



**Second Meeting
2005 Interim
July 13, 2005**

**LCR 1 & 2
State Capitol
Pierre, South Dakota**

The second meeting of the Department of Agriculture Agency Review for the 2005 interim was called to order by Chair Representative Justin Davis at 8:40 a.m. (CT), July 13, 2005, in Legislative Conference Rooms 1 and 2 of the State Capitol in Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senator Clarence Kooistra; and Representatives Thomas Brunner, Cooper Garnos, Gerald Lange, David Sigdestad, Larry Tidemann, and Mike Vehle. Representative Ryan Olson was excused.

Staff members present included Jim Fry, Director, Legislative Research Council, Aaron Olson, Fiscal Analyst; and Teri Retrum, Senior Legislative Secretary.

(**NOTE:** For sake of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents are on file with the Master Minutes.)

Approval of Minutes

REPRESENTATIVE GARNOS MOVED, SECONDED BY SENATOR KOOISTRA, THAT THE MINUTES OF THE FIRST MEETING (JUNE 13, 2005) BE APPROVED. THE MOTION PREVAILED UNANIMOUSLY ON A VOICE VOTE.

Opening Remarks

Senator Clarence Kooistra expressed his appreciation for the Agriculture Tour. Senator Kooistra indicated that he believes there is value to agency reviews because it provides the opportunity to look for red flags. He expressed his concern about whether each program is justifiable or whether a program should be downsized. Senator Kooistra said that he has some initiatives to eliminate some programs.

Response to Committee Informational Requests

Agriculture Development

Mr. Larry Gabriel, Secretary, Department of Agriculture, was asked about the recent demise of Ag Producers Ventures and whether taxpayer funds had been placed at risk and lost.

Mr. Gabriel said that he applauded the Legislature for having the foresight to increase the gas tax to create the Value-Added Agriculture Sub Fund, which is administrated by the Board of Economic Development and the Governor's Office of Economic Development and not by the Department of Agriculture.

Senator Kooistra referenced a memorandum sent to Mr. Olson, from **Mr. James D. Hagen**, Secretary of the Department of Tourism and State Development (**Document #1**). In the memo, Mr. Hagen stated that South Dakota Ag Producers Ventures (SDAPV) applied for and received five separate reimbursable grants from the Value-Added Agriculture Sub Fund of the Revolving Economic Development and Initiative Fund ("REDI Fund").

Senator Kooistra said that the gas tax was increased through legislation that created a source of money for the Value-Added Agriculture Sub Fund to loan and grant money for agricultural purposes. He commented that he supports helping the agriculture community but does not support using the reimbursable grants to build individual empires.

Mr. Gabriel said that the committee should consider all of the grants that have been made to others involved in agriculture, not only those grants that have been made to SDAPV.

Mr. Hagen and Mr. Gabriel said that, generally, the grants from the Value-Added Agriculture Sub Fund do not need to be repaid unless a feasibility study determines that the project is feasible and the recipient of the grant proceeds with the project. Currently, the Board has not yet decided whether the hay processing and lamb and veal grants must be repaid.

South Dakota State Fair—3-Year Plan

Ms. Susan Hayward, Department of Agriculture, reviewed the department's three-year plan for the South Dakota State Fair. Ms. Hayward said that the State Fair Commission has worked on setting goals for the state fair. She said that the commission wants to accomplish those goals and realize some steady progress over three years. Ms. Hayward said that the commission has looked for ways to finance maintenance and repairs on fair buildings. Also, Ms. Hayward said that the commission continues to search for sponsorship. She informed the committee that the fair experienced an increase in attendance last year, and she expects the attendance to be higher this year. Ms. Hayward said that agriculture still will be the focus of the State Fair because South Dakota is an agricultural-based state.

The State Fair will provide six nights of entertainment; however, Ms. Hayward said that the rodeo has been removed because it did not make enough money. She said that there are rodeos held on the fair grounds during other times of the year. Ms. Hayward said that the high school rodeo was just concluded, and it will be determined whether it is bringing in the money needed. Ms. Hayward told the committee that she is very excited about the planned two nights of Championship Bull Riding at the State Fair. The bull riding will be a nationally-televised event, and Ms. Hayward said that it will showcase South Dakota in a good light.

