

Idaho ag groups eye dyed diesel report

By SEAN ELLIS
Capital Press

BOISE — Idaho's agriculture industry is keeping a wary eye on a new report that offers several options to enhance enforcement against the illegal use of dyed fuel on Idaho roads.

Highlights of the 61-page report were presented to lawmakers Jan. 21 by Idaho State Tax Commission Chairman Ken Roberts.

The report offers nine options for increasing dyed diesel enforcement in Idaho. A transportation funding bill passed

by the 2015 Idaho Legislature directed the ISTC and Idaho State Police to develop recommendations for greater dyed fuel enforcement.

Dyed fuel is also called dyed diesel or farm diesel and is exempt from state and federal fuel taxes because it's only for use in off-road, unlicensed vehicles. It is used heavily in the agricultural, mining, timber and construction industries.

The state tax on diesel is 32 cents per gallon and the federal rate is 24.4 cents per gallon.

Idaho ag groups told legislators last year they would support increased enforcement of

the state's dyed fuel laws. But they won't support anything that is burdensome or inequitable to agriculture, said Milk Producers of Idaho Executive Director Brent Olmstead.

"We told them last year we support enhanced enforcement and we will if that's what it is," he said. "It's an issue we will be monitoring."

No testing, or dipping, of fuel tanks for dyed diesel is done in Idaho. Law enforcement officers can only check for the fuel if they see it leaking from a vehicle after responding to an accident.

Options for enhanced en-

forcement in the report include implementing a dyed diesel testing program, creating dedicated fuel tax investigation and prosecution units, increasing fines for violations, creating a reward fund and, in lieu of a diesel fuel tax, implementing a weight or mile tax for diesel vehicles weighing over 26,000 pounds.

One of the options includes having people pay the tax and apply for an income tax rebate later, an idea that has been beaten back by Idaho Farm Bureau Federation and other ag groups in past years.

Dennis Tanikuni, IFBF's as-

sistant director of governmental affairs, said Farm Bureau would support more enforcement efforts, "but we want to look at all the alternatives and make sure it is equitable and probable cause-based. We want to look at this report closer before we go any further."

IFBF would adamantly oppose any effort to have people eligible to use dyed fuel pay the tax and apply for a rebate, Tanikuni said.

The report's executive summary says the agencies aren't advocating any of the nine options, "but if the Idaho Legislature decides to move forward

with legislation, some form of inspection program should receive serious consideration by lawmakers."

The report estimates Idaho could be losing about \$11 million a year from the misuse of dyed fuel.

"They put a lot of work into (the report) and presented it really well," said Sen. Bert Brackett, a Republican rancher from Rogerson and chairman of the Senate Transportation Committee. "Collectively, we'll have to see if there's the will or interest to have an enforcement program here in the state."

Idaho sugar industry poised for success over next several years

By SEAN ELLIS
Capital Press

BOISE — Idaho's sugar beet industry was successful in fiscal year 2016 and is poised for more success over the next several years, according to industry leaders.

"I would (describe) our company as strong and poised," Amalgamated Sugar Co. Chairman Duane Grant told Idaho lawmakers recently.

Amalgamated is owned and operated by the Snake River Sugar Co., a cooperative of 780 growers in Idaho, Oregon and Washington.

The company's growers harvested 182,123 acres in fiscal 2016, up 2.4 percent from fiscal 2015, and yields reached a record company-wide. As a result, Amalgamated produced 11.6 percent more sugar in fiscal 2016 and total sales revenue is projected to increase 19.7 percent to \$898 million.

The increased revenue is a result of the additional production and a modest price increase.

Grant, a Rupert area sugar beet farmer, told the Capital Press that the company's board of directors and management "have made good decisions and good investments over the last five years and that has resulted in our company being poised for good success in the next half decade."

The company has invested \$150 million in its three sug-



John O'Connell/Capital Press

Amalgamated Sugar Co. Chairman Duane Grant stands in front of a sugar beet pile in Rupert, Idaho, on Dec. 14, 2015. Grant, a Rupert farmer, said the company and its 780 sugar beet growers are poised for success over the next several years.

ar processing plants in Idaho over the last four years and "that's resulted in our cost of operating decreasing significantly," he said. "That sets us up well."

Amalgamated is on track to achieve 18 percent sugar content in its beets company-wide by 2020. Sugar content is at 17.4 percent currently.

About 5,000 acres of sugar beets didn't get planted in Malheur County, Ore., last year because of a water shortage, but with current snow accumulation, "Odds are we're

going to get those planted this year," Grant said. "That will be very positive for the company."

Amalgamated has \$82 million in cash reserves.

Like any business, the company has its challenges, "but we're in a pretty good spot," said Amalgamated CEO John McCreedy. "We're in a strong position. If weather and market conditions stay strong, we should have another good year" in fiscal 2017.

Grant told lawmakers that the adoption of genetically en-

gineered sugar beets in 2008 has provided the company a major benefit. The average annual yield increase during the 16 years prior to 2008 has doubled since all of Amalgamated's growers switched to genetically engineered beets, he said.

"We have realized a significant advantage from biotechnology in our area," he said. The yield increases put Amalgamated on a trajectory "to be the lowest-cost sugar producer in the world as that trend continues."

