
The 2018 Cherry Season was a struggle. With heavy rains in June, and the China Tariffs, one cherry shipper that I spoke with lost huge amounts of money. With China closed the cherries went to Taiwan which lowered the price. Then on Father's Day weekend the area received 24 hours of rain at a time when harvest was ready to start. Harvest in Idaho usually starts around June 20. They would have obviously fared better with only one of these major events, but the handler commented it is the nature of the business. This shipper recently invested in a new cherry line which sorts cherries internally as well as externally which gave them a little reprieve. The Cherry handlers are applying for a specialty crop refund that would give them a percentage of what was lost with the tariff wars. They feel that if Washington handlers and shipper are eligible for the refunds, that Idaho should be as well.

Commissioners:
The 2018-2019 Commission consisted of Commissioners, Sally Symms, Chairman; Richard Kincheloe, Vice Chairman, Kelly Henggeler, Secretary-Treasurer, Keith Green, and Lalo Gonzales, Jr.

Memberships:
The Commission maintains regional and local memberships.

Northwest Cherry Growers (NWCG)
The Northwest Cherry Growers is housed in Yakima, Washington, and its membership includes 2,500 growers across WA, OR, ID, UT and MT. The Idaho Cherry Commission feels it is of benefit to be a member of this organization, as then they are promoting and marketing with the four other states and not competing against them. The Cherry Commission has been a members for over 20 years.

Local Memberships include:
Idaho Preferred
Idaho Agriculture in the Classroom

Promotions
2015 Grant - Creating Awareness of Idaho Cherries through In-Store Promotion, Web Site Development, and Social Media,
www.idahocherries.com

The Idaho Cherry Commission held in-store promotions at various Albertson’s and Wal Mart stores the last week of June and the first week in July. The Commission continues to build its Social Media presence and with the remaining grant funds was able to provide promotional opportunities in 2018. This remaining grant funds were used in 2018 that were allocated with the 2015 grant.
In May 2018, the Idaho Cherry Commission placed an ad in the Northwest Cherry Growers’ insert in The Packer newspaper. The placement was timely as it was just before the start of the cherry season. The Packer has a paid and non-paid circulation of about 13,000 subscribers.

KBOI– Channel 2: Celebrate Idaho Ag - In 2018 Idaho Preferred partnered with Channel 2 and offered agriculture organizations the opportunity to promote their products for one month. This was done through radio advertising, a featured new story, month long advertising on the Channel 2 Web site, and a segment on Idaho Living. Idaho Cherries were featured the last two week of June and the first two weeks of July.

2018 Grant - Creating Awareness of Idaho Cherries through In-Store Promotion, Web Site Development, and Social Media, www.idahocherries.com
$41,184 Grant Funds and $500 Cash Match
# California Cherry Commission

## 2019 Six-Month Financial Statement and 2019-2020 Proposed Budget

<table>
<thead>
<tr>
<th></th>
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</thead>
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<tr>
<td><strong>Income:</strong></td>
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<tr>
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### Administrative, Office, Miscellaneous Expenses:

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</tr>
</thead>
<tbody>
<tr>
<td>Insurance/workman's Comp</td>
<td>-</td>
<td>-</td>
<td>200.00</td>
<td>200.00</td>
</tr>
<tr>
<td>Rent &amp; % of Salaries</td>
<td>4,420.00</td>
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<td>4,420.00</td>
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<td>Office Supplies and Equipment</td>
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<td>Miscellaneous</td>
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<td><strong>Total Administrative</strong></td>
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<td>5,272.30</td>
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### Commission Expenses:

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</thead>
<tbody>
<tr>
<td>Specialty Crop Grant</td>
<td>9,015.36</td>
<td>1,029.97</td>
<td>1,900.00</td>
<td>20,000.00</td>
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<tr>
<td>Specialty Crop Grant - Cash Match</td>
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<td>Annual California Inspection</td>
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<td>Mexico Cherry Inspection</td>
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<td>Promotional Items</td>
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**Grand Total**

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>34,231.35</td>
<td>9,316.83</td>
<td>31,520.00</td>
<td>49,620.00</td>
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</tbody>
</table>
## Idaho Cherry Commission
### Balance Sheet
As of December 31, 2018

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Dec 31, 18</th>
<th>Dec 31, 17</th>
</tr>
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<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Checking/Savings</td>
<td></td>
<td></td>
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<tr>
<td>1050 · US Bank - Checking</td>
<td>2,119.63</td>
<td>21,034.99</td>
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<tr>
<td>1060 · US Bank - Savings</td>
<td>5,211.36</td>
<td>5,210.36</td>
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<tr>
<td><strong>Total Checking/Savings</strong></td>
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<td><strong>26,245.35</strong></td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>7,330.99</strong></td>
<td><strong>26,245.35</strong></td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>7,330.99</strong></td>
<td><strong>26,245.35</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES &amp; EQUITY</strong></td>
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<tr>
<td>Equity</td>
<td></td>
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<tr>
<td>3900 · Operating Reserve</td>
<td>13,929.33</td>
<td>20,232.22</td>
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<tr>
<td>Net Income</td>
<td>-6,598.34</td>
<td>6,013.13</td>
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<tr>
<td><strong>Total Equity</strong></td>
<td><strong>7,330.99</strong></td>
<td><strong>26,245.35</strong></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; EQUITY</strong></td>
<td><strong>7,330.99</strong></td>
<td><strong>26,245.35</strong></td>
</tr>
</tbody>
</table>
## Idaho Cherry Commission

**Profit & Loss Budget vs. Actual**

*July through December 2018*

<table>
<thead>
<tr>
<th></th>
<th>Jul - Dec 18</th>
<th>Budget</th>
<th>$ Over Budget</th>
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</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
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<tr>
<td>4050 - Current Year Crop Assessments</td>
<td>776.86</td>
<td>20,000.00</td>
<td>-19,223.14</td>
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<tr>
<td>4060 - Interest Income</td>
<td>0.64</td>
<td>10.00</td>
<td>-9.36</td>
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<tr>
<td>4080 - Specialty Crop Grant Income</td>
<td>1,940.99</td>
<td>1,900.00</td>
<td>40.99</td>
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<tr>
<td>4090 - Carryover</td>
<td>0.00</td>
<td>9,610.00</td>
<td>-9,610.00</td>
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<tr>
<td><strong>Total Income</strong></td>
<td>2,718.49</td>
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<td><strong>Expense</strong></td>
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<tr>
<td>7100 - Workman’s Comp and Insurance</td>
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<td>200.00</td>
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<td>7200 - Rent &amp;% of Salaries</td>
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<td>7240 - Annual California Inspection</td>
<td>0.00</td>
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<tr>
<td>7250 - NWCG Promotion Assessments</td>
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<td>7260 - Mexico Cherry Inspectors</td>
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<td>7270 - Soft Fruit Research</td>
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<td>7280 - Promotional Items</td>
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<td>7290 - Promotional Programs</td>
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<td>7291 - Specialty Crop Grant</td>
<td>1,029.97</td>
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<td>7300 - Travel</td>
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<tr>
<td>7301 - Office Travel</td>
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<tr>
<td>7411 - Office Supplies &amp; Equipment</td>
<td>146.38</td>
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<td>7415 - Postage</td>
<td>22.12</td>
<td>100.00</td>
<td>-77.88</td>
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<tr>
<td>7425 - Miscellaneous</td>
<td>683.80</td>
<td>400.00</td>
<td>283.80</td>
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<td><strong>Total Expense</strong></td>
<td>9,316.83</td>
<td>31,520.00</td>
<td>-22,203.17</td>
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<tr>
<td><strong>Net Income</strong></td>
<td>-6,598.34</td>
<td>0.00</td>
<td>-6,598.34</td>
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</table>
Idaho-Eastern Oregon Onion Committee

The Idaho-E. Oregon Onion Committee (M.O.) is also housed in the Parma Office. This is a Federal Program. The Onions grown in Idaho and Eastern Oregon are grown under Federal Marketing Order #958 which maintains a minimum size and grade standard that exceeds USDA standards. The Marketing Order was formed in 1957 under the Code of Federal Regulations.