Mr. Gabriel said that he has received some criticism for being anti-rodeo. He said that the State Fair has hosted the finals of the South Dakota High School Rodeo and the amateur South Dakota Rodeo Association Finals in the past year at times other than during the State Fair, so the interpretation by some that he is anti-rodeo is false. Mr. Gabriel explained that the fair has to work on ways to make more of a profit.

Ms. Hayward said that many people do not know about the 1,200 available campsites in the State Fair area; but, marketing is helping to fill those sites. She told the committee that South Dakota Day is progressing well—twenty-five vendors have entered. Ms. Hayward said that the commission is hoping to reach fifty vendors by the beginning of the 2005 State Fair.

Ms. Hayward reported that the Fair Foundation is off to a slow start. The foundation is attempting to pattern itself after the Iowa Blue Ribbon Foundation, which is very successful, and Ms. Hayward said that she is confident that the Fair Foundation will continue to work toward success.

Ms. Hayward and Mr. Gabriel responded to committee questions. Ms. Hayward said that the top five places in each event or category receive payment. The amount paid from entry fees varies—in some events, less than 25 percent is paid by entry fees; in other events, 60 percent is paid by entry fees. Mr. Gabriel said that for years the department paid ten places; he said that he wanted to pay three places but that was met with resistance from the exhibitors. Mr. Gabriel said that a lot of money goes toward premiums. He said that it is his belief that it would be better to increase the amount of the premium and award fewer of them. Also, Mr. Gabriel said that, if companies put money into premiums, there has to be some sort of recognition of those companies. Regarding the self-sufficiency of the State Fair, Mr. Gabriel said that, hopefully, in three years the fair will break even in cash flow; however, the State Fair has an aging infrastructure. Mr. Gabriel said that he does not foresee the State Fair ever becoming self-sustaining enough to fix or replace buildings and other infrastructure. Mr. Gabriel said that he is looking forward to showcasing South Dakota products from rural South Dakota as well as other factions in the state. He said that he views South Dakota Day as a fledgling attempt to promote all types of South Dakota products and to educate citizens about those products. Mr. Gabriel also expressed support for the South Dakota Certified label. He said that part of the State Fair will always be 4-H and that the fair also needs to promote economic activity. Mr. Gabriel said that he does not use the term, subsidy, in regard to supporting the State Fair because he believes the term, investment, is more proper because it indicates that a return is expected. Mr. Gabriel said that the department has hired a business manager and a seasonal secretary which has helped with the workload.

Representative Gerald Lange agreed that the term, investment, is exactly the correct word to use when talking about the State Fair. In response to Representative Lange, Ms. Hayward said that the North Dakota State Fair is doing quite well but that all state fairs are changing. She said that state fairs everywhere are becoming more like a business. Ms. Hayward said that for the past two years, the Nebraska State Fair has come very close to shutting down. In Nebraska, it was referred to the voters whether to even keep the State Fair and laid out what it would cost to keep the fair. The voters resoundingly voted to keep the fair. Ms. Hayward said that the Iowa State Fair is very organized and does very well; however, the state still helps with things like infrastructure.

Representative David Sigdestad asked if the fair is competitive in its rates for exhibits. Ms. Hayward replied that a booth at the fair for eight days costs less than a booth at Dakota Fest for three days.

Both Ms. Hayward and Mr. Gabriel said that the State Fair Commission and the department continue to work toward the trend lines and believe that the South Dakota State Fair is heading in the right direction.

Mr. Jon Farris, Department of Agriculture, distributed copies of a Report on Rural Rehabilitation Funds (**Document #2**) and talked about the Farm Mediation Program.

Senator Kooistra noted that a couple of the programs have been repealed and questioned whether there is justification to continue such a program.

Mr. Farris said that everything is working pretty well in the agricultural industry so the activity is down. He also said that as interest rates rise, activity will rise. Mr. Farris noted that Value Loan Guarantees are related to interest rates and that he would not recommended getting rid of those guarantees because when the interest rates go up, those guarantees would be needed.