Hazelnut acreage grows as farmers salvage old orchards

Removal of diseased trees is slow while new orchards planted

By MATEUSZ PERKOWSKI
Capital Press



Mateusz Perkowski/Capital Press

Hazelnut acreage is growing in Oregon as farmers plant new trees but are reluctant to remove orchards that are slowly succumbing to Eastern filbert blight.

Michael McDaniel, who operates Pacific Ag Survey and is tracking hazelnut acreage, said the high prices paid for hazelnuts in recent years has discouraged growers from replacing older varieties, such as Barcelona, with new varieties that are resistant to the fungal pathogen.

"People are doing what they can to make the Barcelona and other varieties really last," he said. "I was surprised by how much mature acreage is still hanging on."

In 2015, Oregon had more than 45,000 acres of hazelnuts in the ground, with about two-thirds of the orchards being 11 years or older, McDaniel said at the recent Nut Growers Society meeting in Corvallis, Ore.

Roughly 25 percent of the hazelnut acreage consisted of trees younger than five years, and another 9 percent consisted of trees between five and 10 years, he said.

According to USDA's Ag Census, Oregon had about 37,000 acres of hazelnuts in 2012, which means the acreage has grown 22 percent since then, which translates to an additional 2,700 new acres a year.

Of the new acreage, farmers have planted more than half at double-density, McDaniel said. This method speeds up the profitability of orchards but eventually requires the remov-

Dwayne Bush of Bush's Nursery displays hazelnut trees at the recent Nut Growers Society meeting in Corvallis, Ore. Growers are planting more hazelnut orchards and new Eastern filbert blight-resistant genes are being incorporated in the breeding of trees.

al of trees.

It's unclear how quickly orchards of Barcelona — the traditional cultivar grown in Oregon's Willamette Valley — will be replaced by new plantings of Jefferson, a popular EFB-resistant variety released in 2009 by Oregon State University, said Garry Rodakowski, chairman of the Oregon Hazelnut Commission.

However, it's certain that the hazelnut industry will need to ramp up production to compete on the global market, he said. In the past, for example, a food manufacturer canceled plans for a cereal that prominently featured hazelnuts due to insufficient supplies of the crop.

Production was particularly problematic in 2015, when Oregon farms harvested fewer than 31,000 tons of hazelnuts even though USDA estimated a crop of 39,000 tons.

That shortfall has put the squeeze on processors, said Rodakowski. "They promised people they'd have nuts they can't deliver now."

In some cases, farmers are planting annual crops between the rows of new orchards to keep generating revenue on their properties before trees mature.

Labor official offers paid sick leave advice

Questions remain over compensation for piece-rate workers

By MATEUSZ PERKOWSKI
Capital Press

A top Oregon labor official recently outlined how farmers can compensate piece-rate workers under new paid sick time regulations, but the Oregon Farm Bureau still hopes to change the rules.

Last year, Oregon lawmakers passed a bill requiring employers with 10 or more workers to pay for 40 hours of sick leave per year, concerning farmers who

pay based on harvested crop amounts and similar piece rates rather than per-hour wages.

The Oregon Farm Bureau criticized regulations enacted by Oregon's Bureau of Labor and Industries for insufficiently explaining how employers should calculate the regular rate of compensation for piece rate workers who take sick time.

If a regular rate of pay can't be established, employers can pay workers the minimum wage during paid leave.

Gerhard Taeubel, administrator of BOLI's Wage and Hour Division, said farmers should calculate the regular rate of pay using the same method as employers who

must pay overtime to piece-rate workers.

The total amount of money earned by an employee during the most recent week should be divided by the number of hours worked, Taeubel said at the recent Ag Summit conference in Salem, Ore., organized by the Dunn Carney law firm.

While it's "helpful to know" how BOLI will interpret the piece-rate provision, the agency's view may not be shared by workers who can file lawsuits against employers over alleged violations of the paid leave statute, said Jenny Dresler, state public policy director for the Oregon Farm Bureau.

BOLI's explanation

doesn't account for some scenarios encountered by farmworkers who are expected to switch between tasks that pay different rates, Dresler said.

For example, a worker may be compensated at an hourly wage for pruning but then paid a piece rate for harvesting, she said.

During the upcoming legislative session, Oregon Farm Bureau will support Senate Bill 1581, which proposes to clarify and fix confusing provisions of the paid sick leave rules, Dresler said.

Under the bill, farmers would simply pay the minimum wage to piece rate workers on sick leave rather than have to calculate the regular rate of pay.

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5-7/#7

Idaho's Caine vet teaching center to close this year

By SEAN ELLIS
Capital Press

BOISE — University of Idaho officials announced Jan. 27 that the College of Agricultural and Life Science's Caine Veterinary Teaching Center in Caldwell will close this year.

Veterinary faculty and students at the center will instead be spread throughout the state and work more directly with livestock producers.

CALS Dean John Foltz made the surprise announcement to lawmakers in the morning, shortly before UI sent out a news release explaining the move.

"We believe this change is necessary to reflect changes in the regional veterinary ed-

ucation program and to better prepare students to work with Idaho's livestock producers," Foltz stated in the news release.

The Caine Center opened in 1977.

UI is part of a regional veterinary medicine program with Washington State University's College of Veterinary Medicine.

The new model will result in veterinary faculty positions formerly housed at the Caine Center shifting to UI's nearby Caldwell Research and Extension Center, the Nancy M. Cummings Research, Extension and Education Center near Salmon, UI's Moscow campus and the Magic Valley.

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5-4/#24