The annual budget is approved by the USDA. There is an extensive research budget each year. The Research Committee meets on an annual basis to decide on the projects for the upcoming fiscal year. Research is conducted through Oregon State University and the University of Idaho, and this research benefits all growers in the M.O. area.

Along with the Research Committee, within the M.O. there is a Promotion Committee, and an Export Committee. The Promotion Committee handles the Domestic Promotions for the M.O. and the Export Committee handles International promotions. Included in these promotions are exhibiting at several trade shows domestically and internationally, a broad generic advertising program, and trade missions. Several time the Export Committee has had the opportunity to participate in the Governor’s Trade Missions. Candi had the opportunity to participate in Governor Otters’ Trade Mission to Canada in October 2018. The Committee was also able to have a strong international presence during the Annual Produce Marketing Association Convention in which the Committee participates.
Idaho-Oregon Fruit and Vegetable Association

Mission Statement: The Idaho-Oregon Fruit and Vegetable Association provides an effective avenue for its members to collaborate and work collectively on instrumental issues pertinent to the agricultural industry of its area.

The Idaho-Oregon Fruit and Vegetable Association, Inc. was formed in September 1962, as a non-profit corporation under the laws of the State of Idaho. It was formed primarily to give service to the produce shippers on matters pertaining to transportation and other relative industry problems, particularly matters arising out of the preparation, inspection, and the shipment of fresh fruit and vegetables.

The members of the Idaho-Oregon Fruit and Vegetable Association consists of fruit and vegetable (onions and shallots) shippers in Southwestern Idaho and Eastern Oregon. The Association has a dues based membership. There are about 27 active members. The Associate Members round out the Association Membership and they consist of industry support companies such as banks, bag manufacturers, seed companies, and building companies just to name a few. With the Associate Members the membership rounds out to a total membership of 126.

The Idaho-Oregon Fruit and Vegetable Association (IOFVASN) is an active member of Food Producers of Idaho and this year Candi Fitch is serving as President of the organization. The Association stays abreast of the Labor and Transportation issues affecting the industries is represents, and offers support when needed.
Contact information for the Parma Office:

Candi Fitch, Executive Director
candif@cableone.net

Ann Jacops, Assistant Director
annjacops@cableone.net

Debbie Edgar, Operations Clerk
dedgar@cableone.net

Idaho Apple Commission
Idaho Cherry Commission
Idaho-E. Oregon Onion Committee
Idaho-Oregon Fruit and Vegetable Association

Physical Address: 118 N. Second St
Mailing Address: P.O. Box 909
Parma, ID 83660

Phone: (208) 722-5111
Fax: (208) 722-6582

www.idahoapples.com
www.idahocherries.com
www.usaonions.com
www.id-orfv.org
AGENDA

SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, February 28, 2019

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presentation:</td>
<td>Leadership Idaho Agriculture, Class 39</td>
<td>Rick Waitley, Executive Director for Ag in the Classroom</td>
</tr>
<tr>
<td>Presentation:</td>
<td>Idaho Barley Commission</td>
<td>Laura Wilder, Administrator, Idaho Barley Commission</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Guthrie       Sen Lent
Vice Chairman Den Hartog Sen Bayer
Sen Patrick            Sen Jordan
Sen Harris             Sen Nelson
Sen Mortimer

COMMITTEE SECRETARY
Jacob Garner
Room: WW31
Phone: 332-1330
e-mail: sagri@senate.idaho.gov
PRESENTATION: Leadership Idaho Agriculture (LIA), Class 39. **Rick Waitley**, Executive Director for Agriculture in the Classroom, briefly explained the history and purpose of LIA, stating that LIA is recognized as a premier leadership development program in the State of Idaho. LIA is the only leadership organization in Idaho that works to directly cultivate leaders in agriculture - the state’s biggest and most influential industry. **Mr. Waitley** explained that since 1985, LIA has been offering a concentrated, hands-on learning experience to enhance and build leadership qualities, while developing advocates for agriculture and rural communities who will serve as a voice for the industry for generations to come. **Mr. Waitley** then had members of the LIA Class 39 stand and introduce themselves from the audience.

DISCUSSION: Senator **Mortimer** asked Mr. Waitley for a brief overview of LIA and some of the requirements for the class. **Mr. Waitley** answered that applications for the course are due by August 1st, applicants must write a 50-word essay, and they must have two letters of recommendation. Tuition for the program is $2,500 plus travel expenses. **Mr. Waitley** also explained that the program is involved for 17 days, beginning in November and ending in February. The course helps them develop skills such as public speaking, meeting the media, dressing for success, and becoming more familiar with public policy.

Senator **Mortimer** asked Mr. Waitley if the course is accredited and whether or not it can apply towards a master's degree or bachelor’s degree. **Mr. Waitley** answered that it is not accredited.

PRESENTATION: Idaho Barley Commission (IBC). **Laura Wilder**, IBC, explained that the IBC was established in 1988 and it serves to enhance the profitability of Idaho barley growers through research, market development, promotion, information, and education. The IBC is made up of three grower commissioners and one industry representative selected by the grower commissioners. **Ms. Wilder** briefly explained the 2018 Idaho barley crop production with 530,000 acres of harvested barley, and $245 million in revenue, which was up three percent from the previous year. Idaho barley was 35 percent of total United States barley production in 2018. **Ms. Wilder** also talked about the IBC's budgets from fiscal years (FY) 2016 to 2019 (estimated) and briefly detailed the expenditures from FY 2018. **Ms. Wilder** further explained some of the IBC research highlights, market development activities and plans for the coming years, and some of the collaboration with other companies that help with marketing. There is also a growing export market, especially with Japan, which has quadrupled in the past two years. **Ms. Wilder** explained how
the U.S. beer demand has dramatically decreased in recent years. The IBC has partnerships with the Idaho Grain Producers Association (IGPA), which is solely dedicated to protecting Idaho's wheat and barley growers by representing their interests at the state and national level on farm policy issues. IGPA also provides information to growers to keep them aware of issues affecting their farms. Ms. Wilder further explained some of the challenges facing Idaho barley crops. Some of the challenges included fusarium head blight (Scab), other diseases, drought and heat stress, and quality requirements. Ms. Wilder concluded by talking about some of the challenges in 2019, which included declining beer sales and lack of international trade agreements.

DISCUSSION: Senator Harris asked Ms. Wilder why other countries are able to export their wheat more easily than the United States. Ms. Wilder answered that other countries can export their wheat at lowers costs, which makes those countries more attractive to buy from.

ADJOURNED: There being no further business, Chairman Guthrie adjourned the meeting at 8:54 a.m.