Mr. Gabriel said that activity in these programs is directly related to interest rates—when interest rates are down, banks are not too interested in transferring money. He said that he has contacted **Mr. Curt Everson**, South Dakota Bankers Association, and various agricultural associations to ask them to poll their members to find out whether they like these programs. If the programs are not supported, Mr. Gabriel said that the state would not need to administer them.

Senator Kooistra said that he will appreciate that information.

Representative Thomas Brunner asked if there are statistics on success rates of mediation. Mr. Farris said that has not been tracked but that he could provide that information. Representative Brunner expressed support for continuing the mediation program.

Department of Agriculture Boards and Commissions

South Dakota State Fair Commission

Mr. Lance Carson, State Fair Commissioner, testified that the South Dakota State Fair Commission is composed of thirteen members and acts as an advisory board. Mr. Carson said that it is a very diverse commission which meets seven or eight times a year. According to Mr. Carson, the commission helps staff obtain sponsorship and entertainment and assists staff in any way that they can. He complimented Secretary Gabriel and staff for doing an excellent job under sometimes difficult circumstances.

Responding to **Representative Mike Vehle**, Mr. Carson said that he believes that the fair is on the right track. He said that the first thing that the fair has to have is the attendance in order to attract vendors and sponsors, etc.

Representative Brunner asked if the commission needs to meet every day during the fair. Mr. Carson said that the commission meets every day during the State Fair to deal with matters as

they arise. He said that commission members also work at the fair taking tickets, collecting garbage, and other things as needed—members act as a labor force.

Animal Industry Board

Dr. Sam Holland, State Veterinarian and Executive Secretary of the South Dakota Animal Industry Board (SDAIB), distributed copies of his PowerPoint presentation (**Document #3**). Dr. Holland reviewed the PowerPoint presentation, which included a list of the major responsibilities of the SDAIB. He noted that South Dakota is the only state that has one agency that is responsible for animal health and one of fourteen states that still maintains an independent animal health industry. Also, Dr. Holland said that South Dakota is one of twenty-eight states that operates a state meat inspection program. He commented that he would like to have an independent rendering plant in the state.

Dr. Holland said that the board's FTE history has remained fairly constant and that emergency animal health takes a fair amount of work time. In the future, Dr. Holland said that he would like to be able to employ a chief of staff, a technology competent staff person, a field inspector, and a public health veterinarian—probably someone who would work with the producers.

Dr. Holland outlined the recent presentations that he has given and some of the topics addressed at those presentations.

Senator Kooistra asked if there is coordination with the Department of Health in areas of concern, such as West Nile Virus. Dr. Holland responded affirmatively and stated that the SDAIB has a good relationship with state agencies.

Representative Larry Tidemann said that he received a complaint about dead animals being transported in an open truck and asked Dr. Holland if dead animals are required to be transported in a closed container or if they can be transported in an open truck. Dr. Holland said that the law states that dead animals should be transported in a closed container; however, if some are transported in an open container, those transporters generally are not bothered. Dr. Holland told Representative Tidemann not to hesitate to transfer those types of questions, or others, to the SDAIB for answers.

Representative Brunner said that he is concerned about Dr. Holland's predecessor and asked if there is a need to limit some of the authority of the board. Dr. Holland replied that the SDAIB is not run by an individual but by a good system that is in place. He said that South Dakota's Animal Industry Board is the envy of other states.

Responding to Representative Vehle, Dr. Holland expressed support for electronic identification. He said that he would like to explore whether electronic identification would be used by more producers. Dr. Holland said that the board believes it is a good way to market livestock and to follow livestock through the marketing process.

Representative Cooper Garnos asked Dr. Holland what some of the biggest challenges are for the agricultural industry as a whole. Dr. Holland said that probably the biggest single issue is the politicizing of regulatory agencies at the national and state levels—another would be globalization of livestock diseases.

