

Washington mushroom grower seeks tax relief for new farm

Bill would cut taxes on construction

By **DON JENKINS**
Capital Press

OLYMPIA — A Western Washington mushroom farm, hemmed in by suburbia, is seeking a tax break estimated to be worth roughly \$1.8 million to help it move east of the Cascades to the Port of Sunnyside in Yakima County.

Ostrom's Mushrooms President David Knudsen said the farm was started 50 years ago in a forest in Lacey, near Olympia. Now it's surrounded by homes, stores and a school. The mushrooms are grown indoors, but making the compost to grow the mushrooms in leads to odors, and complaints.

"It's a fully developed suburban landscape," Knudsen said. "It's just not the right

place for a mushroom farm anymore. We need to get out of there."

Ostrom's, the state's largest mushroom grower, must expand to remain competitive with British Columbia farms, Knudsen said. The company, which also considered moving to Umatilla County in Oregon, has picked Sunnyside for a \$35 million farm.

The project, however, may hinge on whether the Legislature exempts most building costs from the state's sales tax, the company's lobbyist, Brian Enslow, said.

Ostrom's originally estimated the Sunnyside farm would cost \$25 million. Costs have risen, though. The company is also concerned that a weakening dollar will continue to increase the cost of buying the latest mushroom-growing technology from the Netherlands.

"We are in a very tentative



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Ostrom's Mushrooms Farm President and CEO David Knudsen testifies Feb. 16 before the House Finance Committee in Olympia. The farm is seeking a sales tax exemption to help it move from Lacey in Thurston County to Sunnyside in Yakima County.

situation. We believe it's imperative to get this (tax) assistance," Enslow said.

Yakima County legislators who represent Sunnyside, Rep. Bruce Chandler and Sen. Jim Honeyford, have introduced the tax exemption.

Ostrom's anticipates initially creating about 230 jobs at the port, with the room to expand to 400 jobs.

"In Yakima County, we still have space for the development of agricultural enterprises," Chandler said.

Enslow estimated the exemption proposed by Chandler and Honeyford would apply to \$29 million of the construction costs. Since the state sales tax is 6.5 percent, the company projects saving approximately \$1.8 million. The exact savings would depend on how the Department of Revenue interprets any tax law passed by lawmakers.

If the finances line up, the company could break ground April 1, Knudsen said. Construction would take about a year, he said.

At a hearing Friday in front of the House Finance Committee, the Port of Sunnyside and the state Department of Agriculture supported the company.

A mushroom farm and its year-round agricultural jobs would be welcomed, the port's executive director, Jay Hester, said.

Ostrom's Mushrooms has

been operating in Washington since 1928. The company closed a mushroom farm in Whatcom County last year, leaving it with the Lacey operation. According to Ostrom's website, the company produces 13 million pounds of mushrooms a year.

"This farm has a long-standing place in our state," said Laura Butler, a senior adviser to the agriculture director. "Encroaching urban growth in its current location has prevented this farm from modernizing and expanding its current operations."

Lawmakers have previously exempted or deferred sales taxes to encourage construction. The favored projects have included warehouses, grain elevators, farmworker housing, anaerobic digesters at dairies, an automobile museum and the football and baseball stadiums in Seattle.



Idaho Department of Water Resources

Meters like this are being installed on groundwater wells in the Eastern Snake Plain Aquifer.

Meter deadline approaches for Idaho groundwater pumpers

By **CAROL RYAN DUMAS**
Capital Press

Groundwater irrigators on the Eastern Snake Plain Aquifer have until April 1 to install flow meters approved by the Idaho Department of Water Resources under an order issued in July of 2016.

A separate measurement order and similar deadline applies to groundwater pumpers in the Raft River Basin.

Groundwater pumpers who don't comply will have their water curtailed until they install flow meters and could also face a civil penalty of \$10,000.

The requirement does not apply to domestic and stockwater wells and small irrigation wells servicing less than 5 acres, said Tim Luke, IDWR water compliance bureau chief.

The goal of the meter requirement is to provide the most accurate information on groundwater consumption and to help track groundwater use reductions required in the 2015 agreement between the Surface Water Coalition and the Idaho Ground Water Association.

The ESPA order affects about 5,400 wells, the majority

of which are for agricultural irrigation. About 60 percent of those irrigators have already complied, he said.

The department encourages farmers to notify their groundwater districts if they have complied to ensure records are accurate.

IDWR and water district staff have been inspecting meters since the fall of 2016, and IDWR is narrowing down the subset of wells that might not be in compliance.

