

South Dakota Department of Agriculture

Joint Appropriations Hearing

February 3, 2010

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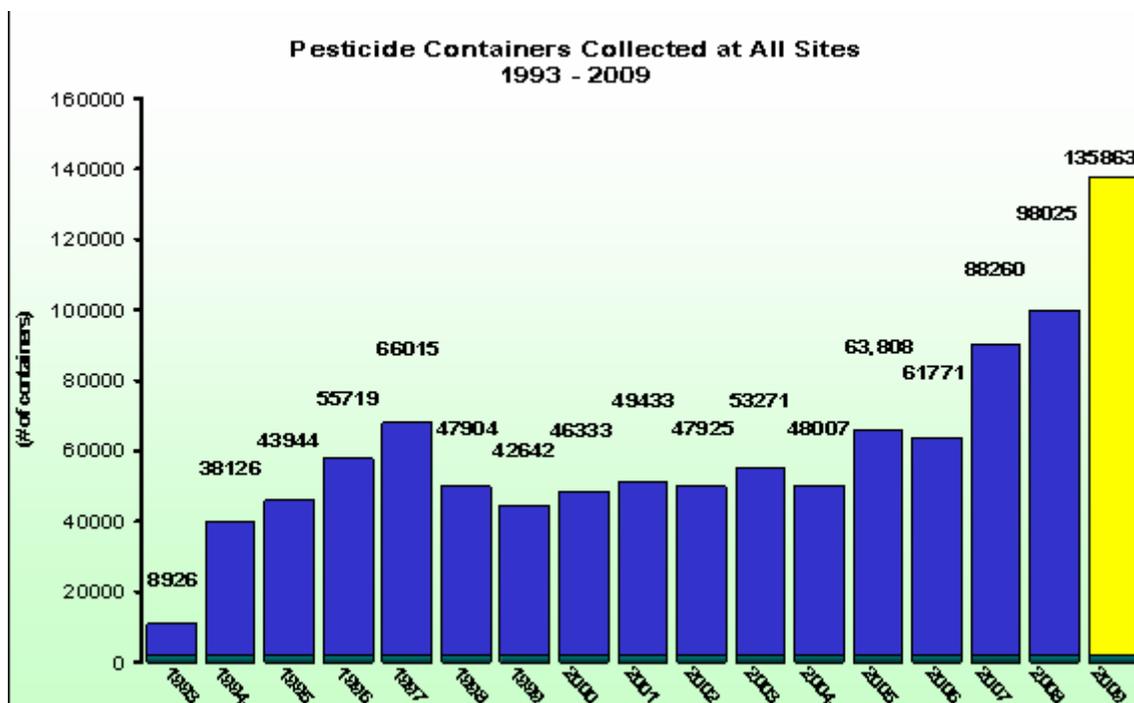
- 1. Ag Services Division**
- 2. Resource Conservation and Forestry Division**
- 3. Wildland Fire Suppression Division**
- 4. SD State Fair Park**
- 5. Ag Policy Division**
- 6. Ag Development Division**

1) AG SERVICES DIVISION

Pesticide Container Recycling Program

In 1992, the legislature authorized the unusable pesticide disposal and pesticide container recycling program. This program is funded with a portion of the pesticide registration fee. The support of the agri-business community and the program participants has ensured the positive evolution of the program so the Ag Services Division can continue to provide this service in a cost-efficient manner.

From the 8,926 containers collected at two pilot sites in 1992 to the 135,000+ containers collected in 2009, this program has grown to include the recycling of out-of-condition mini-bulk tanks and processing on-site, in addition to processing at our Pierre facility. In this program's 18-year history, more than 1 million containers have been recycled.



Invasive Pest Species

Grasshoppers

Grasshopper infestations have been particularly heavy in western South Dakota during 2009. Favorable conditions for grasshopper hatching in 2010 could create an unprecedented demand for suppression of this pest in South Dakota. Costs for treatment and/or spray could range from \$5 to \$6 per acre.

Emerald Ash Borer

The Emerald Ash Borer (EAB) is an invasive exotic pest that is expected to significantly impact the environment in South Dakota. Landowners in our state have made a tremendous investment in landscape and shelterbelt plantings and ash trees make up a

significant percentage of these trees. Roughly 35 to 40 percent of South Dakota's urban landscape trees are a species of ash.

EAB is transmitted primarily by two sources: firewood and nursery stock. Staff members from the South Dakota Department of Agriculture (SDDA) have worked with campground owners to inform them of the risk presented by EAB. SDDA continues to encourage all public and private campgrounds, hunting lodges, vacation properties, and other recreation and tourism venues to ban firewood from EAB quarantined areas. Due to extensive information and outreach efforts, the amount of firewood transported has decreased. In addition, the SDDA nursery inspection program has helped to curb the introduction of this pest into South Dakota.