South Dakota Veterinarian Medical Examiners

Dr. Holland briefly discussed the South Dakota Veterinarian Medical Examiners. He said the examiners meet once a year and that it also meets in response to a complaint filed on a licensed veterinarian.

South Dakota Oilseeds Council

Mr. Steve Willard, South Dakota Oilseeds Council, testified that he has been the director of the council since 1990, when its collections began. The council operates under an approximate \$100,000 budget and is governed by the producers. Mr. Willard said that sunflowers are considered minor oil seeds and are a good rotation crop—sunflowers and soybeans are usually used in rotation. He said that there is a mandatory checkoff fee, and producers can apply for a refund. Mr. Willard noted that a refund is rarely requested. Mr. Willard said that about half of the collected fees go to the National Sunflower Association and most of the rest goes to South Dakota State University for research and production. Occasionally, Mr. Willard said that the council gives money and time for the purposes of getting rid of blackbirds, which can devastate a sunflower crop. According to Mr. Willard, the council spends virtually nothing on administration; most of the money is spent for programs.

South Dakota Brand Board

Mr. Tom Congar, Chairman of the South Dakota Brand Board, informed the committee that the South Dakota Brand Board is a five-member citizen board appointed by the Governor. Mr. Congar said that the board employs an executive director, two administrative assistants, and two livestock inspectors/investigators. He said that brand inspection is only done West River, by a contract with the South Dakota Stockgrowers. Mr. Congar said that the board is also responsible for and derives money from registration of brands and renewal and transfer of brands. He said that the goal of the board is prevention of livestock theft and protection of property. Mr. Congar said that a brand costs fifty dollars and that many brand owners own more than one brand. He stated that, sometimes, it is difficult to work with a budget that is only done every five years.

Senator Kooistra asked the following questions:

- How would you bring legislation forward?
- To whom do you report?
- Have you been mandated by the Governor or the secretary of agriculture to provide those reports?
- Would you look for sponsors from the Legislature to bring a bill forward?

Mr. Congar said that neither the Governor nor the secretary has required that the board provide these reports. He said that, in the past, it has not been a matter of protocol to make these reports available to the Governor or secretary. Mr. Congar stated that when the new board was put into place, the instructions were to clean-up the problems. He said that there really has not been a normal "up flow" of information to the Governor or the Department of Agriculture. Mr. Congar said that, in the past, the board has looked toward specific legislators to carry legislation, when necessary. He said that the board needs to review and perhaps revise some of the statutes pertaining to the brand board.

Representative Lange questioned why there is not just one united association. He said that the Cattleman's Association is not directly involved in brand inspections. Mr. Congar responded that the brand board does confer with the Cattleman's Association on what the association thinks the industry needs.

Representative Tidemann asked Mr. Congar if he sees a future for electronic animal identification. Mr. Congar responded affirmatively but said that it will not eliminate hot iron branding.

Responding to Representative Vehle, Mr. Congar said that branding is not required; it is an option.

South Dakota Soybean Research and Promotion

Ms. Tylene Jansma, South Dakota Soybean Council, distributed copies of her PowerPoint presentation (**Document #4**). Ms. Jansma said that the council is a volunteer board of seven South Dakota soybean farmers. She said that the council's duty is to invest and administer soybean checkoff funds. Ms. Jansma said that the checkoff is only taken once, and there is a refund offer. She explained that every five years the council polls the soybean producers on whether they want a refund; if ten percent of the producers want refunds, then the refunds would be remitted. Also, Ms. Jansma said that the council undergoes compliance audits by the United States Department of Agriculture. The largest share of the expenditures in program areas goes to market development/value added programs. Ms. Jansma said that soy foods have become very popular because of their benefits for the prevention of heart disease. On behalf of the council, Ms. Jansma distributed "A Rural Way of Life 2005 Calendar" created by South Dakota Youth Using Prang™ Soybean Crayons, *South Dakota Soybean Review Magazine*, and a children's activity book given to children from the council.

