



# CAPITOL REVIEW

## A WEEKLY LEGISLATIVE REPORT

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### A Weekly Legislative Report

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#### DYED FUELS

There continues to be concern over the enhanced enforcement of the dyed fuel laws in Idaho. Diesel used in all other vehicles on a highway is taxed at 24.4 cents per gallon at the federal level and 32 cents per gallon at the state level, for a total fuels tax of 56.4 cents per gallon. Agriculture has been engaged in the discussion over the years working with legislators friendly with farmers and ranchers. **These legislators would like to find an enforcement mechanism to disprove the public's perception of misuse of the fuels by agriculture.** Last year, Farm Bureau, Food Producers of Idaho, and other industries created white papers to provide background and outline the issue to lawmakers and affected parties. **The questions before the Idaho Legislature were: 1) What type of enforcement program should Idaho have, and 2) What agency should handle the enforcement?** These questions have persisted over the years based on an assumption by some that there are those using the fuel on the road illegally and that there is tax revenue out there not being captured. The Food Producers Transportation Committee met this week to address two pieces of legislation dealing with dyed fuel.

**S1052** was introduced this week and would remove the dyed fuels exemption from the motor fuel tax. This proposal completely does away with dyed diesel and keeps only clear diesel in the marketplace for all users. There is a system in place for off road users of diesel fuel to apply for a refund as frequently as every month, but at least annually, for reimbursement. **S1052** would remove the necessity for dyed diesel, as the argument goes, which would also eliminate the enforcement issue. **This option will likely be a non-starter for agriculture** and will be opposed at every turn if any momentum gains for its approval.

Another proposal, **S1072**, that industry has had input on, has been printed and may or may not go forward depending on further discussions. The

proposal would provide an inspection method to ensure compliance with current Idaho motor fuel tax law by state and local law enforcement as well as the Idaho Transportation Department. Violation of the use of dyed diesel is currently an evasion of Idaho tax law and is subject to civil penalties on a graduated basis for each offense. If there is a refusal by an operator to have his tank dipped, this proposal would add a \$1,000 fine. Language has also been added to make sure that operators are not fined for incidentally crossing roads from one off road location to another that may have public roads going through them.

#### 2016 & 2017 FINANCIAL CONDITION OF IDAHO AGRICULTURE

U of I Extension Economist Dr. Garth Taylor presented the 2016 Financial Condition of Idaho Agriculture and the projections for 2017 to both the Senate and House Ag Affairs Committees. As state economies such as Nebraska and Iowa continue to struggle in volatile crop markets, Idaho is positioned for continued stability in agriculture due to the more recent shift and diversification in livestock. **Taylor said sectors of dairy, cattle, and other livestock - as well as all the supporting products such as hay, silage, beet pulp, and potato waste - account for 75%-80% of the state's agricultural cash receipts.** Idaho's ag-business sector can be separated into three major groups: farmers and ranchers, support industry, and processors. These three sectors account for 60% of the state's GDP, 40% of all Idaho jobs, and one out of every five dollars generated in Idaho's economy is tied to agriculture. Taylor went on to say that we are coming off of the golden years of agriculture as a nation, and with the divide between rural and urban economies, agriculture will be leading a downward trend.

Foreign exports are down 40% from just two years ago and the U.S. is facing a considerable headwind consisting of a strong U.S. dollar, increased international production (mainly Russia), and

massive carryover of domestic stocks (one to two years in some cases being stored by U.S. farmers). These challenges, shared with the Trump administration dropping out of TPP and also threatening to renegotiate NAFTA, leave our economy in a vulnerable position at this time. The new wealth that drives our national economy is currently exports, and Idaho's agriculture products are positioned well to export and capture this new prosperity if trade deals between other nations gain certainty.

### ICC/FFA CENARRUSA DAY ON THE HILL

The Idaho Cooperative Council recently hosted the ICC/FFA Cenarrusa Day on the Hill luncheon at The Riverside in Boise. **Over 300 FFA members from around Idaho joined legislators, educators, and industry guests for the event.** Idaho FFA presented Honorary FFA Degrees to Senator Jeff Siddoway, former Representative Gayle Batt and Freda Cenarrusa, wife of the late Pete Cenarrusa. ICC presented Friend of the Industry awards to Senator Dan Johnson, Lewiston, and Representative/Speaker Scott Bedke. The event was started by ICC in 1996 and honors the lifetime legacy of former Secretary of State, Pete Cenarrusa, and his 50 plus years in public service.

### INTERN FOR BATT ASSOCIATES

**Argia Larrocea-Phillips** is interning for Batt Associates during this year's legislative session. She is the 4th generation of a farming and ranching family, and her family's lifestyle has provided her with a passion for agriculture. She recently graduated from Northwest Nazarene University with a Master of Business Administration degree.

### NOXIOUS WEED PROGRAM

Lloyd Knight, ISDA, gave an in-depth report of Idaho's noxious weed law to the Senate Ag Affairs Committee. The presentation was requested due to noxious weed rules that were presented, generating many questions from committee members concerning the program. ISDA has the primary responsibility of implementing the Idaho Noxious Weed Law and Idaho's Strategic Plan for managing noxious weeds. **Through the program, ISDA develops management plans to combat and irradiate aquatic and terrestrial noxious weeds.** Assistance for the program includes material and personnel support, as well as a cost-sharing program. Most of the program is facilitated through counties and on the ground work of Weed Superintendants. Cooperative Weed Management Areas (CWMA'S) cover 87% of Idaho, with 30 CWMA's extending across counties and state lines. CWMA's bring together local citizens, landowners, nonprofit organizations, industry and city, county,

state, tribal, and federal representatives to work towards the common goal of effective control of invasive plant species. The program also oversees the Weed Free Hay and Forage Program by certifying a crop or production area, allowing the hay to be sold, transported, or used as certified weed free, allowing for use on federal lands.

### 17<sup>th</sup> ANNUAL U OF I PUBLIC POLICY TOUR

Food Producers of Idaho hosted the 17<sup>th</sup> Annual Public Policy Tour for University of Idaho students this past Sunday - Wednesday. The students maintained a rigorous schedule meeting with legislators and visiting legislative committees, state officials, and industry leaders. Those participating in the 2017 tour included the following:

Joseph Bloomsburg	Worley, ID
Adriaan Boer	Ukiah, CA
Megan Church	Caldwell, ID
Mitch Coats	Boise, ID
Daniel Hasenoehrl	Lewiston, ID
Jacob Jannett	Royal City, WA
Jacob Jones	Rupert, ID
Colin Lootens	Marsing, ID
Derrick Mamer	Caldwell, ID
Chyla Wilson	Boise, ID
Henry Wilson	Nampa, ID

### Advisors

Dr. Chris McIntosh	Moscow, ID
Katie Lee	Moscow, ID
Hernan Tejada	Twin Falls, ID

Mitch Coats, Food Producer intern, had the opportunity to also take the class. Here is what Mitch had to say about the experience:

*The students and faculty were exposed to a three-day crash course on the entire legislative process and how policy supports the ag industry. The week began with a tour of the Capitol. We had the opportunity to attend committee meetings and floor proceedings of both Senate and House while they were in session. We were exposed to top legislative advisors from the ag industry. They explained their role in helping to draft legislation, testifying before committees, seeing the bill printed, and ultimately getting it voted into law. Constitutional Officers, Attorney General Lawrence Wasden, and State Treasurer Ron Crane met with us. We had time at several meals to interact with legislators, network, and received plenty of practice introducing ourselves. Monday night, we had a private dinner where we sat with legislators - truly a special opportunity.*

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