A South Dakota Emerald Ash Borer Readiness Plan has been developed in cooperation with the U.S. Department of Agriculture's Animal and Plant Inspection Service (USDA-APHIS), the U.S. Forest Service, South Dakota State University, and SDDA. This Readiness Plan will ensure that federal, state, and local authorities respond in an appropriate and timely manner, if EAB is found in our state.

2) RESOURCE CONSERVATION AND FORESTRY DIVISION

The Impact of Emerald Ash Borer on Communities in South Dakota

Some treatments are available to protect a tree from EAB, for a short time. However, these treatments are expensive and are just temporary solutions to the problem.

The most practical solution is to begin a concerted effort to limit the planting of ash trees and replace them with other species. Our efforts will focus on removing infested trees once EAB is found in South Dakota. Pesticide applications will be used to save important ash trees. We may also leave some live ash trees in an infestation area to act as bait trees. These trees will be cut and removed once they serve their purpose.

Over the past 10 years, Resource Conservation and Forestry Division staff have been conducting street tree inventories in communities across the state. To date, thirty inventories have been completed, with two currently in progress. Sioux Falls is working on a complete inventory of all of the city parks.

Using the street tree inventory, we can address the significance of ash trees to South Dakota and calculate the economic impact of their loss. SDDA estimates that our cities and towns have more than 274,000 ash trees. The current average cost of removal is \$272 per tree, including stump grinding. Therefore, the removal cost alone for urban ash trees will reach an estimated \$74.5 million with most of this cost borne by communities.

With an expected mortality rate of 99 percent, we expect removal costs to rise significantly—to as much as \$600 per tree. With this increased cost, removing all the dead and dying ash trees from our streets, backyards and city parks could cost as much as \$164.4 million.

The death of our ash trees will leave a huge void in our community forests. Replanting these lost trees will require a massive effort in itself. The estimated cost to plant and maintain a tree for one year is roughly \$125 per tree. Replacing the nearly 274,000 ash trees in our communities could cost roughly \$34.3 million. Thus, the total cost for removal and replacement of all our urban ash trees could reach almost \$200 million.

In recognition of this serious problem, SDDA is working with Conservation Districts and Urban Foresters to begin planting different tree species in our farm shelterbelts and city boulevards to address this problem before it hits South Dakota. Our actions today will help address species diversification before the full effect of this pest takes place.

Mountain Pine Beetle

From 2004 to the present more than \$1.6 million has been spent on Mountain Pine Beetle (MPB) suppression in Custer State Park. The Resource Conservation and Forestry Division has contributed \$503,632, Custer State Park has committed \$465,161 and Federal sources have paid \$715,295. In FY2008, the state legislature invested \$175,000 to complete the buffer zones around the edges of the Park and is included in the Division's financial contribution to controlling this pest.

In 2008, SDDA removed more than 21,000 MPB-infested trees, with 22,000 more in 2009. In 2010, we anticipate removing about 15,000 trees and 10,000 in 2011. If we slow or stop the work we are currently doing, the MPB population will rise and surpass current levels within two years. The worst of this epidemic is over, but continued vigilance is necessary to control MPB. We must stay the course on MPB-tree removals for the foreseeable future, but the investment should not be as great as during the peak of the MPB kill within the Wilderness area.

The MPB epidemic in the Black Elk Wilderness Area adjacent to Custer State Park has become so widespread that the National Park Service recently announced it will cancel the annual Independence Day fireworks show at Mount Rushmore in 2010, due to the threat of catastrophic wildfire caused by the hundreds of thousands of trees killed by MPB. This decision will have negative consequences for South Dakota's economy, as the potential for decreased tourism will impact our state's numerous small, family-owned businesses that have already suffered setbacks during these tough economic times.

Cooperative Forestry and Fire Program's 5-year Review

A quote from the U.S. Forest Service Review Team:

"The Review Team found South Dakota's Division of Resource Conservation & Forestry and Division of Wildland Fire Suppression to be delivering very effective programming. Strengths within the South Dakota Department of Agriculture include the broad-based and unwavering dedication, passion, and public service values held by Department employees. Evidence observed prior to, and during the review, clearly displayed effective leadership and a culture of working together, well beyond traditional boundaries. The programs and projects in the scope of the review meet federal program authorities, policies, and procedures, and are demonstrating results."