Responding to Representative Brunner, Ms. Jansma said that the council does not have a booth at the State Fair but does participate in Value-Added Day at the Fair. Regarding consumer education, Ms. Jansma said that the council does focus on the eastern part of the state because that is where soybeans are grown and where the producers are; however, she said that the council is looking into expanding more into Western South Dakota.

The committee recessed at 12:10 p.m. and reconvened at 1:10 p.m.

South Dakota Wheat Commission

Mr. Randy Englund, South Dakota Wheat Commission, reviewed and distributed copies of his PowerPoint presentation (**Document #5**) and an informational paper (**Document #6**). Mr. Englund read the South Dakota Wheat Resource Act which required the establishment of a State Wheat Commission to be funded by a wheat checkoff. He said that the commission is composed of five members appointed by the Governor—two from east of the river, two from west of the river, and one at-large. Mr. Englund said that the commission does not have ties to a national organization. He said that the commission supports the South Dakota Wheat Association. Mr. Englund said that South Dakota produces approximately 110 million bushels of wheat annually—equal portions of Hard Red Spring and Hard Red Winter wheat—the economic contribution of which is \$1 billion annually; eighty-five percent of wheat grown in South Dakota moves beyond the state's borders to domestic and overseas markets. He said that checkoff dollars go to research, market development, policy, government affairs, promotion, education, and information. Mr. Englund noted that most of the dollars go to research and market development. He said that the Canadian Wheat Board is South Dakota's biggest competitor. Mr. Englund said that China is the biggest wheat producer; the European Union is second; the United States is the third largest wheat producer. Mr. Englund said that transportation is the biggest issue in South Dakota since it is a landlocked state and at somewhat of a disadvantage regarding rail service. Mr. Englund said that South Dakota has several classes of wheat—more bushels are produced East River; better quality bushels are produced West River. In discussing white wheat, Mr. Englund said that they are working on ways to make white bread with the same nutrients as whole wheat bread.

Responding to Representative Lange's question about the quality of China's wheat, Mr. Englund said that China gets small yields and poor quality for their wheat crops. He said that it is grown on small two-to-five acre farms, and it is actually easier for China to import wheat into the country. Mr. Englund said that China is an importer of wheat and is likely to remain so for at least the next five to ten years.

Representative Vehle asked whether white wheat could replace red wheat. Mr. Englund said that some producers believe that white wheat could replace red wheat.

Responding to Representative Sigdestad, Mr. Englund said that the half cent increase in the checkoff is distributed between winter and spring wheat development, with an increased effort in white wheat and the selenium project.

American Dairy Association

Ms. Ginger Hanten, Chair of the American Dairy Association of South Dakota and dairy farmer, **Mr. Allen Merrill**, and **Mr. Jim Neugebauer**, Officers of the Association and dairy farmers, distributed copies of their PowerPoint presentation (**Document #7**). Also included in the presentation was a copy of a newspaper article from the July 3, 2005, *Rapid City Journal*, which highlighted a Vale, South Dakota, dairy farmer and his recycling efforts (**Document #8**). The association members provided an organizational overview, discussed the program, updated Dairy Checkoff Activities, and addressed the effectiveness of the program.

Ms. Hanten said that the dairy checkoff is fifteen cents for every one hundred pounds of milk produced, which is the association's funding source. She said that five cents of the checkoff is mandated by the federal government to go to the national dairy program; the remaining ten cents is managed by the American Dairy Association of South Dakota. The dairy industry in South Dakota has approximately 700 dairy farms, with 80,000 cows producing 1.3 billion pounds of milk annually.

Mr. Merrill discussed the mission and organization of the American Dairy Association of South Dakota. He said that the mission is to increase consumption of dairy products that contribute to the economic betterment of dairy farmers in South Dakota. Mr. Merrill said that South Dakota is a member of the Midwest Dairy Association, which has allowed South Dakota dairy farmers to make more efficient use of their promotion dollars as a result of the consolidated promotion effort.

According to Mr. Neugebauer, the dairy industry has experienced some very successful marketing campaigns. He told the committee that the "Got Milk" campaign is the single most successful awareness campaign ever in advertising. Mr. Neugebauer said that the industry is working on a similar type of awareness campaign for cheese and other types of dairy products.