__________________________________________  ________________________________________
Senator Guthrie                                  Jacob Garner
Chair                                             Secretary
2019 Idaho Barley Report

Senate Ag Committee

Idaho Barley Commission
Laura Wilder
Administrator
February 28, 2019

Idaho Barley Commission

- Established in 1988 (Title 22, Chapter 40)
- Serves to enhance the profitability of Idaho barley growers through:
  - research
  - market development
  - promotion
  - information and education
- Funded through $0.03/cwt barley assessment
Idaho Barley Commissioners

- 3 Grower Commissioners
- 1 Industry Rep selected by Grower Commissioners
- District 1: Wes Hubbard, Bonners Ferry
- District 2: Mike Wilkins, Rupert
- District 3: Scott Brown, Soda Springs
- Industry Rep: Tim Pella, AB, Idaho Falls

2018 Idaho Barley Crop

<table>
<thead>
<tr>
<th>Category</th>
<th>2018 Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvested area</td>
<td>530,000 acres</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Production</td>
<td>53.53 million bu</td>
<td>+9.5%</td>
</tr>
<tr>
<td>Ave. Yields</td>
<td>101 bpa</td>
<td>+5.9%</td>
</tr>
</tbody>
</table>

2018 Idaho barley revenue - $245 million +3%

(UI 2018 Financial Condition of Idaho Agriculture)

Idaho barley was 34.6% of total U.S. barley production

Source: USDA Small Grains Report, Sept. 30, 2018
2018 National Barley Crop

Harvested area  1,978,000 acres  +1.2%
Production       153.082 million bu  +7.3%
Ave. Yields      77.4 bpa            +6.2%

#1 - Idaho 53.53 million bu  34.6% U.S. total
#2 - Montana 33.60 million bu  21.9%
#3 - North Dakota 28.49 million bu  18.6%

Top 3 states = 75.1% of U.S. total production

Source: USDA Small Grains Report, Sept. 30, 2018

IBC Budget Highlights

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019 Estimated</th>
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</thead>
<tbody>
<tr>
<td>Income</td>
<td>$772,153</td>
<td>$701,435</td>
<td>$705,609</td>
<td>$712,865</td>
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<tr>
<td>Expenses</td>
<td>$702,264</td>
<td>$699,242</td>
<td>$770,889</td>
<td>$697,449</td>
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<tr>
<td>Reserves</td>
<td>$545,537</td>
<td>$547,730</td>
<td>$482,450</td>
<td>$497,866</td>
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</table>
Idaho Barley Commission

FY 2018 Expenditures - $770,889

- Research
- Industry Partnerships
- Market Development
- Education & Promotion
- Administration

Barley Research Highlights

- Completed 5-year $1 million funding for IBC Endowed Barley Agronomist in 2018. Continuing to Support IBC Barley Endowment for position support at $70,500 for additional five years.

University of Idaho Barley Agronomist, Dr. Chris Rogers
Barley Research Highlights

- $47,000 to ARS Barley Breeding Program - development of food barley and malt barley varieties.
- New food barley variety *Goldenhart* officially released September 2018.

ARS Barley Breeder, Dr. Gongshe Hu

Barley Research Highlights

- Additional Research Funding:
  - Wireworm Survey and Control
  - Barley Extension Trials
  - Nitrogen Soil Test Methods
  - Variable Rate Irrigation
  - Early Warning Disease Detection
  - N. ID Barley Evaluation
  - Graduate Student for Dr. Rogers
  - Assessing Residue Source
  - Small Grains Report
  - Fungal & Oomycete Soil-Borne Disease
  - Long-Term Manure Impacts
Barley Market Development

- Foreign Market Development
  - U.S. Grains Council
  - Trade Teams

9 billion people by 2050

96% outside the U.S.

---

Barley Market Development

- Foreign Market Development
  - U.S. Grains Council
  - 59 countries bought U.S. barley in 2017/2018 and exports totaled nearly 550,000 metric tons (25.3 million bushels), including for the Japanese food barley market as well as brewers in Mexico.
Barley Market Development

- Domestic Market Development
  - Mostly focused on food barley
  - Some craft beer event support

Food Barley Messaging

Barley's Health & Wellness: We have a great story to tell

- Nutritional Benefits
- Gut Health
- Weight and diabetes management
- Heart health - FDA Heart Health Claim
- Ancient Grain
- Grower Messages
  - Food barley is a family business
  - Trendy, versatile whole-grain
Food Barley Marketing

- Communications/Marketing
  - Brand Development
  - Website
  - Grower Videos
  - Social Media
  - Outreach to Individual Influencers/Bloggers
- Commercial and Non-Commercial Foodservice
- Farm-to-School Programs
- Health Influencer Groups/Meetings
  - Idaho Academy of Nutrition & Dietetics Annual Meeting April 2019
  - Speaker placement, menu items, trade

PNW Food Barley Marketing Collaborative

- **Purpose:** To form a network of PNW food barley stakeholders for information, collaboration and leveraging resources in food barley industry development and marketing to raise consumer awareness and build demand for food barley products.
PNW Food Barley Marketing Collaborative

McKay Seed Company, Inc.
Seeds For Success

Steady Growth in Food Barley Products and Demand
Growing Export Market - Japan

- Japanese Food Barley is booming
- Growth has quadrupled in the past 1-1.5 years
  - Primary Source: TV Commercial
  - Appearance/Weight Loss Strategy
  - Inner Beauty/Gut Health
  - Faster than anticipated growth

[Chart showing export market growth from 2015 to 2020, with predictions vs. actuals]

Information from McKay Seed Company
U.S. Beer Demand

IRI Beer Segments Growth
CY Ending 12/30/2018

U.S. Beer Demand

Count of Brewers and Craft Share of Volume
2000 to 2018

Source: U.S. Brewers Association

National Beer Marketing & Tourism Conference coming to Boise March 26-29
Industry Partnerships

- Idaho Grain Producers Association

Idaho Grain Producers Association (IGPA) is a state grain advocacy organization. IGPA is the only state farm organization solely dedicated to protecting Idaho’s wheat and barley growers by representing their interests at the state and national level on farm policy issues. IGPA also provides information to growers to keep them aware of issues affecting their farms.

Industry Partnerships

- National Barley Growers Association

NBGA was created in 1989 to advance the national and international interests of U.S. barley producers. NBGA works closely with federal policymakers, congressional office, and regulatory agencies to ensure the concerns and priorities of barley producers in the United States are considered and represented.
IBC Grower Education

- Support to Winter Cereal Schools and Grower Meetings

- Many Grower resources on website, including:
  - Educational Resources/Links to recorded **WEBINARS**...
    - Grain Marketing and more

Other 2018 IBC Highlights

- Updated IBC Logo

- New IBC Administrator in August
  - Kelly Olson retired after 24 years of service

- New IBC Administrative Assistant in October
FY2019 New Crop Outlook

- 2019 contracting by Idaho Malt Companies down about 6% overall to reduce inventories, and due to declining beer sales; food barley sector is growing but slowly. Planning on 6% budget reduction for 2020.

- 2019 Idaho weather predicted drier than normal but not extreme drought - mild El Nino year

- 2019 prices should remain mostly steady with inputs increasing overall

Barley Challenges

- High risk crop - many chances for failure in making malting grade Risks - Fusarium head blight (Scab), other diseases, drought & heat stress, quality requirements

- Competition from other crops - Corn, soybeans, canola are large and growing markets with substantial investment by biotech seed companies, including GM variety development
2019 Challenges

- Beer sales expected to continue slow decline; however distilling using barley is expected to slowly increase

2019 Challenges

- Lack of Trade Agreements plus Strength of U.S. Dollar:
  - Mexico and Canada are our biggest trading partners for Idaho agriculture overall and very important for barley. We need Congress to ratify USMCA.
  - Japan is an important market for barley, especially food barley. We need U.S. to join TPP or get a bi-lateral agreement with Japan in place right away.
  - Australia, Canada and other countries can export in to most other countries for much less than U.S.; we are losing markets and potential markets we may never get back.
2019 Opportunities

- Domestic Food Barley Marketing and collaboration.
- New food and malt barley varieties with better yields.
- Continue to develop relationships in export markets with help from U.S, Grains Council and ISDA trade offices.
- Barley prices are still higher than many other crops overall and a good option for Idaho growers.

Thank You Questions?

