

Capitol Reflections

2015 Legislative Session

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Agriculture, the Backbone of Idaho Economy

The Economic Outlook Committee learned that agriculture is one of the leading drivers of our economy from Dr. Garth Taylor, an economist at the University of Idaho. He explained that in 2014, Idaho had farm cash receipts of \$9.7 billion, and net farm income of \$4.5 billion, the second highest in the West. The agribusiness sector, which includes farmers, ranchers, food processors and businesses who supply farm inputs, is the largest sector of the Idaho economy accounting for 20 percent of Idaho's economic output, or \$24 billion in base sales in 2011. Furthermore, the agribusiness sector is far more stable than other sectors providing jobs consistently year in and year out. No matter what the economy does elsewhere, cows still need to be milked every day, and consumers continue to eat french fries.

Infrastructure maintenance will be an issue

Dennis Tanikuni

During Monday's 2015 State of the State speech, Governor Otter specifically addressed infrastructure maintenance. He said he would not introduce legislation to fund bridge and road maintenance needs, but would welcome "responsible" legislation that did not divert money away from the general fund. The Governor also complimented ITD for implementing administrative efficiencies that have saved millions of dollars over the past few years.

Legislators have talked about highway maintenance since the end of the 2013 legislative session. A number of bills were introduced at that time to generate discussion on how to raise the \$262 million needed to meet Idaho's road and bridge maintenance backlog.

The 2013 bills increased taxes, licenses and fees, or all three. One bill increased the sales tax by 1 cent (\$.01) annually for five years and raised \$162 million annually at the end of 5 years. The Governor's 2015 State of the State remarks seem to preclude this alternative, but it is unclear whether he meant existing revenues or new revenue sources. We will wait and see. Other 2013 bills increased fuel taxes, increased fuel transfer fees, doubled car and pickup registrations, increased truck registrations for commercial and farm trucks, imposed additional fees on electric and hybrid cars, increased permit fees, imposed new rental car taxes and established a 3-year pilot project for dyed fuel enforcement.

In 2014, no highway maintenance revenue-specific bills were heard. Three were printed. One raised the fuel tax \$.02 per year for three years and raised approximately \$52.8 million per year at the end of the 3-year period. Another bill redirected sales tax revenue generated by tires, batteries and other auto revenue to the Highway Distribution Account (HDA) and away from the General Fund (GF). Another redirected an amount approximately equal to the sales tax on tires, batteries, etc. from the GF to the HDA. However, H547, a bill which redirected cigarette tax revenue in a number of ways, had a provision that **"any remaining tax monies will go to the State Highway Account to pay for maintenance of the state highway system"** per the bill's statement of purpose.

At this point fuel tax and license and registration fees seem to be the main topics of discussion. There will be significant discussion regarding revenue generation for infrastructure maintenance. It will be interesting to see which of the former proposals are resurrected and what new ideas see daylight.



Idaho Farm Bureau's Governmental Affairs Report

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Governor Otter Lays Out His Vision

Russ Hendricks

In his annual State of the State Address, Governor Otter spent most of the time talking about his vision for education. Very little was said about agriculture, but he did mention a few important issues including aquifer recharge, sage grouse, water rights adjudication, Rangeland Fire Protection Associations, transmission line siting and upholding the Constitution.

Governor Otter once again stated in his budget narrative that he opposes allowing state government to grow faster than the state economy. This is right in line with Farm Bureau policy. His budget proposes 5.2% growth for the next fiscal year; an increase in general fund spending of \$152 million over last year (or about \$100 for every resident), while general fund revenues are projected to grow at 5.5% over the same period. Since K-12 education receives nearly 50 percent of the entire state budget; and since the Governor is proposing that education receive a 7.2% increase in funding, several other departments and programs will see very small increases or even reductions from last year's budget.

Farm Bureau policy supports many of the Governor's recommendations including: \$600,000 to enhance PTE agricultural and natural resource education programs; \$1.5 million to restore pre-recession funding to the University of Idaho Agricultural Research and Extension Service; \$750,000 for Sage Grouse habitat enhancement, fuel breaks, brush management and Rangeland Fire Protection Association training and equipment to better control wildfires; \$151,400 for two full-time positions within ISDA to assist with photo monitoring on federal grazing allotments; \$400,000 to continue the cooperative wolf control program with USDA APHIS Wildlife Services; and incrementally reducing individual and corporate income tax rates from the current 7.4% to 6.9% over five years.

Farm Bureau policy opposes a few of the Governor's proposals, including: collecting sales tax on internet sales and other out of state purchases; expanding Medicaid; and his reluctance to fund road maintenance with sales tax generated from the sale of vehicles, tires, batteries and other car accessories.