After the members of the American Dairy Association of South Dakota reviewed some of the other promotions, research, and programs by the association, Ms. Hanten concluded their presentation by stating that the association is very pleased with its promotion efforts and of keeping its administrative costs at one percent. Also, Ms. Hanten said that the association is audited by independent auditors, which have issued a clean opinion on the audited financial statements every year for the past twelve years. She said that the association continues to be committed to building programs that benefit all South Dakota dairy producers, as well as other dairy producers in the United States.

South Dakota Conservation Commission

Mr. Charles Moe, South Dakota Conservation Council, informed the committee that the South Dakota Conservation Commission was started in 1937 as the South Dakota Soil Conservation Commission. Mr. Moe said that the council is comprised of nine members. He stated that some of the responsibilities of the commission are to improve the Missouri River Watershed, improve air quality, and enhance recreational opportunities. Mr. Moe commented that the commission is doing a good job for the resources of South Dakota.

Seed Certification Board

Mr. Kevin Fridley, Department of Agriculture, reported that the Seed Certification Board has five members. Mr. Fridley said that the main purpose of the board is to monitor and provide quality seeds to farmers. He said that board members do not receive payment for their service on the board but are paid per diem.

Responding to Representative Tidemann, Mr. Fridley said that horticulture seed production is minimal.

South Dakota Weed and Pest Commission

Mr. Fridley said that the South Dakota Weed and Pest Commission is a fourteen-member board that meets three or four times per year to provide guidance and policy for weed and pest control.

In response to committee questions, Mr. Fridley said that the board has the discretion to put weeds for each county on a state list of noxious weeds. He said that an annual report is compiled to outline acreage of noxious weeds. Mr. Fridley said that fees from pesticides average \$250,000 to \$300,000 per year, which is available for counties to control noxious weeds.

South Dakota Value Added Finance Authority

Mr. Bob Hall, representing the South Dakota Value Added Finance Authority, gave a brief summary of the authority's activities. Mr. Hall said that the authority is a seven-member board appointed by the Governor. The authority was established to administer farmer and agriculture business bonds for South Dakota and to facilitate lower cost financing for beginning farmers.

Responding to committee questions, Mr. Hall said that some loans are granted to niche market farmers, such as barley tea and soy snacks. He said that 289 bonds have been issued for a total of just over \$35,000,000—of which \$30,000,000 of that amount was issued for 284 bonds to beginning farmers in South Dakota.

Public Testimony

Ms. Angela Ehlers, South Dakota Conservation Districts, urged the committee to think about the future of the grant program. Ms. Ehlers said that those funds are vital to the preservation of natural resources. She said that the funds also help to recover areas that have been destroyed by fire.

Mr. Rick Vallery, South Dakota Wheat, Incorporated, commended the Department of Agriculture's Website. Mr. Vallery said that the site is very valuable and that he uses it often. He also expressed support for the Value Added Sub Fund. He said that transportation is the South Dakota producers' biggest problem. Mr. Vallery commented that South Dakota producers are paying the railroad very well for transporting their products. He said that he wants to work on marketing. Mr. Vallery said that he wants to work with the Department of Agriculture to find out whether a single-purpose elevator can be funded to sell only wheat. He said that communication between the department and the agricultural organizations is very important.

Responding to a question from Representative Lange, Mr. Vallery said that he has not explored the feasibility of a state-run mill and elevator recently. He said that milling is very

competitive. Mr. Vallery said that the South Dakota Constitution allows for a state-run mill. He said that it could be something to look into in the future.

Ms. Kathy Zander, South Dakota Agri-Business Association, said that the association has one hundred fifty members. Ms. Zander said that the association's contact with the department is mostly concerning legislation. Ms. Zander complimented the department in that regard.

Ms. Zander listed the following as areas where there is concern:

- Inspection program should not have been taken out of the department;
- Turn-around time from inspection to investigation too long—sometimes even 6 to 10 months;
- Improvement in manner of communication;
- Level playing field with regulation;
- Product registration—South Dakota is at risk with its product registration.