Laura Wilder
208.334.2090 office
208.608-4519 mobile
lwilder@barley.idaho.gov

www.barley.idaho.gov
IDAHO BARLEY COMMISSION

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended June 30, 2018
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</thead>
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<tr>
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<td></td>
</tr>
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<td>Statement of Net Position</td>
<td>3</td>
</tr>
<tr>
<td>Statement of Activities</td>
<td>4</td>
</tr>
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<td>Fund Financial Statements:</td>
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<tr>
<td>Balance Sheet – Governmental Funds</td>
<td>5</td>
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<tr>
<td>Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position</td>
<td>6</td>
</tr>
<tr>
<td>Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds</td>
<td>7</td>
</tr>
<tr>
<td>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities</td>
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</tr>
<tr>
<td>Notes to Financial Statements</td>
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<tr>
<td><strong>REQUIRED SUPPLEMENTARY INFORMATION</strong></td>
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<tr>
<td>Budgetary Comparison Schedule (GAAP Basis):</td>
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<td>General Fund</td>
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<td>Notes to Required Supplementary Information</td>
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<tr>
<td>Schedule of Commission’s Proportionate Share of the Net Pension Liability</td>
<td>24</td>
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<tr>
<td>Schedule of Commission Contributions</td>
<td>25</td>
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<tr>
<td><strong>FEDERAL REPORT</strong></td>
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<tr>
<td>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</td>
<td>26</td>
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</table>
Independent Auditor’s Report

To the Board of Commissioners
Idaho Barley Commission
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the fund information of Idaho Barley Commission (the Commission), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fund information of Idaho Barley Commission, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of Commission's proportionate share of the net pension liability and the schedule of Commission contributions on pages 22 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2018, on our consideration of Idaho Barley Commission's control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Idaho Barley Commission's internal control over financial reporting and compliance.

Millington Zwygart CPAs, PLLC

Caldwell, Idaho
October 12, 2018
# Idaho Barley Commission

## Statement of Net Position

**June 30, 2018**

<table>
<thead>
<tr>
<th><strong>Assets</strong></th>
<th><strong>Activities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$360,054</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>127,568</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>487,622</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Deferred Outflows</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Related Items</td>
<td>24,383</td>
</tr>
<tr>
<td><strong>Total Deferred Outflows</strong></td>
<td><strong>24,383</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Liabilities</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Taxes Payable</td>
<td>5,172</td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td></td>
</tr>
<tr>
<td>Due Within One Year:</td>
<td></td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>12,017</td>
</tr>
<tr>
<td>Due in More Than One Year:</td>
<td></td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>4,575</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>62,749</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>84,513</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Deferred Inflows</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Related Items</td>
<td>9,413</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows</strong></td>
<td><strong>9,413</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Net Position</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Surplus</td>
<td>418,079</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td><strong>$418,079</strong></td>
</tr>
</tbody>
</table>

---

The accompanying notes are an integral part of the financial statements.
## Idaho Barley Commission
### Statement of Activities
For the Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>Primary Government: Governmental Activities:</th>
<th>Program Revenues</th>
<th>Net (Expense) Revenue and Changes in Net Position - Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Charges for Services and Sales</td>
<td>Operating Grants and Contributions</td>
</tr>
<tr>
<td>Administration</td>
<td>$97,979</td>
<td>$</td>
</tr>
<tr>
<td>Research</td>
<td>422,570</td>
<td>-</td>
</tr>
<tr>
<td>Market Development</td>
<td>81,182</td>
<td>-</td>
</tr>
<tr>
<td>Industry Partnership</td>
<td>114,283</td>
<td>-</td>
</tr>
<tr>
<td>Education and Promotion</td>
<td>54,921</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Governmental Activities</strong></td>
<td><strong>$770,935</strong></td>
<td><strong>$</strong></td>
</tr>
</tbody>
</table>

### General Revenues:
- Barley Tax: 701,549
- Earnings on Investments: 3,837
- Miscellaneous Income: 223
- **Total General Revenues**: 705,609

### Change in Net Position:
- (65,326)

### Net Position, Beginning: 483,405

### Net Position, End of Year: $418,079

The accompanying notes are an integral part of the financial statements.
Idaho Barley Commission
Balance Sheet -
Governmental Funds
June 30, 2018

<table>
<thead>
<tr>
<th><strong>Assets</strong></th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 360,054</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$ 127,568</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 487,622</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Liabilities and Fund Balances</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued Payroll Liabilities</td>
<td>$ 5,172</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>5,172</strong></td>
</tr>
</tbody>
</table>

**Fund Balances:**

<table>
<thead>
<tr>
<th><strong>Unassigned</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td><strong>482,450</strong></td>
</tr>
</tbody>
</table>

**Total Liabilities and Fund Balance**

|                         | **$ 487,622** |

The accompanying notes are an integral part of the financial statements
Idaho Barley Commission  
Reconciliation of the Balance Sheet of the Governmental 
Fund to the Statement of Net Position  
June 30, 2018

Total Fund Balances - Governmental Funds $ 482,450

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.

Compensated Absences (16,592)

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Liability $ (62,749)
Pension Related Deferred Inflows (9,413)
Pension Related Deferred Outflows 24,383

(47,779)

Total Net Position-Governmental Activities $ 418,079

The accompanying notes are an integral part of the financial statements
Idaho Barley Commission
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2018

<table>
<thead>
<tr>
<th>Revenues</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barley Tax Receipts</td>
<td>$ 701,549</td>
</tr>
<tr>
<td>Interest Income</td>
<td>3,837</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>223</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>705,609</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current:</strong></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>99,216</td>
</tr>
<tr>
<td>Research</td>
<td>422,294</td>
</tr>
<tr>
<td>Market Development</td>
<td>80,906</td>
</tr>
<tr>
<td>Industry Partnership</td>
<td>114,007</td>
</tr>
<tr>
<td>Education and Promotion</td>
<td>54,466</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>770,889</strong></td>
</tr>
</tbody>
</table>

| Net Change in Fund Balances   | (65,280)      |

<table>
<thead>
<tr>
<th>Fund Balance, Beginning</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>547,730</td>
</tr>
</tbody>
</table>

| Fund Balance, Ending          | $ 482,450     |

The accompanying notes are an integral part of the financial statements.
Idaho Barley Commission
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2018

Total Net Change in Fund Balance - Governmental Funds $ (65,280)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This requires an adjustment in the following accounts:

Compensated Absences (2,249)

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities. 2,203

Total Net Position-Governmental Activities $ (65,326)

The accompanying notes are an integral part of the financial statements
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the Commission. The Commission receives funding from tax assessments on barley. The Commission is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Commissioners are appointed by the Governor upon recommendation of the Idaho Grain Producers Association, and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the Commission's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the Commission. Governmental activities are financed through, primarily, barley tax assessed on all barley as it enters the channels of trade in Idaho.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

- Indirect expenses—expenses of the general government related to the administration and support of the Commission's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, are presented as general revenues.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: The fund financial statements provide information about the Commission’s funds. The emphasis of fund financial statements is on major governmental funds. At this time, the Commission has only one fund and, therefore, one major fund.

The Commission reports the following major governmental fund:

- **General fund.** This is the Commission’s primary operating fund. It accounts for all financial resources of the Commission, except those required to be accounted for in another fund.

**Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

**Fund Balance Reporting in Governmental Funds**

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet.

The Commission uses the following fund balance categories in the governmental fund Balance Sheet:

- **Unassigned.** Balances available for any purpose.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The remaining fund balance classifications are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners, the Commission’s highest level of decision making authority, through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the Commission funds certain program by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. When both restricted and unrestricted resources are available for use, it is the Commission’s intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the Commission’s intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Commission considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

The Commission’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments maintained in the investment pool, regardless of maturity are considered cash equivalents. See Note 2.

Receivables

All trade and assessment receivables are shown net of an allowance for uncollectible.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below.