3) WILDLAND FIRE SUPPRESSION DIVISION

Since 2001, the Wildland Fire Suppression Division (WFS) has worked diligently to build capacity and skill sets to manage both small and very large wildland fires inside and outside our state's borders.

Each member has a direct or indirect role on the Type II Incident Management Team. This team has demonstrated its expertise on large wildland fires as well as during incidents of national significance, such as Hurricanes Gustav and Ike, and the spring 2009 floods in Fargo, North Dakota.

South Dakota is fortunate to have a Type II Incident Management Team. Information gathered by the National Wildfire Coordinating Group has determined that many of the positions on these teams require a minimum of 20 years experience. We have a unique set of personnel with this experience—and then some—working for us in South Dakota.

The WFS Division is organized to maintain its response capabilities in wet years when there are fewer fires by minimizing its budget impact through “assistance for hire” contracts. This enables the Division to utilize its resources on South Dakota fires when the situation dictates and deploy them to other areas at other times. Deployments to Hurricanes Gustav and Ike and the floods in Fargo resulted in a general fund savings of \$40,731.08.

In addition, handcrews, state employees as “overhead personnel” and state equipment such as fire engines and bulldozers were deployed on fires in other states. These resources resulted in a general fund savings of \$29,688.76.

Activities and Accomplishments

- Last year the WFS Division closed the fire equipment shop, resulting in a savings of 1.3 FTE and \$60,000 that went back into the general fund.
- WFS trained 861 firefighters in FY2009 and conducted 69 training courses. The goal is to build firefighter capabilities and capacity throughout the state through events such as the recent fire training exercise at Shadehill, south of Lemmon.
- During FY2009 WFS completed 51 hazardous fuel projects on 646 acres. We also completed three prescribed burns on 241 acres. We trained an additional contract Native American crew from Kyle to help increase our fuels targets. This crew is paid from federal fuels dollars based on the acres they complete.
- WFS provides facility management and oversight for the Northern Great Plains Interagency Dispatch Center. This center provides dispatch services on wildland fires for two National Forests and the states of South Dakota, and part of Wyoming. It is one of the nation's busiest dispatch centers and covers one of the largest areas.
- WFS received a \$252,800.00 Cross-Boundary Grant from the USFS to improve seven SEAT Bases. This will allow our Division's air assets to better deliver aerial retardant to wildfires within the state and contiguous state border areas.

4) SOUTH DAKOTA STATE FAIR PARK (see additional handout)

2009 Figures

		4%	2%	2-3%
	Sales	State Tax	Tourism Tax	City Tax
Sales during State Fair week (5 day fair)				
State Fair sales	\$336,889.00	\$13,475.56	\$5,053.34	\$10,106.67
State Fair sales (not subject to Tourism tax)	\$73,621.00	\$2,944.84		\$2,208.63
Vending sales (temporary permits)	\$1,328,468.00	\$53,138.72	\$19,927.02	\$32,067.70
Huron City visitor spending from Fair activities	\$1,916,250.00	\$76,650.00	\$28,743.75	\$57,487.50
SUBTOTAL	\$3,655,228.00	\$146,209.12	\$53,724.11	\$101,870.50
Sales during off season events (82 events)				
State Fair sales	\$154,119.00	\$6,164.76	\$2,311.79	\$4,623.57
State Fair sales (not subject to Tourism tax)	\$126,870.00	\$5,074.80		\$3,806.10
Huron City visitor spending from Fair activities	\$632,545.00	\$25,301.80	\$9,488.18	\$18,976.35
Huron City visitor spending from Dakota Racing (20 events)	\$2,268,020.00	\$90,720.80	\$34,020.30	\$45,360.40
SUBTOTAL	\$3,181,554.00	\$127,262.16	\$45,820.26	\$72,766.42
TOTAL SALES AND TAXES	\$6,836,782.00	\$273,471.28	\$99,544.37	\$174,636.92

*Compiled by Huron Convention and Visitors Bureau and State Fair Park staff.

Wissota 100 Racing

The Wissota 100 is a four-day race for the Wissota dirt track circuit that includes 58 race tracks across 7 states and 3 Canadian provinces. The Wissota 100 was held Sept 16-19, 2009 on the State Fair Park and drew nearly 400 race cars, 400 campers (\$30,000 camping revenue) and averaged 6,000 people per day in the grandstand. This event generated an estimated \$1 million in spending and \$40,000 in state sales tax. The Wissota 100 will return to the State Fair Park in 2010 on September 15-18 and we expect over 500 race cars, 500 campers and record-setting crowds.