Work at Micron? Thank a Farmer

Russ Hendricks

Today's farmers not only produce food, they also provide an equally valuable service for the rest of us – they free up our time. One unalterable fact of life is that we must eat to stay alive. To obtain the food we need for survival, we each have two choices: we can either grow our own food; or, as the vast majority of us choose, we can work elsewhere and trade a portion of our earnings for the food we need.

Of course there are many back-yard gardeners, but they produce only a small fraction of the food that their families consume each year. Even full-time farmers are hardly self-sufficient; they specialize in certain crops or livestock and must purchase most of their family's food as well.

Think about it. Since most of your time would be devoted exclusively to producing enough food to last through the year, hardly any time would be left to do anything else. Now imagine everyone else doing the same thing. Nobody would have time to produce the other products and services we all currently consume which are only possible because we rely on professional farmers and ranchers to grow our food. Everyone's standard of living would be drastically reduced.

Essentially we would go back to the "good old days" when nearly everyone had a cow, a plow and a mule. Not only would you need to grow your own food, you would also need to supply the feed for your livestock. Each household would therefore need enough land to support that production.

You can quickly grasp how this would be far less efficient than our current system. Today, those who are the best at producing an abundance of safe, affordable food do so for the rest of us. According to the USDA, farm and ranch families comprise less than two percent of the U.S. population. The other 98 percent of us are then free to use our time to produce the literally hundreds of thousands of products and services that make life so enjoyable today.

Amazingly, the typical U.S. household only spends about 10 percent of their disposable income on food, leaving 90 percent for housing, entertainment, clothing, transportation and all of their other wants and needs. Contrast that with India that spends 51 percent on food, Spain 25 percent or New Zealand 20 percent. Spending more on food means fewer other purchases and therefore, fewer jobs in those sectors.

If each of us had to produce all the food our families consumed all year long, our diet would be lower quality with much less variety than is available today. Do you even know how to grow a grapefruit; much less have the correct climate and soil conditions to do so? How would you guard your crops and livestock from a myriad of pests and diseases? How would you effectively store your produce so it would last throughout the winter when you could not actively grow food? How would you realistically produce olives or crabs or pistachios or cranberries or thousands of other items you now enjoy?

Thank a Farmer:

continued

Specialization and voluntary exchange ensure the grocery store shelves are filled with food each time we shop and that there is fresh produce available 365 days a year. Most of us take for granted that this has been and always will be the case. However, the food does not just magically appear, it must first be grown by a farmer.

Capitalism and the division of labor have enabled a standard of living that could not have been imagined 100 or even 50 years ago. However, all of this is conditional upon a firm agricultural foundation. It is only because today's farmers and ranchers are so productive that our time is free to have jobs as stockbrokers, manicurists, welders or computer chip manufacturers.

Let's face it, we don't need plasma TVs or accountants or Q-tips or even I-Phones to live. Sure, they make life easier and more fun and countless people earn a good living providing those things, but they are not necessities of life like food. Our economy would grind to a halt if our modern, efficient agricultural industry was not allowed to continue to produce the safe, abundant and affordable food we need every day.

So remember, you can either grow your own food yourself, all day – everyday, or you can support modern, efficient high-tech agriculture and the farmers who make it possible for you to work at Micron - *and* everywhere else.

Private Lands, Public Lands and Sage Grouse

Bob Geddes

In Governor Otter's 2015 State of the State Address he indicated that he was supporting a budget appropriation in the amount of \$750,000 to continue to address the Sage Grouse and to hopefully prevent an Endangered Species Act listing for this bird. This is in addition to the enormous private investment and significant time that has been dedicated over the last decade, or longer, to monitor the breeding habitat, life patterns and the numbers within this species.

Ranchers and land managers and even electrical utility companies have done what is possible and hopefully necessary to avoid the United States Department of Interior from moving forward to list the sage grouse as endangered.

The Idaho Farm Bureau applauds the Governor for recommending that Idaho continue the fight to prevent this listing and encourages continued efforts with other western states to remain in a leadership position to resolve this ill-conceived notion coming from our own federal government. There has been enormous progress made to better understand the mating and habitat needs of the sage grouse in recent years. An emphasis that is actually working, is the focus of farmers, ranchers and other entities responding to the viability and survival needs of the sage grouse.

Sally Jewel, Secretary of the Interior recently called for a new wildfire strategy to protect sagebrush in the Intermountain West. That sagebrush makes up critical habitat within public and private lands also utilized to benefit other wildlife species and livestock grazing in the Intermountain West. Short of ordering listing, Jewel has asked for a top-to-bottom review of the fire policy and fire management strategies.