<table>
<thead>
<tr>
<th>Capitalization Policy</th>
<th>Depreciation Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$ 5,000</td>
</tr>
<tr>
<td></td>
<td>Straight Line</td>
</tr>
</tbody>
</table>

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

The Commission has no infrastructure or other capital assets to report.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
2. CASH AND INVESTMENTS

Deposits

As of June 30, 2018, the carrying amount of the Commission's deposits were $104,297 and the bank balances totaled $224,963. All of the bank balance was insured or collateralized with pooled securities held by the pledging institutions in the name of the Committee.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of June 30, 2018, All of the Commission's deposits were covered by the federal depository insurance or by collateral held by the Commission's agent or pledging financial institution's trust department or agent in the name of the Commission, and thus were exposed to custodial credit risk. The Commission does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Commission does not have a formal policy limiting its custodial credit risk.

Interest Rate Risk

The Commission does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The Commission voluntarily participates in the State of Idaho Investment Pool which does not have a credit rating. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the Commission's investment in the pool is the same as the value of the pool shares. The Commission follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the Commission to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.
2. CASH AND INVESTMENTS (continued)

Investments

The Commission’s investments as June 30, 2018, are summarized below:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Fair Value</th>
<th>Investment Maturities (in Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Less than 1</td>
</tr>
<tr>
<td>External Investment Pool</td>
<td>$255,757</td>
<td>$255,757</td>
</tr>
</tbody>
</table>

At year-end, cash and investments were reported in the basic financial statements in the following categories:

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$104,297</td>
</tr>
<tr>
<td>Investments categorized as cash</td>
<td>$255,757</td>
</tr>
<tr>
<td></td>
<td>$360,054</td>
</tr>
</tbody>
</table>

3. FUNDING

The Commission is financed by a tax of 3¢ per hundred-weight collected by the Commission on barley as it enters the channels of trade in Idaho. The amount of funds received by the Commission is subject to various conditions, including market price, storage of barley, weather, and number of acres planted.

4. COMPENSATED ABSENCES

Vacation leave is granted to all regular Commission employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Changes in vacation leave during the year is as follows:

<table>
<thead>
<tr>
<th></th>
<th>6/30/2017</th>
<th>Earned</th>
<th>Used</th>
<th>6/30/2018</th>
<th>Current Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Activities</td>
<td>$14,342</td>
<td>$9,871</td>
<td>$(7,621)</td>
<td>$16,592</td>
<td>$12,017</td>
</tr>
</tbody>
</table>

5. RISK MANAGEMENT

The Commission is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, and e) worker’s compensation, i.e. employee injuries. The Commission participates in various self-insurance programs established by the State for property and casualty losses and employee health insurance.
6. OTHER POSTEMPLOYMENT BENEFITS

The State of Idaho funds, or partially funds postemployment benefits related to health, disability, and life insurance. The Commission participates in the State of Idaho's postemployment benefit programs. The State administers the retiree healthcare plan which allows retirees to purchase healthcare insurance coverage for themselves and eligible dependents. The State provides long-term disability income benefits for active employees who become disabled, generally up to a maximum age of 70. The State provides basic life and dependent life coverage for disabled employees, generally up to a maximum age of 70. For up to 30 months following the date of disability, an employee is entitled to continue healthcare coverage. Benefit costs are paid by the Commission through a rate charged by the State. The primary government is reporting the liability for the retiree healthcare and long-term disability benefits. Specific details of these OPEB are available in the Comprehensive Annual Financial Report of the State of Idaho, which may be obtained by contacting the Office of the Idaho State Controller.

7. PENSION PLAN

Plan Description

Idaho Barley Commission contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members’ years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.
7. PENSION PLAN (continued)

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2017, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. Idaho Barley Commission's contributions were $14,530 the year ended June 30, 2018.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, Idaho Barley Commission reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Idaho Barley Commission's proportion of the net pension liability was based on Idaho Barley Commission's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, Idaho Barley Commission's proportion was 0.0039921 percent.

For the year ended June 30, 2018, Idaho Barley Commission recognized pension expense/(revenue) of $12,327. At June 30, 2018, Idaho Barley Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:
7. PENSION PLAN (continued)

<table>
<thead>
<tr>
<th></th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences between expected and actual experience</td>
<td>$8,693</td>
<td>$5,653</td>
</tr>
<tr>
<td>Changes in assumptions or other inputs</td>
<td>1,160</td>
<td>-</td>
</tr>
<tr>
<td>Net difference between projected and actual earnings on pension plan investments</td>
<td>-</td>
<td>3,760</td>
</tr>
<tr>
<td>Idaho Barley Commission’s contributions subsequent to the measurement date</td>
<td>14,530</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$24,383</strong></td>
<td><strong>$9,413</strong></td>
</tr>
</tbody>
</table>

$14,530 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2016, the beginning of the measurement period ended June 30, 2017, is 4.9 years and 5.5 for the measurement period June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<table>
<thead>
<tr>
<th>For the Year Ended June 30:</th>
<th>PERSI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$11,119</td>
</tr>
<tr>
<td>2020</td>
<td>5,895</td>
</tr>
<tr>
<td>2021</td>
<td>1,672</td>
</tr>
<tr>
<td>2022</td>
<td>(3,716)</td>
</tr>
</tbody>
</table>

**Actuarial Assumptions**

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year’s earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.
7. **PENSION PLAN (continued)**

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- **Inflation**: 3.25%
- **Salary increases**: 4.25 – 10.00%
- **Salary inflation**: 3.75%
- **Investment rate of return**: 7.10%, net of investment expense
- **Cost-of-living**: 1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

1. Set back 3 years for teachers
2. No offset for male fire and police
3. Forward one year for female fire and police
4. Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2017 is based on the results of an actuarial valuation date of July 1, 2017.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System’s asset allocation. The assumptions and the System’s formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System’s assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.
7. PENSION PLAN (continued)

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Expected Return</th>
<th>Expected Risk</th>
<th>Strategic Normal</th>
<th>Strategic Ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broad Domestic Equity</td>
<td>9.15%</td>
<td>19.00%</td>
<td>70%</td>
<td>66% - 77%</td>
</tr>
<tr>
<td>International</td>
<td>9.25%</td>
<td>20.20%</td>
<td>55%</td>
<td>50% - 65%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>3.05%</td>
<td>3.75%</td>
<td>15%</td>
<td>10% - 20%</td>
</tr>
<tr>
<td>Cash</td>
<td>2.25%</td>
<td>0.90%</td>
<td>10%</td>
<td>0% - 5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Fund</th>
<th>Expected Return</th>
<th>Expected Inflation</th>
<th>Expected Real Return</th>
<th>Expected Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuary</td>
<td>7.00%</td>
<td>3.25%</td>
<td>3.75%</td>
<td>N/A</td>
</tr>
<tr>
<td>Portfolio</td>
<td>6.58%</td>
<td>2.25%</td>
<td>4.33%</td>
<td>12.67%</td>
</tr>
</tbody>
</table>

* Expected arithmetic return net of fees and expenses

Assumed Inflation - Mean
Assumed Inflation - Standard Deviation

Portfolio Arithmetic Mean Return

Portfolio Long-Term Expected Geometric Rate of Return
Assumed Investment Expenses
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.
7. PENSION PLAN (continued)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

<table>
<thead>
<tr>
<th>Employer's proportionate share of the net pension liability (asset)</th>
<th>$145,841</th>
<th>$62,749</th>
<th>$(6,303)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1% Decrease (6.10%)</td>
<td>1% Current Discount Rate (7.10%)</td>
<td>1% Increase (8.10%)</td>
<td></td>
</tr>
</tbody>
</table>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov:

8. RELATED-PARTY TRANSACTIONS

The Commission works jointly with the Idaho Grain Producer's Association (IGPA). The IGPA provides lobbying activities, recommends new Barley Commissioners, completes surveys, and provides marketing activities for the Commission. The Commission does not obtain other bids for these services and has used the services of the IGPA for several years. In fiscal year 2018, the Commission made the following payments to IGPA:

- $52,000 for lobbying, marketing, and related activities.
- $7,500 to subsidize a quarterly magazine publication.
- $2,500 to subsidize the IGPA's annual convention.