Mr. Scott Jones, President-Elect of the South Dakota Cattleman's Association, said that the association has an excellent working relationship with Secretary Gabriel. He expressed support for the value added program. Mr. Jones said that cattlemen support livestock development as long as all are meeting regulations. Regarding the Beginning Farmers Program, Mr. Jones said that the qualifications should be raised so that a person does not have to be at poverty level to qualify for a Beginning Farmer Loan. He said that the cattlemen did not get involved in the Brand Board problem but that he, personally, supported Secretary Gabriel and Governor Rounds' position.

Mr. Mike Storly, representing himself, talked about working at the state fair last year and stated that he could tell that there was a measurable increase in attendance. Mr. Storly expressed concern regarding the state fair and the high school activities that conflict with those in 4-H wanting to participate in the fair and their high school activities.

Senator Kooistra said that he believes that any conflict between high school activities and the state fair need to be handled at the local level with the school board, etc.

Mr. Tom Harmon, State Fair Board, said that, as the newest member of the board, he is pleased with the positive suggestions and activities for the state fair. He relayed some personal boyhood memories of attending the fair. Mr. Harmon said that the mission of the state fair is not solely entertainment but also education.

Ms. Erica Sperry, Brown County 4-H member from Bath, South Dakota, testified about her personal experiences with attending the state fair as a 4-H participant. Ms. Sperry said that she liked the summer state fair date better, because it did not interfere with school activities and homework. She said that when the state fair date was changed back to the fall, she did not want 4-H members to have to choose between participation in the fair and school. Ms. Sperry said that school systems should work toward participating in the state fair for educational purposes.

Committee members complimented Ms. Sperry on addressing her concerns.

Mr. Mark Devries, South Dakota Stockgrowers Association, thanked the Department of Agriculture for its efforts on prairie dog control. Mr. Devries said that the association has reached a contract with the Brand Board.

Mr. Gabriel and Mr. Fridley commented on some of the concerns expressed by public testifiers. Mr. Gabriel said that the Legislature first needs to decide what should be the target for the conservation grant program. He said that, if the Legislature decides to continue the grant program, it needs to ask itself from where the dollars will come to fund the program. Regarding Ms. Zander's comments concerning turn-around time from inspection to investigation, Mr. Gabriel said that 6 to 10 months is too long and that he will check into those instances. He said that he understands the conflict that arises between 4-H state fair attendance and high school programs and activities. Mr. Gabriel complimented Ms. Sperry on her comments. He said that a decision was made that the state fair should be the ending fair of the season.

Mr. Fridley said that he was surprised that Ms. Zander was dissatisfied with the communication between the department and her organization. He said that the department does not make major decisions without consulting with the industry. Mr. Fridley said that the department is willing to work with Ms. Zander and is open to suggestions.

Mr. Fridley said that the department is trying hard to work with local people regarding noxious weeds.

Representative Tidemann asked Mr. Gabriel what he would do if the Legislature appropriated an additional \$1,000,000 to the Department of Agriculture in the next fiscal year and what the additional dollars would be used for. Secretary Gabriel said that the challenge in production agriculture is in the area of marketing products and getting ready for the federal governments decision to reduce subsidies that are based on the production of commodities. Mr. Gabriel would try to leverage the \$1,000,000 to gain additional money for a long term benefit for South Dakota producers.

Committee members requested the following:

- Information from the Bankers Association about the farm mediation program;
- Information about the Office of Agricultural Policy director position, legislation and current law, and inspection issues;
- Information on the makeup of the Seed Certification Board;
- Information on reevaluating performance indicators;
- Identify laws or rules that need to change; and
- Clean-up language needed for the Department of Agriculture.

Next Meeting Date and Adjournment

The committee agreed to conduct its next meeting in September or October, with a specific date to be determined later.

SENATOR KOOISTRA MOVED, SECONDED BY REPRESENTATIVE GARNOS, THAT THE COMMITTEE BE ADJOURNED. The motion prevailed on a voice vote.

The committee adjourned at 4:55 p.m.



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