

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, January 26, 2021

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Burtenshaw, Vice Chairman Bayer, Senators Patrick, Den Hartog, Johnson, Zito, Ricks, Nelson, and Rabe

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

Chairman Burtenshaw welcomed Douglas Jones, Idaho Potato Grower's Association (IPGA) in the Committee hearing. He invited Mr. Jones to introduce himself and IPGA. **Mr. Jones** stated IPGA is a successor to United Potato Growers of Idaho. He mentioned IPGA a newly formed advocacy group that was incorporated in March 2020. **Chairman Burtenshaw** asked about the reason for change of name. **Mr. Jones** replied the need for a strong representation for the growers to the Legislature. He emphasized that the Idaho Potato Commission gives support to the Idaho potato industry, but IPGA could represent the growers in lobbying issues and concerns of the Idaho potato growers.

PRESENTATION: **Idaho Potato Commission (Commission) Annual Report.** **Frank Muir**, President/CEO, Commission, presented its Annual Report. In order to give better perspective on the financial report, **Mr. Muir** recapped the Commission's Mission Statement (see Attachment 1). He mentioned the Commission's main goal is to contribute to the economic welfare of the State of Idaho, its potato growers, and other potato-related business. He further explained ways the Commission had and would achieve its goals.

Mr. Muir discussed the impact of the Commission in past years. He recalled that in 2003 the trajectory of the Idaho potato industry was down, as indicated in Attachment 2. He confirmed that after 2003, the Commission's revenue trend was on the rise due to the Commission's effort to boost sales and revenue for the potato industry.

DISCUSSION: **Senator Patrick** praised the Commission's effort in establishing a good brand for Idaho potatoes.

PRESENTATION: **Mr. Muir** recalled there was a dramatic decrease in demand for potatoes in food service industries due to the lockdown in the midst of COVID-19 pandemic. He shared a few contingency plans that the Commission devised to help reallocate sales from food service to retail service. (Attachment 3 shows some of the programs that the Commission lined up last year.) He added that the Commission sought funding in various ways with the help of U.S. Senators and Representatives. He emphasized that these programs helped mitigate the negative impact of the pandemic to the potato industry.

Mr. Muir reported the Commission's 2020 Income and Expenditure Budget. He highlighted that there were differences in the budgeted and actual amounts as a result of the pandemic. He affirmed that the Commission received lower potato tax revenue in 2020, but the loss was compensated for by an increase of grants for international expansion.

Mr Muir also detailed the expenditure budget of the Commission. He stated that the Commission has adjusted its budgeted amounts based on the current circumstances. He pointed out that there was an increase on the research and education expenditure budget because the Commission has accrued a new University of Idaho storage research position as well as additional research projects. On the other hand, he noted that the Commission saved on travel expenses in 2020. He explained that staff and representatives conducted meetings and presentations electronically due to the current situation. He advised the Committee that 2020 actual expenditures are \$2 million lower than the projected budget.

DISCUSSION: **Senator Den Hartog** asked about the Commission's reserve funds and refund programs for potato growers. **Mr. Muir** explained that the Commission has not issued any refunds or rebates to the growers. He elaborated that it is a complex computation to allocate reimbursements both to the growers and processors. In response to the reserve fund question, he stated that the reserve fund consists of cash on hand and low-risk investments duly approved by the Commissioners. He also mentioned that the Commission does not intend to hold a big reserve but to use the reserve funds in programs to promote Idaho's potato industry.

PRESENTATION: **Mr. Muir** stressed that the Commission is in a strong financial position toward the end of 2020 despite the COVID-19 onslaught. He emphasized that in 2021, the Commission is continuing to roll out programs to help support Idaho's potato industry.

DISCUSSION: **Senator Bayer** raised questions on the percentage of the varieties of potatoes grown in Idaho, and the challenges that the Commission faces on potato imports. **Mr. Muir** stated that several years ago, Idaho was only known for its russet potatoes. Due to the Commission's programs to make Idaho a one-stop-shop for many varieties of potatoes, Idaho is now the number one grower of russet, yellow, and fingerlings potatoes; and number two grower of red potatoes. He said it is a challenge to make sure all retailers carry only Idaho potatoes.

Senator Ricks complimented the Commission and potato growers' combined effort to maintain a good quality and premium branding of Idaho potatoes. He asked the ways the Commission addresses the infringement of the brand both on the national and international level, and the effect of the North American Free Trade Agreement. **Mr. Muir** replied that the word "Idaho" has been used in other countries for branding not just potatoes but also other agricultural products. He said that the Commission is aggressive in protecting the brand both domestically and internationally. Moreover, the Commission works with agencies and attorneys to look for any sign of Idaho brand misuse and challenges such violations. He acknowledged that the Commission faces difficulties in the shipment and sales of Idaho potatoes to Mexico. The Commission is hopeful that the issue will be resolved at some point by the new federal administration.

Senator Johnson inquired about the new investment the Commission has made in the research facility in Moscow, Idaho. He requested Mr. Muir to comment on the origin of the seeds and the Commission's goal in this new investment. **Mr. Muir** replied that most of the seeds come from the northern part of Idaho. The Commission intends to expand the nuclear potato seed facility to increase the seed operation in Idaho, so that, in the future, all the potato seeds would come from Idaho.

Chairman Burtenshaw commented that the nuclear seed facility is producing 750,000 plants per year and that it could plant about 30,000 acres of seed potatoes in Idaho. He asked Mr. Muir to comment on the revenue that the Commission brings in the State and the programs the Commission are executing to promote Idaho potatoes in restaurants. According to Mr. Muir, in the recent years, the potato industry has brought in \$5 billion in revenue to the State and about 30,000 jobs. He also shared a few stories on restaurant chains that carry Idaho potatoes on their menu.

In closing, **Mr. Muir** said there are three notable places when it comes to the potato: Peru, where potatoes were originally cultivated; Ireland, where potato scarcity led to famine; and Idaho. He reiterated that the Idaho potato brand conveys premium quality and natural goodness.

ADJOURNED: There being no further business at this time, **Chairman Burtenshaw** adjourned the meeting at 9:07 a.m.

Senator Burtenshaw
Chair

Rellie Wisdom
Secretary