As of June 30, 2018, there were no receivables or payables due to or from the Association.

9. OTHER COMMITMENTS

The Commission has two credit cards with a credit limit of $7,000 at 9.99% interest. $0 of the available credit was in use as of June 30, 2018.
10. REPORTING ENTITY

For financial reporting purposes, the State of Idaho's primary government includes commissions, among others that are an integral part of the state. The Idaho Barley Commission is considered such an entity.
REQUIRED SUPPLEMENTARY INFORMATION
Idaho Barley Commission  
Budgetary Comparison Schedule (GAAP Basis)  
General Fund  
For the Year Ended June 30, 2018

<table>
<thead>
<tr>
<th></th>
<th>Budgeted Amounts</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>Actual</td>
<td>Variance</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barley Tax Receipts</td>
<td>$738,995</td>
<td>$743,995</td>
<td>$701,549</td>
<td>$(42,446)</td>
</tr>
<tr>
<td>Market Price Report Subscriptions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest Income</td>
<td>-</td>
<td>-</td>
<td>3,837</td>
<td>3,837</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>-</td>
<td>-</td>
<td>223</td>
<td>223</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>738,995</td>
<td>743,995</td>
<td>705,609</td>
<td>(38,386)</td>
</tr>
</tbody>
</table>

| **Expenditures**        |                  |       |       |         |
| Current:                |                  |       |       |         |
| Administration          | 98,046           | 98,046 | 99,216 | (1,170) |
| Research                | 390,250          | 390,250 | 422,294 | (32,044) |
| Market Development      | 78,998           | 83,998 | 80,906 | 3,092 |
| Industry Partnership    | 114,351          | 114,351 | 114,007 | 344 |
| Education and Promotion | 57,350           | 57,350 | 54,466 | 2,884 |
| Capital Outlay          | -                | -     | -     | -      |
| **Total Expenditures**  | 738,995          | 743,995 | 770,889 | (26,894) |

| **Net Change in Fund Balances** |       |       | (65,280) | 65,280 |
| **Fund Balance - Beginning**   | -     | -     | 547,730  | (547,730) |
| **Fund Balance, Ending**       | $ -   | $ -   | $482,450 | $(482,450) |
1. BUDGETS AND BUDGETARY ACCOUNTING

The Commission begins developing its modified accrual basis budget in April for the next fiscal year – July 1 through June 30. The budget is approved by the Commissioners in early June. Budget revenues are based on the March 31 U.S. Department of Agriculture prospective planting report and planting projections from other industry sources. Expenditures are based on funding levels, expected expenditures, and spending proposals.

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The general fund has expenditures in excess of appropriations in the amount of $65,280.
**Idaho Barley Commission**  
Schedule of the Commission's Proportionate Share of the  
Net Pension Liability  

Public Employees Retirement System of Idaho  

Last 10 - Fiscal Years*  

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission proportion of the net pension liability (asset)</td>
<td>0.0039921%</td>
<td>0.0038601%</td>
<td>0.0036661%</td>
<td>0.0043525%</td>
</tr>
<tr>
<td>Commission's proportionate share of the net pension liability (asset)</td>
<td>$62,749</td>
<td>$78,250</td>
<td>$48,277</td>
<td>$32,041</td>
</tr>
<tr>
<td>Commission's covered-employee payroll</td>
<td>$128,352</td>
<td>$123,990</td>
<td>$112,898</td>
<td>$102,685</td>
</tr>
<tr>
<td>Commission's proportionate share of the net pension liability (asset) as a</td>
<td>48.89%</td>
<td>63.11%</td>
<td>42.76%</td>
<td>31.20%</td>
</tr>
<tr>
<td>percentage of its covered-employee payroll</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan fiduciary net position as a percentage of the total pension liability</td>
<td>87.26%</td>
<td>87.26%</td>
<td>91.38%</td>
<td>94.95%</td>
</tr>
</tbody>
</table>

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Idaho Barley Commission will present information for those years for which information is available.

Data reported is measured as of June 30, 2017
### Idaho Barley Commission
#### Schedule of Commission Contributions
Public Employees Retirement System of Idaho

**Last 10 - Fiscal Years***

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractually required contributions</td>
<td>$14,530</td>
<td>$14,036</td>
<td>$12,780</td>
<td>$11,624</td>
</tr>
<tr>
<td>Contributions in relation to the contractually required contribution</td>
<td>$14,530</td>
<td>$14,036</td>
<td>$12,780</td>
<td>$11,624</td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$     -</td>
<td>$     -</td>
<td>$     -</td>
<td>$     -</td>
</tr>
<tr>
<td>Commission's covered-employee payroll</td>
<td>$128,352</td>
<td>$123,990</td>
<td>$112,898</td>
<td>$102,685</td>
</tr>
<tr>
<td>Contributions as a percentage of covered-employee payroll</td>
<td>11.32%</td>
<td>11.32%</td>
<td>11.32%</td>
<td>11.32%</td>
</tr>
</tbody>
</table>

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Idaho Barley Commission will present information for those years for which information is available.

Data reported is measured as of June 30, 2018
FEDERAL REPORT
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report

Board of Commissioners
Idaho Barley Commission
Boise, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standard issued by the Comptroller General of the United States, the financial statements of the governmental activities and the fund information of Idaho Barley Commission (the Commission), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Idaho Barley Commission's basic financial statements, and have issued our report thereon dated October 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Idaho Barley Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Idaho Barley Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Idaho Barley Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters
As part of obtaining reasonable assurance about whether Idaho Barley Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Millington Zwygart CPAs, PLLC
Caldwell, Idaho
October 12, 2018
# AMENDED AGENDA #1

**SENATE AGRICULTURAL AFFAIRS COMMITTEE**

8:00 A.M.  
Room WW53  
Tuesday, March 12, 2019

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minutes Approval</td>
<td>Approve the minutes of February 5, 2019</td>
<td>Senator Lent</td>
</tr>
<tr>
<td><strong>H 176</strong></td>
<td>Relating to Potatoes; Amending Section 22-1204, Idaho Code, To Revise Definitions and to Provide that Certain Rulemaking Shall Not Be Authorized; And Declaring an Emergency</td>
<td>Representative Britt Raybould</td>
</tr>
<tr>
<td><strong>RS27086</strong></td>
<td>Unanimous Consent Request Relating to Rule Rejection - Idaho Soil and Water Conservation Commission - Docket No. 60-0501-1801, Section 103, Section 151, Subsection 01</td>
<td>Vice Chairman Den Hartog</td>
</tr>
<tr>
<td>Presentation:</td>
<td>Idaho Bean Commission (IBC)</td>
<td>Andi Woolf-Weibye, Executive Director, IBC</td>
</tr>
<tr>
<td>Presentation:</td>
<td>Amalgamated Sugar Co.- Annual Report</td>
<td>John McCreedy, CEO, Amalgamated Sugar Co.</td>
</tr>
<tr>
<td>Presentation:</td>
<td>Idaho Sugarbeet Growers Association (ISGA)</td>
<td>Randall Grant, President, ISGA</td>
</tr>
<tr>
<td>Presentation:</td>
<td>Idaho Eastern-Oregon Seed Association (IEOSA)</td>
<td>Roger Batt, Executive Director, IEOSA</td>
</tr>
</tbody>
</table>

*If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.*

**COMMITTEE MEMBERS**

Chairman Guthrie: Sen Lent  
Vice Chairman Den Hartog: Sen Bayer  
Sen Patrick: Sen Jordan  
Sen Harris: Sen Nelson  
Sen Mortimer  

**COMMITTEE SECRETARY**

Jacob Garner  
Room: WW31  
Phone: 332-1330  
email: sagri@senate.idaho.gov
MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, March 12, 2019
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson
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 Guthrie convened the meeting of the Senate Agricultural Affairs Committee (Committee) at 8:00 a.m.