Rangeland wildfires have grown more common and massive in recent years. Burned areas have become more prone to succession after fires of invasive species such as cheat grass, making them even more susceptible to future wild fires. Jewel's order is an attempt to stop that fire to cheat grass cycle and protect the sagebrush habitat conducive to sage grouse productivity in the west. This will actually provide a positive benefit, that if properly implemented will accommodate beneficial habitat improvement for sage grouse, wildlife and cattle grazing.

Her order in a large part is because of efforts of Idaho and the several visits that she has made to our state. Credit should be given to many for the development of scientific and collaborative ways to protect not only sage grouse habitat, but to also improve the multiple use concept of the western rangelands both public and private.

Secretary Jewel should be complimented on implementing a first-step and an actual workable solution as a starting point to protect the 100,000 to 500,000 sage grouse estimated to exist in the Intermountain West and Canada.

Interestingly enough, during a Boise radio talk forum this past week, Governor Otter was soundly criticized for his recommendation to spend scarce public funds to defend and protect a bird that in the opinions of the radio talk show participants has outlived its need and serves no significant public benefit. Obviously, many in the Boise valley don't seem to understand the economic impact of the Endangered Species Act and how an endangered species listing for the sage grouse would destroy economic opportunity to private owners and those that utilize public lands for any number of reasons.

The Farms Bureaus efforts must continue to educate our neighbors, friends and legislators to better understand that Idaho cannot easily survive another endangered species listing. We must remember the economic consequences of the Spotted Owl and prevent such an unwarranted over-reach from happening again.

We appreciate the efforts of the Governor and our State and Federal elected officials to recognize the value of traditional land uses on our public and private lands, thus protecting our western way of life.

Proper management and responsible application of the Endangered Species Act, can lead to a strong economy even while protecting the viability of native species, such as the sage grouse.

History of When the Idaho Legislature Convenes

Bob Geddes

Originally the Idaho Constitution stated that a biennially legislative session shall begin on the first Monday after the first day of January. A constitutional amendment was proposed in 1967 and by a two-thirds majority of both the House and Senate, the people of Idaho determined if their constitution should be amended to provide for an annual legislative session and to change the day that the legislative sessions should convene. This measure passed by a majority vote of the people in the 1968 November general election.

Article 3, Section 8 of the Idaho constitution now states, "Sessions of Legislature. The sessions of the legislature shall be held annually at the capital of the state, commencing on the second Monday of January of each year, unless a different day shall have been appointed by law, and at other times when convened by the governor."

House sponsors of the Constitutional Amendment said that if the amendment is approved by the people, it could be implemented by law to provide that sessions in odd-numbered years could consider the full range of state business and those on even numbered years could be confined to financial matters. While that idea has often been discussed, good reasons have prevented that from becoming the accepted practice.

The people supported the amendment and since then, Idaho has convened an annual session of the Idaho State Legislature.

In 1975, Senator Vernon K. Brassey (R-Boise) sponsored a bill that became Idaho Code 67-404. This requires the following and it could be said that this statute takes precedent over the constitution. The statute says, "SESSIONS OF LEGISLATURE. At the hour of twelve o'clock M. on the Monday on or nearest the ninth day in January the regular session of the legislature shall be convened." There is no record identifying the basis for this change. So, I will speculate. I doubt that legislators enjoyed traveling to Boise to begin the session on the day after the New Year's Day holiday.

It is interesting that the constitution provides for the legislature to establish a different legislative starting date and time. But In 2015, it just so happens that the legislature will convene on the date specified by both constitution and the precedent setting Idaho Code. It also happened that in 1967, the day after the first day of January was the Tuesday following the New Year's Day holiday.

How to Contact Legislators

Website	www.legislature.idaho.gov
Legislative Information Center.....	208-332-1000
Toll Free & TDD.....	800-626-0471
Fax.....	208-334-5397
E-mail.....	idleginfo@lso.idaho.gov
Regular Mail	P.O. Box 83720, Boise, ID
.....	83720-0038 (House)
.....	93720-0081 (Senate)
Street Address	State Capitol, 700 W. Jefferson, Boise, ID 83720

"Is it so difficult to permit men to experiment, to feel their way, to choose, to make mistakes, to correct them, to learn, to work together, to manage their own property and their own interests, to act for themselves, at their own risk and peril, on their own responsibility? Do we not see that this is what makes them men? Must we always start with the fatal premise that all those who govern are guardians and all the governed are wards?"
– Frederic Bastiat