"We're trying to inspect as many as we can ... adding more staff through the effort," he said.

Staff are out there daily doing inspections and updating IDWR's data base, he said.

"I believe a lot of people are scrambling now to get these installed," he said.

The department is in the process of sending out notifications to entities for which it has no record of meters being installed. Those mostly represent individuals, and they are encouraged to let the department know if they installed a meter or one is being installed, he said.

Proper installation is important to meet compliance. The meters need to be prop-

erly grounded and meet spacing requirements. He advises pumpers to either have meters installed by a professional or follow the manufacturer's recommendations.

Several groundwater districts have grants available to help farmers with the cost of installing meters.

Pumpers can also file a variance request if they qualify. Those variances apply to such things as simple systems with consistent flows. Since the late 1990s, the department has allowed those systems to measure flows using a power consumption coefficient, Luke said.

But the meters must be operable and accurate, and users must file a variance request to be in compliance, he said.

The measurement order also applies to non-irrigation groundwater users, such as cities, manufacturing plants, dairies and others. They were required to install approved flow meters by Jan. 1.

More than half of those users have complied, and most of the remaining users in that category likely have an older allowed meter installed but haven't requested a variance, he said.

Beekeeper calls pollinator protection bill an overreaction

By **DAN WHEAT**
Capital Press

EPHRATA, Wash. — One of Washington state's largest beekeepers says the reintroduction of a bill to ban certain pesticides to protect honeybees is an overreaction.

"Neonics are insecticides, and bees are insects, so sloppy or careless application kills bees. But the majority of applicators use caution and don't cause major acute kills," says Tim Hiatt, co-owner of Hiatt Honey Co., in Ephrata.

U.S. Reps. Earl Blumenauer, D-Ore., and Jim McGovern, D-Mass., reintroduced the Saving America's Pollinators Act in the House on Feb. 14. The bill would suspend the registration of certain neonicotinoid insecticides until the EPA conducts a full scientific review.

The congressmen and more than a dozen environmental and conservation groups



Dan Wheat/Capital Press File
Annual beehive maintenance at Hiatt Honey Co. near Ephrata, Wash., in March 2012. Beekeeper Tim Hiatt says a bee protection bill is an overreaction.

say studies implicate the insecticides, called neonics, as contributors to declining populations of honeybees and butterflies and pose risks to birds and aquatic invertebrates.

Some beekeeper groups support the bill. But Hiatt says while studies show sub-lethal effects on honeybees at certain exposures, hives also have superorganism defenses and, aided by beekeepers, can survive.