MINUTES APPROVAL: Senator Lent moved to approve the Minutes of February 5, 2019. Senator Jordan seconded the motion. The motion carried by voice vote.

H 176 Relating to Potatoes; Amending Section 22-1204, Idaho Code, To Revise Definitions and to Provide that Certain Rulemaking Shall Not Be Authorized; And Declaring an Emergency. Representative Britt Raybould, Idaho House of Representatives, explained that this legislation updates the definition for "grower", "shipper", and "processor" in state law for the Idaho Potato Commission (IPC), restricts promulgation related to this statute change for one year, and goes into effect immediately after passage and approval. Representative Raybould stated that due to its nature as a definition change, this legislation will have a de minimus impact to the General Fund.

DISCUSSION: Senator Mortimer asked Representative Raybould how this bill will directly affect the IPC. Representative Raybould answered that the definitions provided by this bill ensure that the IPC can more fully represent the growers, shippers, and processors within Idaho’s Potato industry.

Senator Mortimer asked Representative Raybould if she could define "primary management" and if it is defined in code. Representative Raybould answered that primary management simply clarifies the occupation and the capacity of shippers, growers, and processors.

Senator Mortimer asked Representative Raybould if there is anything that would restrict the managers of a growing operation and a shipping operation from serving on the IPC at the same time.

Representative Raybould answered that there are no such restrictions.

MOTION: Senator Mortimer moved to send H 176 to the floor with a do pass recommendation. Vice Chairman Den Hartog seconded the motion. The motion carried by voice vote.

RS 27086 Vice Chairman Den Hartog asked for unanimous consent to send RS 27086 to a privileged committee for printing. There were no objections.
PRESENTATION: Idaho Bean Commission (IBC). Andi Woolf-Weibye, Executive Director, IBC, stated that the IBC promotes Idaho's premier reputation as a consistent, top-quality, disease free, dry and green bean seed producer, and promotes beans as a nutritious and healthy food. The objectives of the IBC are to promote Idaho bean seed and consumption, and support research of diseases, pests, cultural practices, and breeding. Other objectives include conducting education to growers and consumers, and monitoring policies and regulations. Ms. Woolf-Weibye explained the IBC's budget from fiscal year (FY) 2019. Ms. Woolf-Weibye further detailed the IBC's various educational and promotional activities from 2018. Some of the future plans for the IBC were discussed, which included further promotional and educational opportunities that will help Idaho's bean industry continue to thrive.

PRESENTATION: Amalgamated Sugar Co. (ASC)- Annual Report. John McCreedy, Chief Executive Officer, ASC, explained that ASC was founded in 1897 and that there are currently three operations in the State of Idaho: Twin Falls, Cassia, and Nampa. The growers own all of the cooperative and it is governed by a board of directors made up of 25 individuals who are elected from different counties across the state. Mr. McCreedy stated that ASC is the second largest sugar beet processor in the United States, with 730 growers and 182,000 acres. The ASC has sugar beet acreage in Idaho, Oregon, and Washington. ASC employs over 1,600 people, contributes over $1 billion annually to Idaho's economy, and grows approximately seven million tons of beets each year. Mr. McCreedy explained that ASC primarily markets their product in the west and midwest, and they also have over 1 million tons of byproducts, which equates to $70 to $90 million annually. The ASC's long term goals are to improve crop yield, improve land utilization, reduce pesticide usage, reduce fuel usage, reduce fertilizer usage, and improve soil conservation. Mr. McCreedy also stated that their main legislative priorities include transportation, infrastructure, and education. Mr. McCreedy explained that despite popular opinion that sugar causes obesity, statistics show that sugar consumption has decreased over the past ten years while obesity has increased during that same time.

DISCUSSION: Senator Bayer asked Mr. McCreedy if beets can be used for another purpose other than for sugar extraction. Mr. McCreedy answered that they can be used for cattle feed prior to being sliced, but it is not very common.

Senator Bayer asked Mr. McCreedy why the ASC doesn't divulge to the consumer on their labels that their beets have been genetically engineered. Mr. McCreedy answered that the stance of the ASC in regards to genetic engineering is that it is incredibly useful and that the company discloses it on its website. However, the ASC doesn't feel the need to put a label on its products indicating whether or not the products have been genetically modified, because it isn't required by law.

PRESENTATION: Idaho Sugarbeet Growers Association (ISGA). Randall Grant, ISGA, explained that the ISGA has 540 members across the State of Idaho. Their mission is to promote the interest of the sugarbeet industry in order to increase efficiency and profitability each year. The sugarbeet growers in the region grow about 180,000 acres, producing over 7 million tons of beets annually, and making the ISGA the second largest sugarbeet growers in the country. One of the reasons the ISGA is so successful at growing sugarbeets is due in part to its unique climate, wherein growers depend on irrigation and aren’t subject to the volatile weather patterns like other areas of the country. Mr. Grant further explained that despite the tough times within the farm industry, the sugarbeet industry remains strong due its steady prices and solid production.
PRESENTATION: Idaho Eastern-Oregon Seed Association (IEOSA). Roger Batt, Executive Director, IEOSA, explained that Idaho is recognized internationally as one of five major global seed production regions. The IEOSA exports seed to over 120 different countries from the State of Idaho. The value of the seed industry in Idaho is approximately $500 million.

Brett Lawley, Bayer Crop Science, explained the status of sweet corn seed production in Idaho. Mr. Lawley stated that the Treasure Valley is the main area in Idaho where sweet corn seed production is ideal. Idaho's high desert climate makes it ideal for growing sweet corn seed. The high heat and low humidity decreases the chance for fungal disease to infest the corn. Approximately 70 percent of the world's temperate sweet corn is grown in the Treasure Valley.

Brad Smith, Kimberly Seed International, explained the status of pea production in Idaho. There are three main types of peas grown in Idaho: the garden pea, the dry edible pea, and the Austrian winter pea. Idaho is ranked number one in Austrian winter pea production and contributes 43 percent of total production in the United States.

Stuart Smith, explained the alfalfa seed production in Idaho. Idaho is the second largest alfalfa seed producer in the northwest behind Washington. Approximately 16,000 acres of alfalfa were planted in Idaho in 2018. Mr. Smith explained that some of the biggest challenges with alfalfa fields are bugs and infestation. Alfalfa fields depend on pesticides to help prevent disease and infestation.

Gina Lonis, Trinidad Benham, explained Idaho’s bean industry. Idaho ranks fifth in the nation in dry edible bean production. In 2017, 178,000 acres were harvested of dry edible beans; an estimated production value of $8 million dollars to Idaho's economy.

ADJOURNED: There being no further business, Chairman Guthrie adjourned the meeting at 9:20 a.m.
The Impact of Sugarbeets on the Idaho Economy

Sugarbeets are grown on 180,000 Acres in Idaho.

Processed sugar from Idaho sugarbeets brings in about 900 Million in annual revenue.

Sugarbeets contribute 300 Million, accounting for 10% of Idaho's total cash receipts from crops.

Largest producer of sugarbeets in the United States, and accounts for 19% of sugarbeet production in the country.

Amalgamated Sugar, a grower-owned sugar refining company, has about 1,600 employees.