Water Park

The City of Huron is exploring options for a new outdoor water park to replace their aging swimming pool. On January 4 the City Commission endorsed the plans for 2 sites to be drawn up by their pool consultant. One of these sites is a 10 acre plot owned by the state and occupied by the State Fair Park. The SDDA sees this as a great opportunity to partner with the City of Huron to develop the area into a major attraction where both facilities will benefit greatly from being next to each other. A water park will complement the events we currently have on grounds, help attract new businesses and give us an opportunity to develop more camping areas.

5) AG POLICY DIVISION

The Ag Policy Division provides background information on important ag issues, monitors federal and state legislation and engages with the federal government on issues such as livestock grazing, forestry, prairie dogs and wilderness designations.

Ag News Website

The Ag Policy Division operates the daily Ag News website on the SDDA homepage. Ag News features stories on a variety of agriculture-related issues, along with background information and links to state and federal legislation. Ag News is sent to more than 500 e-mail addresses daily, including a large number of organizations who forward the website to their members. In CY2009, Ag News received more than 111,000 hits, demonstrating one way SDDA is delivering ag's message to South Dakota citizens.

Agriculture and Natural Resources Legislative Tour

On September 8-9, 2009, SDDA and the Departments of Game, Fish and Parks and Environment and Natural Resources hosted a tour of western South Dakota for the House and Senate Agriculture and Natural Resources Committee members. The tour featured stops at the Belle Fourche Reservoir and Irrigation District, the Rocky Point Recreation Area, the Richmond Hill Mine, the "Open Cut" in Lead, Lake Pactola, the MPB infestation area in Custer State Park, the Black Hills Playhouse, the Cleghorn Fish Hatchery, as well as the RCF offices and the Interagency Dispatch Center in Rapid City.

The tour also included presentations on habitat restoration in Spearfish Canyon, the Powertech Uranium Mine, mountain lions, and a live wildland fire demonstration by the SDDA WFS Division. This event, which was funded primarily through donations, gave legislators the opportunity to see the types of activities SDDA, GFP and DENR engage in on a daily basis.

Grants

The Ag Policy Division is responsible for writing and procuring grants used and administered by SDDA. Since 2004, the Division has secured 50 grants totaling almost \$15 million, including 7 grants in CY2009 for \$2.8 million. These grants are used for SDDA programs, are re-granted to other entities or go directly to ag organizations.

6) AG DEVELOPMENT DIVISION

Agriculture's Economic Impact

The Ag Development Division is responsible for developing and promoting agriculture, which is South Dakota's number one industry. Agriculture creates more than \$21.3 billion in economic activity each year, or 36.3 percent of South Dakota's total. Agriculture employs over 173,000 South Dakotans, or 40% of the workforce, and generates above \$645 million in annual tax revenues. These statistics are the result of research conducted by the SDSU Economics Department, funded by SDDA.

SDDA is also working with SDSU to determine the economic impact swine, beef, dairy and sheep have on an economy. The final report will include the output multiplier for these industries, the calculated impact of their production, employment impacts, indirect business tax effects and detailed explanations of these effects and how they impact our state's economy, broken down to a per-animal level.

Wine Industry

Since farm wineries were legalized and began production, over 250,000 gallons have been made. This approximates to 1,250,000 bottles, with an estimated retail value of \$15 million in direct value-added agriculture production receipts. In 2009, South Dakota's 14 active farm wineries produced more than 60,000 gallons. The fruit production for this wine comes from every corner of the state and provides employment and economic opportunities for even the smallest producers. Experiences at our state's wineries contributes to longer stays and relays a great "take-home" message for our out-of-state visitors.

SOUTH DAKOTA CERTIFIED™

To date, more than 230 producers and 78,000 cattle have been enrolled in the program. The SOUTH DAKOTA CERTIFIED ENROLLED CATTLE™ program is staged to assist the U.S. in regaining beef trade with Japan and South Korea by providing accountability to required claims of their Beef Export Verification (BEV). We currently have 128 producers and 14,521 head enrolled.

South Dakota Dairy Producers Association

SDDA helped the dairy industry establish the SDDP and get it underway in the spring of 2009. SDDA also worked with SDDP to identify their strengths, weaknesses, opportunities and threats to help grow this industry in South Dakota.

Governor's Ag Development Summit – June 30, 2010 - Sioux Falls, SD

Agriculture is the common thread that will help us grow out of our current economic crisis. Agriculture jobs will be available in every sector of the industry, but we need to be prepared to meet the challenges and changes facing agriculture in the next few years as we seek to become the cornerstone of the renewable economy. This Summit will help identify agriculture's opportunities in the 21st century.