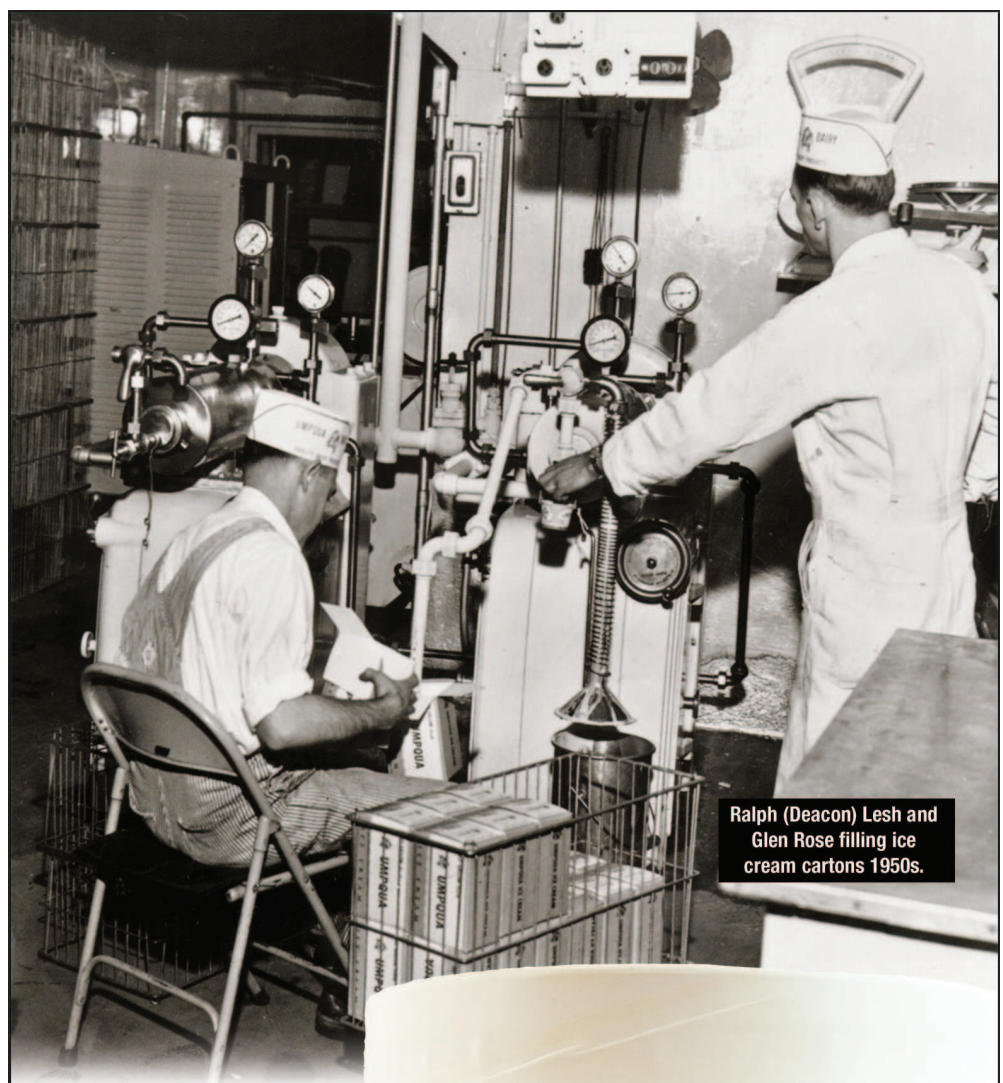
"More judicious use of

neonics would help beekeepers combat sub-lethal effects, which shorten the life of bees and colonies. But an outright federal ban is an overreaction as it relates to honeybees. States should assess the impacts to honeybees in their states and take appropriate action," Hiatt said.

On the other hand, native pollinators usually don't have the advantages that honeybees have and a national ban may be appropriate for them, he said.

Mark Powers, president of the Northwest Horticultural Council in Yakima, said NHC has no position on the bill. He said some neonics are used in tree fruit production and others are not.

"In general, neonics are an important tool for growing pears and controlling pear psylla and are also sometimes used in apple and cherry orchards for controlling specific pests," Powers said.



Ralph (Deacon) Lesh and Glen Rose filling ice cream cartons 1950s.

Wheat industry seeks to re-enter TPP

By **MATTHEW WEAVER**
Capital Press

If the U.S. doesn't re-enter the Trans-Pacific Partnership, Northwest wheat exports to Japan could drop by half within a few years, the leader of the Washington Grain Commission says.

The Pacific Northwest currently exports roughly 800,000 metric tons of Western white wheat, a popular blend of soft white wheat and subclass club wheat, to Japan each year, commission CEO Glen Squires said.

Hard red winter and hard red spring wheat exports would also be impacted, affecting Montana and North Dakota. Other states exporting to Pacific Rim customers would also be impacted, Squires said.

Japan wants the U.S. in TPP, and is not interested in bilateral agreements, Squires said.

Wheat industry representatives met in Washington, D.C., last week. Many legislators are aware of the concerns about the Trans-Pacific Partnership

proceeding without the U.S., Squires said. It will essentially amount to a tariff on U.S. wheat, putting the country at a price disadvantage in key markets compared to competing wheat-producing countries that remain in the trade pact.

Changes under TPP will occur over nine years, but Squires said the impact on shipments could be much faster.

"This is a massively big deal," he said.

Reduced demand would result in lower wheat prices, Squires said.

A national coalition of agricultural commodities is forming to address the situation, Squires said.

The industry will appeal to the Trump administration to rejoin the trade deal.

"President Trump is the guy who can negotiate, and get us back involved," Squires said. "It's clearly a big impact: It's the equivalent of handing our competitors a \$500 million check per year."

"It's the administration that's got to determine how

important this trade relationship is," said Blaine Jacobson, executive director of the Idaho Wheat Commission.

The industry is working to educate people who have contact with the administration, he said, in hopes of reaching "critical mass," recognizing TPP as a beneficial trade arrangement for the U.S.

"There's widespread support for getting back into it, but whether or not we have reached the right people yet is still unknown," Jacobson said.

Asian customers want soft white wheat from the Pacific Northwest, Jacobson said.

"They might be willing to pay a minor premium," he said. "As time goes on, those customers will probably find a way to make use of wheat other than PNW wheat. In the short-term, a modest impact, but in the long-term, probably a major impact on markets."

Squires warned of "ripple effects" throughout the industry, which could happen as soon as U.S. wheat becomes uncompetitive in overseas markets, he said.

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