7 Million tons of Idaho sugarbeets are hauled a year providing additional trailer manufacturing and truck operator jobs.
AGENDA  
SENATE AGRICULTURAL AFFAIRS COMMITTEE  
8:00 A.M.  
Room WW53  
Thursday, March 21, 2019

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
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<tbody>
<tr>
<td>Page Graduation:</td>
<td>Farewell to Senate Page Lauren Pattee</td>
<td>Chairman Guthrie</td>
</tr>
<tr>
<td>Minutes Approval:</td>
<td>Approve the minutes of February 7, 2019</td>
<td>Senator Jordan</td>
</tr>
<tr>
<td>Minutes Approval:</td>
<td>Approve the minutes of February 14, 2019</td>
<td>Senator Patrick</td>
</tr>
<tr>
<td>Presentation:</td>
<td>Idaho Beef Council (IBC)</td>
<td>T.K. Kuwahara, Executive Director, IBC</td>
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If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Guthrie
Vice Chairman Den Hartog
Sen Patrick
Sen Harris
Sen Mortimer

COMMITTEE SECRETARY
Jacob Garner
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov
DATE: Thursday, March 21, 2019
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Guthrie, Vice Chairman Den Hartog, Senators Patrick, Harris, Mortimer, Lent, Bayer, Jordan, and Nelson
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 Guthrie called the meeting of the Senate Agricultural Affairs Committee (Committee) to order at 8:00 a.m.
PAGE GRADUATION: Lauren Pattee, Senate page, expressed her gratitude for the experience she had to work with the Senate this session. Ms. Pattee explained some of the things she learned throughout this session, as well as some of her future plans.
MINUTES APPROVAL: Senator Jordan moved to approve the Minutes of February 7, 2019. Senator Mortimer seconded the motion. The motion carried by voice vote.
MINUTES APPROVAL: Senator Patrick moved to approve the Minutes of February 14, 2019. Vice Chairman Den Hartog seconded the motion. The motion carried by voice vote.
PRESENTATION: Idaho Beef Council (IBC). T.K. Kuwahara, Executive Director, IBC, explained that she represents over 9,000 cattle ranchers throughout the State of Idaho. There are approximately 2.4 million head of cattle in the state, which are valued at $3 billion. Ms. Kuwahara explained some of the various marketing and promotional activities from fiscal year (FY) 2018. Ms. Kuwahara also stated that the main objectives of the IBC are to create a global and domestic consumer demand for Idaho's beef, as well as to enhance the profitability of Idaho beef through investments in strategic initiatives. A few videos of some of the IBC's activities from FY 2018 were shown, detailing some of the promotional and educational events that took place in Idaho. Ms. Kuwahara also explained some of the IBC's future plans that will help Idaho's beef industry continue to grow.
ADJOURNED: There being no further business, Chairman Guthrie adjourned the meeting at 8:26 a.m.

___________________________  ___________________________
Senator Guthrie                Jacob Garner
Chair                          Secretary
TO:Senate Agricultural Affairs Committee

FROM:T.K. Kuwahara

DATE:March 20, 2019


<table>
<thead>
<tr>
<th>REVENUE:</th>
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<tbody>
<tr>
<td>Checkoff Assessments</td>
<td>$2,480,265</td>
</tr>
<tr>
<td>Less Remittance to Beef Board</td>
<td>(834,346)</td>
</tr>
<tr>
<td>Net Assessments</td>
<td>1,645,919</td>
</tr>
<tr>
<td>Interest Income</td>
<td>403</td>
</tr>
<tr>
<td><strong>Net In-State Revenue</strong></td>
<td><strong>1,646,322</strong></td>
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<tr>
<th>EXPENSES:</th>
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<tbody>
<tr>
<td>National Programs</td>
<td>106,920</td>
</tr>
<tr>
<td>International Marketing Programs</td>
<td>139,828</td>
</tr>
<tr>
<td>Promotion Programs</td>
<td>394,220</td>
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<tr>
<td>Consumer Information Programs</td>
<td>116,754</td>
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<tr>
<td>Research Programs</td>
<td>20,969</td>
</tr>
<tr>
<td>Industry Information</td>
<td>28,469</td>
</tr>
<tr>
<td>Producer Communications</td>
<td>33,655</td>
</tr>
<tr>
<td>Collection Fee Paid to State Brand Dept.</td>
<td>123,264</td>
</tr>
<tr>
<td>Administration</td>
<td>227,025</td>
</tr>
<tr>
<td>Depreciation</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>1,191,104</strong></td>
</tr>
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| Increase in Net Assets             | 455,218 |

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<tr>
<th>NET ASSETS:</th>
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<tbody>
<tr>
<td>Beginning of Year</td>
<td>376,855</td>
</tr>
<tr>
<td>Prior Period Adjustment</td>
<td>(10,126)</td>
</tr>
<tr>
<td><strong>End of Year</strong></td>
<td><strong>821,947</strong></td>
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Idaho Beef Council Strategic Planning
The Idaho Beef Council (IBC) engaged in a strategic planning process in Fiscal Year 2018 (July ’17 – June ’18) to identify the most important actionable strategies to achieve specific outcomes that will advance the Idaho beef industry. These strategies will guide IBC’s budgeting and program investment decisions. The resulting IBC long range plan was created to deliver meaningful results to Idaho beef producers while also advancing the national beef long range plan priorities.

The national long-range planning task force agreed the single most important strategic objective the industry should pursue is increasing beef demand and established a specific objective to "increase the wholesale beef demand index by 2 percent annually over the next five years." Achieving that objective will require resources be committed and actions taken on four core strategies:

- Drive growth in beef exports
- Protect and enhance the business climate for beef
- Grow consumer trust in beef and beef production
- Promote and strengthen beef’s value proposition

While many other strategies and initiatives could be added to this list, the task force fully recognized the limited resource base within the beef industry and recommends that industry organizations focus those limited resources on making measurable progress on the most impactful initiatives.

IBC Strategic Planning Results

Vision:
To enhance the profitability of the Idaho beef industry through investments in strategic initiatives.

Mission:
To expand global and domestic consumer demand for beef.

Strategic Objectives:
- Communicate beef’s value proposition and overcome misperceptions
- Communicate the heritage and commitment to sustainability of Idaho’s multi-generational family farms and ranches
- Grow consumers’ trust in beef and beef production
- Develop the next generation of beef industry stakeholders
- Promote the attributes of Pacific Northwest beef in key export markets

It's What's for Dinner®
Core Strategies and Strategic Initiatives

Communicate beef’s value proposition and overcome misperceptions
- Connect directly with consumers
- Focus on Boise, Portland and Seattle as “local” large markets, where growth and change is occurring, to maximize the reach and impact of IBC’s messages with a young urban audience of importance to the industry’s future
- Utilize foodservice, retail, health and nutrition and other initiatives to engage consumers

Communicate the heritage and commitment to sustainability of Idaho’s multi-generational family farms and ranches
- Tell the story of Idaho beef producers
- Engage the Idaho beef community
- Feature the rich heritage and iconic imagery of Idaho ranching

Grow consumers trust in beef and beef production
- Increase consumers knowledge of how beef is raised in Idaho
- Capitalize on the desire to know where food comes from and how it is produced
- Highlight the commitment of Idaho beef producer families and their connection to what they produce

Develop the next generation of beef industry stakeholders
- Inspire the next generation of beef industry stakeholders

Promote the attributes of Pacific Northwest beef in key export markets
- Target key export markets where Pacific Northwest beef has upside potential and desirable in-country opportunities
- Partner with Pacific Northwest and Idaho beef companies that are active exporters
- Partner with Pacific Northwest State Beef Councils, and USMEF where appropriate

IBC Guiding Principle:
The Idaho Beef Council strives to be a respected and trusted beef marketing organization accountable to all Idaho beef producers and responsible for ensuring effective and efficient use of checkoff funds.